

Supporting strong, effective and inclusive sub-national governments in Nepal

A review of the DFAT/TAF Strategic Partnership
on Sub-national Governance Program

Authors

Arnaldo Pellini

Neeta Thapa

Sarah Boddington

Shailendra Sigdel

Disclaimer

The analysis presented in this report is that of the authors and does not reflect the views of The Asia Foundation or the Department of Foreign Affairs and Trade. The authors would like to thank the whole The Asia Foundation program team for the support provided throughout the review process.

Contents

Acronyms and abbreviations.....	ii
Executive summary.....	iii
1. Introduction.....	1
1.1 Review methodology and approach.....	1
2. Context and set up of the Partnership.....	4
2.1 Nepal's transition to federalism.....	4
2.2 Problem definition.....	5
2.3 Theory of change.....	6
2.4 Program partners, team and budget.....	9
2.5 Finance and rate of spending.....	11
3. MTR findings.....	13
3.1 Activities that are contributing to outcomes.....	13
3.1.1 Community mediation.....	14
3.1.2 Collaboration with Province 3.....	15
3.1.3 Policy dialogues and drafting of legislation.....	17
3.2 Activities that require some adjustment.....	17
3.2.1 Drafting of model laws and landscape study on municipal health units and services.....	18
3.2.2 Economic development at the local level.....	20
3.2.3 Collaboration with MuAN and NARVIN.....	21
3.2.4 Capacity development of local government staff.....	22
3.3 Activities which need a change in the approach.....	23
3.3.1 Regional dialogue forums.....	24
3.3.2 Knowledge production.....	25
3.3.3 Municipal profile.....	30
4. Overall conclusions and ways forward.....	32
4.1 Suggestions to the end of the phase.....	32
4.2 Programming ideas beyond the current phase.....	34
References.....	36
Annex 1 - Terms of reference.....	38
Annex 2 - List of respondents.....	41
Annex 3 - Program timeline.....	44
Annex 4 - Problem analysis.....	47
Annex 5 - List of partners involved in the 10 activities reviewed by the MTR.....	50
Annex 6 - List of knowledge products produced between March 2018 and May 2019.....	51
Annex 7 - Table of results.....	50

Acronyms and abbreviations

DFAT	Australia's Department of Foreign Affairs and Trade
FPCRN	Forum for Protection of Consumer Rights Network
GESI	Gender equality and social inclusion
MoFAGA	Ministry of Federal Affairs and General Administration
MTR	Mid-term review
MuAN	Municipal Association of Nepal
NARMIN	National Association of Rural Municipalities in Nepal
NASC	Nepal Administrative Staff College
PLGSP	Provincial and Local Governance Support Program
TAF	The Asia Foundation
ToC	Theory of change

Executive summary

The Strategic Partnership on Sub-national Governance Program is funded by the Australian Government's Department of Foreign Affairs and Trade (DFAT) and implemented by The Asia Foundation. The goal of the Partnership is to “promote an enabling environment for the development of strong, effective and inclusive sub-national government in Nepal that benefits all, including women and marginalized groups”. To contribute to this goal the Partnership intends to pursue three main outcomes:

- More informed and inclusive sub-national governance reform initiatives, policy discourse and decision making across local, provincial and federal governments.
- Stakeholders are better equipped to support the transition to federalism through elections, policy making and the implementation of structural and governance changes; and to ensure changes do not lead to escalated conflict or violence.
- Local governments enhance their capacity for effective basic service delivery and economic governance that benefits all, including women and marginalized groups.

The program started in February 2017 and will run until April 2021. The program budget is AUD 20 million.

The Asia Foundation commissioned a team of four experts to conduct a mid-term review of the program between April and July 2019 to: 1) assess the Partnership's progress to date towards achieving its expected outcomes; 2) suggest, if needed, any adjustments or changes in the Partnership strategy approach, and/or activities; and 3) provide recommendations and options for a potential second phase of the Partnership beyond April 2021.

The Partnership is moving in the right direction and is well positioned to achieve its outcomes by building on the results and learning achieved so far. It is able to be flexible and adaptive, which is critical for operating in a very political, complex and uncertain context, such as the transition to federalism in Nepal. The Partnership is one of the few programs that has been able to work at the sub-national level over the past couple of years and has therefore been able to carve a unique space among different governance initiatives being planned or implemented in Nepal today.

The program has managed a good balance between engaging with government partners and having the freedom to test and experiment with solutions. In doing so, it has rightly adopted a consultative, politically informed, adaptive approach to the program activities, which is sensitive to gender equality and social inclusion. This has been supported and enabled by DFAT. In our opinion, the program could go even further and be more explicit about the adaptive principles that underpin the whole initiative, as well as take a more pronounced problem-driven approach to the design and testing of solutions to the problems identified with program partners. The program could document its experiences and make a relevant contribution to the international debate around the reality of adopting an adaptive approach to programming.

The review team considered 10 activities that represent a considerable proportion (71 percent) of the program budget used up until January 2019.

Three activities are already showing clear signs of contributing to outcome-level change, such as framing debates and getting issues on the national/local policy agenda:

- **Community Mediation** has proved to be very effective in addressing disputes and conflicts within communities before they end up in the official judicial system, resulting therefore in savings for citizens and local governments.
- The process of producing the **Approach Paper** that sets out the development strategy for Province 3 until 2024 attracted considerable attention from other provinces.
- The program collaborated with well-established national partners to design and manage **policy dialogues** involving relevant national and sub-national stakeholders. This informed the drafting of important legislation (e.g. the Inter-Governmental Coordination Bill).

Five activities are moving in the right direction but may benefit from some adjustments in order to move towards their expected outcomes:

- Municipalities are developing their legislative bases, and **model laws** are one way to do this. The program tested different approaches to strengthen the capability of producing and implementing model laws, and currently more learning is required on the most effective approach. The program produced a **landscape study** on the responsibility of municipalities for managing **health** units, which can inform the testing of regulatory solutions in the seven municipalities collaborating with it.
- The testing of different solutions on **economic development** is showing some signs of influencing policy decisions, with all three municipalities having passed a Public-Private Partnership Act; and there are local laws and regulations in this area.
- The program produced a **landscape study** on the responsibilities that municipalities have to manage **health** units. This can now be followed by testing possible regulatory solutions with partner municipalities.
- The **Municipal Association of Nepal** and the **National Association of Rural Municipalities in Nepal** are important actors on local governance, although opinions differ about their capacity to fulfil their mandate and their political agendas. They have the potential to be an important channel for the diffusion of solutions that are being tested by the program with municipalities, however their capability to do so should be closely monitored.
- The Nepal Administrative Staff College (NASC) has proved to be a committed implementing partner in designing and conducting **capacity development** activities to strengthen the capabilities of municipalities. The program should closely monitor whether, as a federal-level organization, it is influenced by a centralist mind set to its approach and initiatives.

It would be useful to revisit the strategy and approach adopted by the program for three activities:

- **Regional dialogue forums** (*Sambad Samuha*) are spaces where different stakeholders interact to address problems, conflicts and contentious social issues within communities. The forums are externally facilitated and funded. There are two problems: elected officials seem to be reluctant to engage with donor-funded forums; and financial sustainability is uncertain. We therefore suggest testing co-funding with two municipalities or other funders. If this unlikely the Partnership should consider a phase-out of the forums.
- **Knowledge production** is an important area of work for the Partnership. The data on uptake are mixed. We have suggested some tools that could aid more rigorous documentation (and triangulation) of uptake, and key publications' contribution to policy/behavioural change. We also suggest embedding knowledge production in the other work streams, given that the Partnership is not explicitly trying to strengthen the knowledge system linked to federal reform in Nepal.

- **Municipal profiles** are socio and economic baselines based on census data at the household level. They have received relatively negative responses from municipalities. The main criticism is the amount of investment required to generate the profile, as well as information technology and data analysis capabilities required to make use of the raw data sets, which most municipalities do not possess.

Looking toward the end of the phase, the Partnership is well positioned to achieve its outcomes. We suggest continuing to invest in the activities that are showing promising signs of contributing to policy and behavioural change as well as greater GESI-awareness and continue to invest in learning and monitoring about what solutions work and what do not. As more activities will be showing signs of contributing to the program outcome and more lessons will emerge through the monitoring and learning activities, it will be important for the Partnership to invest in case studies, stories of change and other types of diagnostics which will: 1) inform DFAT's decision on whether to begin the design of the next phase of the program; and 2) contribute to the national and international debate on adaptive programming and the future of Nepal.

1. Introduction

In April 2019, The Asia Foundation Nepal (TAF) and Australia's Department of Foreign Affairs and Trade (DFAT) in Nepal commissioned a team of four experts to conduct a mid-term review (MTR) of their Strategic Partnership on Sub-national Governance Program (hereafter, the Partnership).

This report presents the findings from the MTR, which was conducted between April and July 2019. The purpose of the review was to “provide an independent assessment to DFAT and TAF on the quality and performance of the Strategic Partnership on Sub-national Governance in Nepal”.

The focus of the MTR was the period from February 2017 to early 2019. The specific tasks for the MTR team were:

- Assess the Partnership's progress to date towards achieving its expected outcomes
- Suggest, if needed, any adjustments or changes in the Partnership strategy approach, and/or activities
- Provide recommendations and options for a potential second phase of the Partnership beyond April 2021.

1.1 Review methodology and approach

The terms of reference for the MTR refer to the three quality assessment areas of DFAT's Aid Quality Check Ratings Matrix to guide the review: Effectiveness; Efficiency; Gender equality and social inclusion (GESI).

We adapted DFAT's Aid Quality Ratings to the analytical framework that Tiina Pasanen and Louise Shaxson developed in 2016 to assess initiatives that have the explicit objective of informing policy debate and policy processes through different types of evidence.

We designed six areas to assess the different activities of the Partnership:

1. Strategy and direction: We reviewed the Partnership's theory of change and plans of action to assess how appropriate the Partnership strategy is to the context in which it operates. This responds to DFAT's Aid Quality areas of effectiveness and GESI.

2. Processes and systems: We reviewed the management processes and systems that the Partnership has put in place and assessed whether they enabled flexible, adaptive and learning-driven implementation. This responds to DFAT's Aid Quality area of efficiency.

3. Outputs: We reviewed some of the key outputs of the Partnership to assess whether they had been delivered to the right audiences and to expected standards. This responds to DFAT's Aid Quality areas of effectiveness and GESI.

4. Uptake: We assessed direct responses to the Partnership's outputs and activities and looked for any of the following signs: demand for evidence and/or participation in policy dialogues, local mediation processes and policy dialogues; partners' interest in exploring ways to allocate budgets to pilot solutions or expand on solutions that work; increased participation in policy discussions and decisions; budget requests to the Partnership for testing new

solutions; and improvement of, or intention to improve, legal instruments. This responds to DFAT's Aid Quality areas of effectiveness and GESI.

5. Outcomes: Even though the Partnership is at its midway point, we researched whether it was starting to make a difference and contribute to some behavioural and policy changes. This responds to DFAT's Aid Quality areas of effectiveness and GESI.¹

6. Looking towards the end of the phase and beyond: The evidence and analysis done for Areas 1 to 5 informed our suggestions to the end of the current phase in April 2021 and beyond.

The MTR was also adaptive. We first planned to organise the review along the four strategic areas of the Partnership:

- Strategic Area 1: Generating evidence and data on sub-national governance
- Strategic Area 2: Support for Nepal's transition to federal governance
- Strategic Area 3: Improving urban service delivery and economic governance
- Strategic Area 4: Flexible programming

After a first round of review of the program documentation and discussions in our team, we agreed that the strategic areas were too broad to organize the review questions.

In the MTR Inception Report we suggested focusing the data collection and analysis on four main activity areas:

- Policy dialogue forums and knowledge production to inform policy and public debate
- Justice and local mediation processes
- Citizen participation in local policy processes (design, implementation, monitoring, evaluation of public policy and programs)
- Local government units' technical capacity and capability for public service provision.

The rationale is that: 1) these activities better reflect what the Partnership is doing; 2) they help assess the relevance of the pilots and experiments undertaken by the Partnership; and 3) they make it easier to assess GESI integration.

While conducting the review, we realized that the four areas we suggested did not properly capture the range of activities being implemented by the Partnership. We therefore identified 10 activities to guide the review:

1. Community mediation
2. Collaboration with Province 3
3. Policy dialogues and drafting of legislation
4. Drafting of model laws and landscape study on municipal health units and services
5. Economic development at the local level
6. Collaboration with the Municipal Association of Nepal (MuAN) and the National Association of Rural Municipalities in Nepal (NARMIN)
7. Capacity development of local government staff
8. Regional dialogues
9. Knowledge production

¹ The signs of change we were looking for refer to the broad definition of policy change by Keck and Sikkink (1998): framing debates and getting issues on the (national/local) policy agenda by drawing attention to problems through evidence and new knowledge; influencing behaviour change of policy and non-policy actors; demand and use of different types of evidence to inform the design and implementation of policies and programs; or changes in local and national budget allocations or the passage of new legislation, a regulation, or a ministerial policy position.

10. Municipal profiles

The MTR was conducted in three phases:

1. An **inception phase**, during which the review team familiarized itself with the Partnership documentation and designed the review methodology and data collection instruments. We paid particular attention to three assessments conducted in late 2018 and early 2019: The Monitoring, Evaluation and Learning systems of the Partnership; the Gender Equality and Social Inclusion Audit of the DFAT-TAF Partnership Program on Sub-national Governance in Nepal; and the Rapid Assessment of the Nepal Sub-national Governance Program.
2. A **data collection phase**, which involved the team working in-country for two weeks between 29 April and 10 May. We interviewed 45 (6 female) respondents individually or in small groups. We conducted 10 group meetings in five locations, with a total of 103 participants (36 female). We met, either individually or in groups, 21 respondents from the TAF and DFAT teams (nine female). We travelled to four locations outside Kathmandu to conduct interviews: Tikapur, Dhanghadi, Kalaiya and Dhulikhel/Kavre. We also conducted two exercises with the TAF team: designing the timeline of key events for the Partnership (see Annex 3) and a facilitated discussion about the problems tackled by the Partnership (see Section 2.2).
3. **Analysis of the data** that we collected and the production of this report.

The main audience for this report is TAF and DFAT in Nepal, as well as at headquarters. Other audiences that might be interested in the results are other governance programs being designed and implemented through the partnership between TAF and DFAT, and which involve testing solutions to governance capability problems through an adaptive, iterative and politically informed approach.

The usual limitations for this type of review apply. First, the review team had a set amount of time to review program documentation, collect the primary data over two weeks in Nepal, analyse them and produce this report. The findings and recommendations in this report are based on the data collection and observations we were able to do in the given period of time. We are aware that the full picture of a program of the size and complexity such as the Partnership is bigger than this snapshot that we were able to take through the MTR. Second, the review cannot be a comprehensive account that analyses all possible explanations of the changes, or limited changes, to which the Partnership has contributed so far. Third, we did not seek counterfactuals to the changes (or limited changes) that we observed. Fourth, we interviewed a good number of respondents, but not all possible respondents involved in the project activities. Finally, the MTR provides an external opinion, as opposed to the one the implementing team has on the results achieved so far by the Partnership. We hope that our findings and recommendations can help inform some of the choices that the program will make for the remainder of the current phase. As external reviewers, and considering the limitations described in this paragraph, we do not expect the program team to agree with all our findings and suggestions.

In next section, Section 2, we summarize the context in which the Partnership operates, the problems it is trying to address, its intervention logic, and its organizational set up. In Section 3 we present the findings from the data collection and analysis, and in Section 4 we give suggestions for program implementation until the end of the current phase (April 2021), as well as some ideas for the design of a follow-up phase.

2. Context and set up of the Partnership

The DFAT/TAF Partnership operates in a context characterized by what Jane Jacobs (2000) has described as “a web of interdependent co-developments that are the result of the promulgation of the new Constitution of Nepal in September 2015”. The Partnership wants to influence this context, while at the same time this evolving context influences the Partnership.

2.1 Nepal’s transition to federalism

The new Constitution mandates the transition of Nepal from a centralized unitary state to a federal country with the goal to: a) bring democracy to the doorstep of the citizens; b) assign more power and responsibility to local governments; and c) make local governments the focal point for service delivery and economic development (The Asia Foundation 2017a).

The passing of the Constitution raised enormous expectations among citizens about a rapid transition to federalism. The successes achieved to date contribute to the positive public perception among the majority of Nepalese (51.5 percent), especially among younger people, that the country is moving in the right direction. This is reflected in the Survey of the Nepali People 2018 (Kathmandu University School of Arts, Interdisciplinary Analysts, and The Asia Foundation 2019). The challenges that the reform is facing, particularly related to the delegation of decision-making power and the autonomy over raising and spending revenue at sub-national levels, creates considerable uncertainty in the direction of the reform (Payne and Basnyat 2017).

Nepal’s federal reform is a priority area for several development partners. A list compiled by the TAF team shows 11 active or planned initiatives between 2015 and 2023 for a total investment of approximately USD 297 million.² The initiatives are relevant in terms of complementarity and possible synergies for the Partnership:

- The Provincial and Local Governance Support Program (PLGSP) is expected to run between 2019 and July 2023, with a budget of USD 130 million. PLGSP is a multi-donor program with the objectives of: 1) strengthening provincial and local governance systems and procedures and inter-governmental relationships to maximize benefits of federalism for Nepali citizens; and 2) enhancing the capacity of provincial and local governments to deliver services and development outcomes effectively to citizens.³
- The Swiss Agency for Development and Cooperation has just launched the 10-year State Support Program that will run until 2030, with a budget of approximately USD 27 million. This will focus on building systems, institutions and capacities at sub-national levels, with a particular focus on Province 1.
- The USAID-funded support to the federalism program, Sajehdari Phase II, which is expected to run for five years from 2019 until 2024 with a budget of USD 15 million, is ready to begin, but has not yet been awarded. The program has three main objectives, which are similar to those of the Partnership, and creates opportunities for collaboration and mutual sharing: 1) the government designs evidence-informed policies and legislation

² Including the DFAT/TAF Partnership.

³ At the time of writing (July 2019) PLGSP was not yet active

to empower provincial and municipal governments; 2) provincial and municipal governments become more effective at delivering priority services; and 3) citizens (especially from marginalized groups) actively participate in local decision making and oversight.

The DFAT/TAF Partnership has been able to carve a unique space among the different governance initiatives being planned or implemented. Several respondents noted that the Partnership is one of the few programs that has been able to work at the sub-national level over the past couple of years and, as cited by one respondent, was able “to get its feet on the ground before anybody else”.

2.2 Problem definition

Against this backdrop, the proposal submitted by TAF to DFAT in January 2017 describes the following problems in implementing the federal reform (TAF 2017b):

- A resistance to implement the devolution mandated by the Constitution of 2015
- Major technical challenges in drafting and amending a large body of legislation, decentralizing and restructuring the civil service, holding successful local elections, absorbing thousands of newly elected officials, and clarifying roles and responsibilities across new levels of government, etc.
- Citizen inclusion and engagement in governance remains a challenge due to the persistence of non-accountable or non-responsive government and the inability to engage and respond to the needs of women, minorities, low caste communities and other marginalized groups
- Economic imbalances across the country due to the process of urbanization, which contributes to economic centralization and power imbalances.

The problems described in the DFAT proposal are relatively large and as such they cannot be addressed directly (see Andrews et al. 2017) This is why we conducted a problem analysis exercise with the TAF team to better understand the concrete problems that the program is trying to address within its strategic areas and portfolio of activities.

The three main problems that the TAF team identified are (see Annex 4):

1. Citizens have limited access to justice (corresponds to Strategic Area 2 in Section 1.1)
2. Unclear understanding of the role and function of the three tiers of government, resulting in poor-quality decision making (has elements of both Strategic Area 1 and Strategic Area 2 in Section 1.1)
3. Citizens have limited access to quality services due to social and economic barriers (corresponds to Strategic Area 3 in Section 1.1).

The team discussed the key contributory problems (or sub-problems) for each of the main problems. Table1 shows the results of the discussion.

Table 1 - Deconstructing the problems addressed by the Partnership

Problem 1 - Citizens have limited access to justice:

- Social norms, such as patriarchy and discrimination of marginalized social groups lead to a limited availability of safe spaces to build relationships and discuss problems
- Economic problems related to the high cost of pursuing legal action through the formal judicial system
- Policies and regulations that are either not implemented or include limited GESI elements
- Limited competency by court staff on GESI
- Court systems suffer from a backlog of cases that need to be judged
- Lack of trust by citizens in the official judicial system
- Power imbalances limit trust in the judicial system
- Geographical barriers make it difficult to reach all regions with quality judicial services
- Limited awareness among citizens on how and when to access the judicial system

Problem 2 - Unclear understanding of the role and function of the three tiers of government, resulting in poor-quality decision making:

- Data and evidence: lack of good and timely data and evidence to inform decisions
- Practice: limited accountability by the government on activities and policy implementation
- Legacy: strong centralized mind set within government and a long history of top-down decision-making processes which lead to exclusion of marginalized groups
- Policies and legislation: contradictory laws on the implementation of federalism, which lead to uncertainly and overlapping functions between tiers of government

Problem 3 - Citizens have limited access to quality services due to social and economic barriers:

- Political: inefficient and ad hoc decision making/planning and budgeting; lack of data and evidence to inform policy decisions; limited participation in the design of policies, and monitoring and evaluation of policies and programs
 - Economic: sub-national government does not seem to be concerned about finding ways to expand sources of revenue
 - Limited awareness of the opportunities that public-private partnerships can bring to local governments in terms of revenues and services
 - Social: limited technical capacity to draft policies and programs that can help address demand from citizens and the quality of public services
 - Limited use of data and evidence to inform decisions.
-

Through this exercise we learned that the TAF team is very knowledgeable about the context and different problems of federal reform, however there is some uncertainty within the team about the specific problems the Partnership is trying to address and the link between problems and activities. During the exercise we learned that the team has regular internal discussions about changes in context, implications for program activities, changes in risks, and underlying assumptions of the program linked to the theory of change (see next section). Based on the team's feedback, it was useful to consider the program activities from the point of view of the main problems that the program tries to address, and the specific problems that the program activities try to solve.

2.3 Theory of change

The theory of change (ToC) of the Partnership has evolved over time. The January 2017 proposal to DFAT included a simple intervention logic.

The goal of the Partnership is:

To promote an enabling environment for the development of strong, effective and inclusive sub-national government in Nepal that benefits all, including women and marginalized groups.

The Partnership intends to contribute to this goal through three specific outcomes:⁴

Outcome 1: *More informed and inclusive sub-national governance reform initiatives, policy discourse and decision making across local, provincial and federal governments*

so that....

Outcome 2: *Stakeholders are better equipped to support the transition to federalism through elections, policy making and implementation of structural and governance changes; and to ensure changes do not lead to escalated conflict or violence*

so that

Outcome 3: *Local governments enhance their capacity for effective basic service delivery and economic governance that benefits all, including women and marginalized groups.*

The Monitoring, Evaluation and Learning Review conducted at the end 2018 concluded that “while the Theory of Change as written is still relevant, it is too high-level to use as a management tool” (O'Donnell 2018, 3). The ToC was reviewed and discussed by the TAF and DFAT teams in April 2019. The results are three disaggregated ToCs, one for each Strategic Area (Figure 1).

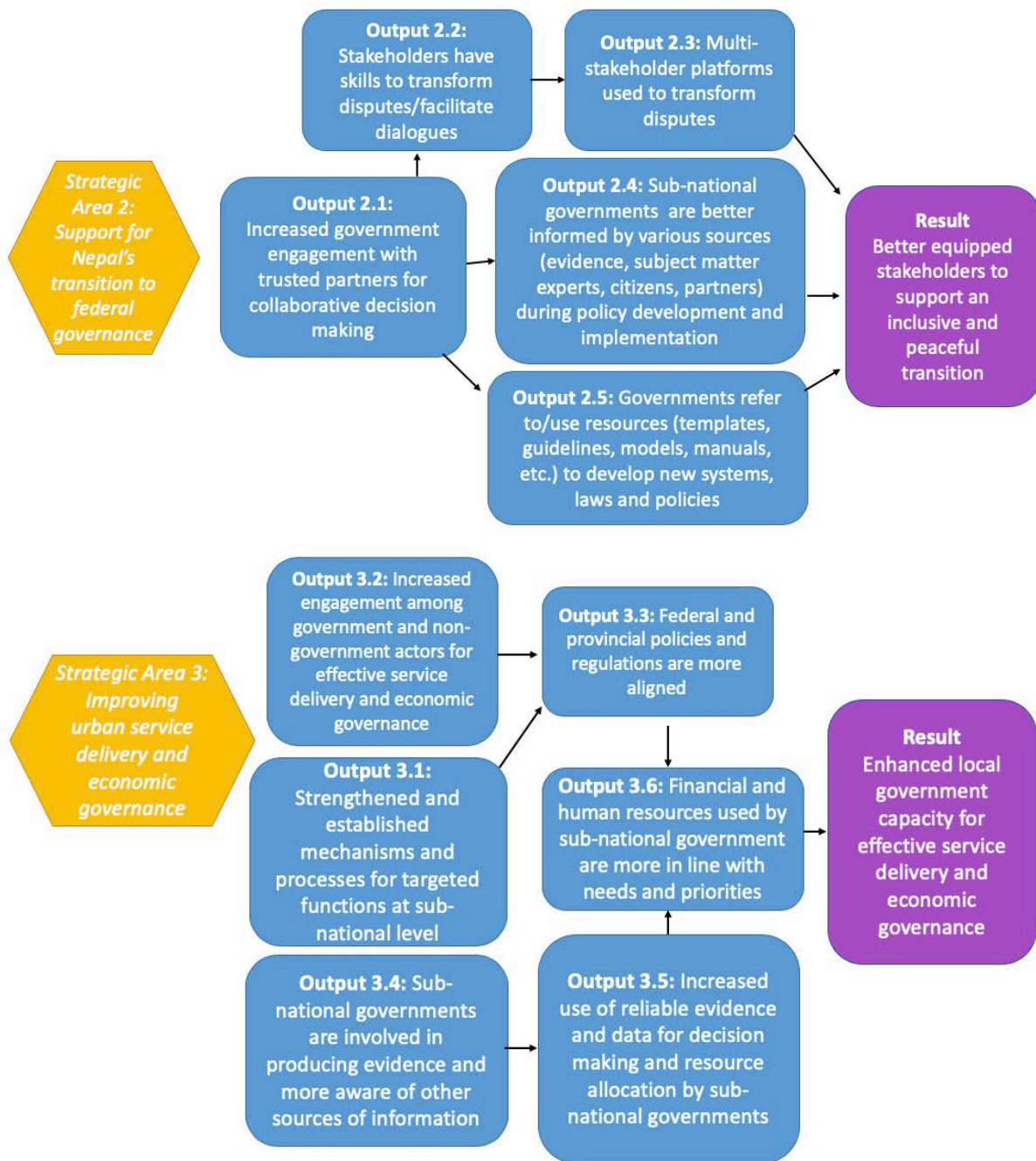
These disaggregated ToCs are a step forward from the original program-wide ToC. This shows that the team is translating the learning from the implementation into a more nuanced and evolving intervention logic. This was possible because DFAT Nepal did not request the TAF team to develop a ToC a few weeks into the inception of the program, as often happens. DFAT allowed the ToC to emerge over time. For Booth and Unsworth (2014)⁵ this is a key enabling factor for an adaptive program.

Figure 1 - Three strategic areas, three theories of change



⁴ TAF Annual Progress Report February 2017-January 2018.

⁵ Booth and Unsworth (2014) highlighted other factors that development partners should avoid if they want to enable an adaptive and iterative approach to emerge. These are: setting spending targets rather than allowing funding requirements to emerge; requiring regular progress reports against predetermined targets; banning funding to politically connected individuals and organizations; placing ceilings on the share of administrative costs in project budgets; and tolerating high staff turnover.



Our comment on the ToC is about the *Outputs*, the blue boxes. The changes described as Outputs are changes that should emerge from the program activities and which, collectively, should contribute to the change described in the *Results* box (purple). Several Outputs read as behaviour changes and seem more similar to outcomes. For example:

Output 1.1 Increased engagement of targeted stakeholders in generating evidence
Output 1.3 Increased demand by stakeholders for knowledge/evidence
Output 1.5 Increased use of evidence by policy-influencers
Output 2.1: Governments' increased engagement with trusted partners for collaborative decision-making
Output 2.5: Governments refer to/use resources (templates, guidelines, models, manuals, etc.) to develop new systems, laws and policies
Output 3.4: Sub-national governments are involved in producing evidence and are more aware of other sources of information

Output 3.5: Increased use of reliable evidence and data for decision making and resource allocation by sub-national governments

Describing these changes as Outputs gives the impression that the program can control the way partners will respond to the activities designed by the Partnership. A project can control the activities it designs and implements and the partners it involves, but usually it cannot control how partners will respond to activities or the way they operate. The terminology developed by the Outcome Mapping approach (Earl et al. 2001) may help here. Outcome Mapping defines three types of changes that a project or program can contribute to (ibid.):

- **Expect to see changes:** visible changes that the project/program would expect to see the partners doing as an early response to the project/program. The project/program has some degree of control over achieving them.
- **Like to see changes:** these are more durable changes of behaviour by project/ program partners. These are harder to achieve, and the project/program has less control over whether these can actually be achieved.
- **Love to see changes:** these are transformative changes of behaviour that involve partners committing to a new way of doing things as a result of their involvement with the project/program. They are difficult to achieve, and a project/program has limited control over achieving them. Love to see changes, if they occur, occur towards the end of a project/program.

The use of the Outcome Mapping expect to see, like to see and love to see changes could help the Partnership describe the changes that it aspires to produce and the sphere of influence it has over them (stronger influence on expect to see changes, less influence on love to see changes). It can also help manage the expectations of the funder. It can support a problem-driven approach by creating a line of sight between specific problems the Partnership is addressing, the solutions it is testing, and the changes that might happen as a result.

2.4 Program partners, team and budget

The Partnership has been collaborating with 31 implementing partners through grants and sub-contracts (see Annex 5). The annual plan for Year 3 lists a total of 25 implementing partners for a total of 18 activities.⁶

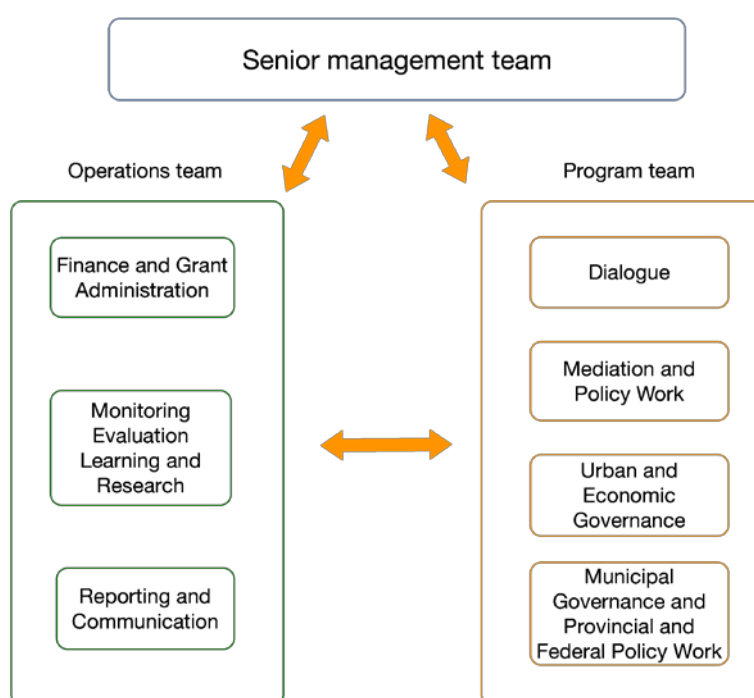
The TAF team's role is not only to manage grants for the implementing partner. The team provides technical assistance to the implementing partners and is closely involved in the design, support to implementation, and monitoring of the progress of the activities it is contracted to implement.

⁶ Association of Radio Broadcasters in Nepal; Backward Society Education Nepal; Centre for Investigative Journalism; Community Mediators' Society-Nepal; Community Members Interested Nepal; Democratic Freedom and Human Rights Institute; Dhanusha Sewa Samiti; Forum for Protection of Consumer Rights Nepal; Inter Disciplinary Analysts; Kathmandu University School of Arts; Mandwi; Municipal Association of Nepal; NASC; National Association of Rural Municipalities of Nepal; National Forum for Parliamentarians on Population and Development; Natural Resource and Conflict Transformation Centre Nepal; Nepal Judicial Academy; Nepal Law Society; Nepal Peacebuilding Initiative; Public Policy Pathshala; Sahara Nepal; Social Science Baha; Syntegrate; Tamakashi Sewa Samiti; VROCK & Company.

Due to the uncertainty of the overall direction of the federal reform, the program did not enter into a formal counterpart arrangement with a government agency. The program has strategic counterparts (eg. Ministry of Federal Affairs and General Administration (MoFAGA), sub-national governments, etc.) with whom it maintains the necessary relationships to design and implement its activities. The decision-making lies with DFAT and TAF. In September 2018 TAF signed a Memorandum of Understanding with MoFAGA, which included a provision for the establishment of an advisory committee chaired by the Joint Secretary of MoFAGA. This committee can seek inputs and review the progress and status of the program and strengthen overall coordination with other initiatives led by the Government of Nepal and development partners.⁷

Figure 2 shows the main units managing the program. The **Senior Management Team** has three members: the TAF Country Representative, the Deputy Country Representative and the Program Director. The team is responsible for the overall steering of the program.

Figure 2 - Organizational structure of the TAF team



The **Program Team** has 15 staff, eight of whom are located in the TAF office in Kathmandu and seven who were recruited in May 2019 as field coordinators in the seven municipalities where the program works (Tikapur, Birendranagar, Tansen, Waling, Bhimeshor, Kalaiya and Damak). The team is organized into four thematic areas, which reflect the strategic areas of the program: Dialogue, Mediation and Policy Work; Urban and Economic Governance; Municipal Governance; and Provincial and Federal Policy Work. A senior program officer, who is supported by program officers and program assistants, leads each thematic area. The team reports to the program director and receives technical and strategic advice from a senior governance specialist.

The **Finance and Grant Administration Team** comprises seven positions (two of which were vacant at the time of writing). These include TAF's senior director for finance and administration, the senior finance and grant manager, a senior program finance officer, a finance officer and a grants assistant.

⁷ Moreover, the DFAT/TAF Partnership in Nepal is included under a separate agreement between the Australian Government and Ministry of Finance of Nepal.

For the first two years of the program the **Monitoring, Evaluation, Learning and Research Team** had a monitoring and evaluation officer and program officer for research and learning. The MEL review (O'Donnell 2018) suggested strengthening this function and role in the team. A director of monitoring, evaluation, learning and research joined the Partnership team in June 2019.

The **Program Reporting and Communication Team** consists of a partnership manager who is responsible for overall reporting and compliance with DFAT, and a program officer responsible for GESI and communication.

The Partnership is the largest program being managed by TAF Nepal in terms of budget and the number of staff. The Partnership team consists of 25 full-time staff (18 in Kathmandu and seven full-time field coordinators). The team has grown over time (see Timeline in Annex 3), beginning in February 2017 with seven staff. Twenty-one staff have joined the program since then, and three have left. Overall, the team's structure covers all the key roles required by a program of this size and complexity. The workload on team members is considerable, given the number of activities they are managing or implementing directly. At times they can struggle to manage the time between administrative and operational tasks and the technical inputs required by partners, as well as engagement with key policy actors. This is why it is still expanding.

2.5 Finance and rate of spending

The Partnership's approved budget (2017–2021) is AUD 20 million – AUD 14 million requested in the original proposal in January 2017 and AUD 6 million requested in March 2018. This was to strengthen the monitoring and learning capacity of the program and to include community mediation work in the Partnership.

Table 2 - Total budget of the Partnership

	Budget category	Allocated budget (USD)	As a % of the allocated budget
A	Labour & benefits (e.g. salaries US and Nepal)*	3,291,308	22.47%
B	Other direct costs (e.g. knowledge products and consultancies)	3,035,835	20.72%
C	Sub-recipient expenses (e.g. grants to program partners)	4,524,409	30.88%
D	Implementing costs (e.g. office rental, etc.)	1,906,171	13.01%
E	Indirect costs (e.g. head office general administration and program support cost)	1,892,286	12.92%
	TOTAL	14,650,009	100%

* Labour & Benefits (A) includes 85% for technical support from the program staffs and 15% is for admin and support staff

The budget the MTR team received shows a total budget for the period 15 February 2017 to 14 February 2021 of USD 14,650,009 (ca. AUD 20 million) divided into five categories (Table 2).

The costs for the operation of the program (A+D+E) cover approximately 48 percent of the program budget. The remaining 52 percent (B+C) is allocated to activities. In terms of spending, Table 3 summarizes the budget that has been allocated and spent as of January 2019.

Table 3 - Spending by the Partnership as of January 2019

	Item	Allocated budget (USD)	Budget spent (USD)	As a % of the allocated budget
A	Labour & benefits (e.g. salaries US and Nepal)	3,291,308	683,496.30	20.8%
B	Other direct costs (e.g. knowledge products and consultancies)	3,035,835	1,478,938.37	48.7%
C	Sub-recipient expenses (e.g. grants to program partners)	4,524,409	2,669,335.72	58.3%
D	Implementing costs (e.g. office rentals, etc.)	1,906,171	524,344.52	27.5%
E	Indirect costs (e.g. head office general administration and program support cost)	1,892,286	694,632.74	36.7%
	TOTAL	14,650,009	605,074.65	41.3%

The budget for program activities (B+C) shows that the program is on track with its spending, and even though there is an underspend on Labour & Benefits (A) and Implementing Costs (D), 41.3 percent of the total budget spent as of January 2019 shows good progress.

3. MTR findings

In this section we present the main findings from the review. We have organized the findings along the 11 activities we selected, which represent a significant investment by the program: USD 2,979,887 or 71.83 percent of the program budget (B+C) spent to January 2019 (see Table 4).

For each activity, we provide a very brief description of activities and outputs and the findings related to uptake, outcomes, GESI and suggestions to the end of the current phase. The activities are divided into three groups: activities that already show signs of contributing to outcomes; activities that are moving in the right direction, show signs of uptake and can benefit from some adjustments; and activities where we suggest changes to the approach.

Table 4 - Grouping of the Partnership's activities

Group	Activity	Budget spent as of January 2019 (USD)
Contribution to outcomes	Community mediation	657,624
Contribution to outcomes	Collaboration with Province 3	111,969
Contribution to outcomes	Policy dialogues and drafting of legislation	6,473
Signs of uptake / need some adjustments	Drafting of model laws and landscape study on municipal health units and services	110,959
Signs of uptake / need some adjustments	Economic development at the local level	159,893
Signs of uptake / need some adjustments	Collaboration with MuAN and NARMIN	224,781
Sign of uptake / need some adjustments	Capacity development of local government staff*	8,380
Change in approach	Regional dialogues	473,111
Change in approach	Knowledge production	666,381
Change in approach	Municipal profiles	568,696
TOTAL		2,988,267

*Low spending on capacity development is due to the fact that the implementing partner, NASC, has also been implementing other activities for the Partnership. This resulted in savings on travel, accommodation, per diems and other activity costs.

3.1 Activities that are contributing to outcomes

In this group we include activities that are showing signs of contributing to outcome-level change, such as framing debates and getting issues on the national/local policy agenda, drawing attention to problems through evidence and new knowledge, etc. (Keck and Sikkink 1998).

3.1.1 Community mediation

The Partnership allows TAF to continue its work on community mediation, an approach that it has implemented since early 2002. TAF's community mediation approach has evolved from a community-led and traditional dispute resolution mechanism to an approach that complements the formal judicial system. It was institutionalized in May 2011 with the Mediation Act 2068.⁸ The Act comprises 48 articles that define, among other things, the role and responsibilities of community mediators and the regulatory role of the Mediation Council headed by a sitting judge of the Supreme Court.

Activities and outputs

The institutionalization of community mediation had provided the Partnership with a strong justification for including community mediation as a key work stream under Strategic Area 2. An important characteristic of the community mediation is that it provides an additional mechanism to address some disputes and conflicts within communities and helps to reduce the judicial costs for citizens and local governments.

The Partnership started to support community mediation in 20 districts from March 2018 building on the community mediation work done by TAF since 2015 in earthquake-affected districts. The design and implementation of the activities is done in partnership with the Community Mediator's Society and four local level partners. So far, the Partnership has trained 461 community mediators, all of whom have gone through the standard eight days' training. There has been refresher training for 2,833 mediators.⁹

Three TAF staff members are certified master community mediation trainers and are able to provide technical assistance to the Community Mediator's Society, the four local partners, and local governments with whom the Partnership collaborates.

There is an important GESI element to community mediation. The Mediation Act 2068 requires gender-balanced criteria in the selection of mediators. For example, if one or both parties are female, and/or the mediation requires more than one mediator, at least one mediator must be female (see Articles 26 and 33). This has considerably encouraged women to become mediators and is a key element of the community mediation activities by the Partnership.

Uptake

Several of our respondents have mentioned that the community mediation groups are registered with the Municipality Judicial Committees in the municipality where the Partnership works and that there is good communication between the municipal offices and the community mediators. The local government staff recognise that the community mediators provide a very valuable service.

Community mediation is looking financially sustainable for local governments. Community mediators must invest the time for the eight days of training and then work as volunteers. Some of our respondents mentioned that, as it falls under the responsibility of the Judicial Committee (Ref. Local Government Operations Act 2017), some municipalities are testing financial support for mediation groups (e.g. ranging from NPR 10,000 to 200,000) from the municipal budget. Mediators receive a token allowance of NPR 250 per mediation case. The program has estimated that there are, on average, three cases per month per community mediation group.

⁸ See <http://extwprlegs1.fao.org/docs/pdf/nep137757.pdf>

⁹ As noted above, TAF has worked on community mediation for several years and has trained through various projects (some of which are funded by DFAT) a total of 4,197 community mediators.

Outcomes

Community mediators act as intermediaries between communities and the Judicial Committees in municipalities and therefore contribute to improving the delivery of judicial services. In municipalities where the program works on community mediation, approximately 4,000 people have used community mediation. Of a total of 1,867 disputants, 39 percent were female, 67 percent belonged to indigenous and marginalized communities and 21 percent of the cases related to domestic violence (Shakya 2019). The estimate we collected is that approximately 90 percent of the cases that go through community mediation are resolved.

Importantly, mediators mentioned that as a result of their role they felt more confident in terms of participating actively in decision-making processes at the community level and engaging with local governments. In other words, community mediation empowers community members to participate in local governance processes. This is one of the reasons why many community mediators decided to run in the 2017 local elections. In that year, 160 mediators were elected to office, of which 41 percent were women and 76 percent were from marginalized communities (Shakya 2019).

Suggestions

The work that the Partnership is doing on community mediation builds on a long history of working with this model. That is one reason there are already some positive signs of change in terms of social cohesion, participation in local governance, and in some cases a commitment by municipalities to co-fund community mediation groups. Our suggestions for this activity are:

- Expand the community mediation work in all seven municipalities of the program
- Assess the implications (and risks) of the requirement to register with the Judicial Committee the cases to be submitted for community mediation
- Collaborate with local governments to experiment with the institutionalization of community mediation, evaluate the results, and share evidence about the effectiveness of different approaches
- Continue to explore ways to update the mediators' training (and refresher training) by reviewing the content and format
- Where there is interest, work with local governments to test different co-funding mechanisms, evaluate the results and share the lessons learned about alternative models
- Discuss at federal level the interest of the government in taking over more of the costs and gradually expand the areas where community mediation is established
- Document stories of change emerging from community mediation.

3.1.2 Collaboration with Province 3

Provinces are the new administrative level in the federal system. There is still considerable uncertainty about: 1) the specific roles and responsibilities of provinces; and 2) the sharing of power and coordination among and between provinces and federal and local governments.

Currently, provincial governments do not have the adequate human and financial resources required to start developing their roles and functions. The process to define their new deconcentrated administrative authority and to set up offices, units and hiring staff is underway. The very limited budget currently available to provinces comes from federal transfers, while regulations and legislation about the taxation authority of provinces is being debated. As a result, 85 percent of the provincial budget is spent on salaries and other running

costs, and it is still uncertain what the revenue base of the provinces could be. At the moment, provinces are institutions without any real authority.

One problem is that there is no roadmap or development plan for provinces to follow to define roles and functions in the medium term. This is why the Provincial Policy and Planning Commission is interested in testing, with the Partnership, the development of an approach paper in Province 3.

Uptake

The respondents were very positive about this activity. The approach paper, entitled First Periodic Plan 2019 to 2024, is essentially a strategic paper developed under the leadership of the Province Policy and Planning Commission by a team of academics and experts, with participation from sectoral ministries, local governments and other targeted groups. It sets out the development strategy for Province 3. Respondents from the Provincial Policy and Planning Commission mentioned that the approach paper would be a key document to guide the subsequent development planning and budgeting of the province.

Ownership of the approach paper is very strong. First, demand for the strategy has come from provincial authorities, which means there has been strong buy-in from local authorities. Second, the process of producing the paper was participatory and involved consultations with a wide range of stakeholders. All 119 local governments within Province 3 were consulted during the approach paper research process. There was also consultation with the federal government. Third, the quality of the paper and the credibility of team members, including the lead author, Professor Pitambar Sharma, contributed positively to the paper. Finally, the approach paper team included a GESI specialist to ensure that GESI was part of the analysis.

The positive response to the approach paper reached beyond Province 3. The Provincial Policy and Planning Commission of Province 3, as well as the team of experts who were involved in this work, shared the paper and the lessons learned from the research and consultation process with other provinces. These provinces had expressed an interest in learning about this and commissioning a similar paper and approaches.

Outcomes

It is important for Province 3 to have a strategy document that describes the province's development direction over the next five years. However, significant behavioural change that emerged from this activity is linked to Province 3's request to TAF to test ways of using the approach paper to guide the annual planning and budgeting process. In other words, the collaboration with Province 3 created an opportunity to test new ways to bring evidence into the planning system that the province could fund in future.

Suggestions

- Continue to support inter-provincial consultations to share experiences and ideas that are emerging from and with Province 3
- Leverage the good relationship with Province 3 to design innovative coordination mechanisms between local governments and provinces. This could involve collaboration with the forthcoming PLGSP program, with the formulation of legal instruments.
- Support the Provincial Policy and Planning Commission through organizational and capacity development by testing innovative coordination mechanisms between Province 3 and local governments. Undertake periodic joint research about lessons learned and stories of change, and disseminate them as widely as possible. Co-design capacity building programs for parliamentarians about governance and development issues and use the lessons from Province 3 as real case scenarios.

3.1.3 Policy dialogues and drafting of legislation

Policy dialogues are a critical activity in bringing together different stakeholders on key policy issues for federalism.

Activities and outputs

The Partnership supported several policy dialogues on different legal aspects of the federal reform. The policy dialogues focus on current and emerging issues of the federal reform, such as transition to federalism, local elections, policy making at the local level, and implementation of structural and governance changes. Participants include representatives from relevant ministries, local government associations, and development partners. The dialogues are hosted and moderated by TAF's implementing partners, such as NASC or the Nepal Law Society. Policy dialogue topics have been: institutional restructuring; the implications for the civil service after the establishment of local and provincial governments; the relationship between local and provincial governments; legal and regulatory issues in local governance; and fiscal implications of the new sub-national governance systems. The Partnership's investment in the policy dialogues involved funding for partners to draft pieces of legislation on federalism, such as the Inter-provincial Coordination Bill.

Uptake and outcomes

The feedback we received on the policy dialogues was very positive, both in terms of the actors and stakeholders that the dialogues were able to involve, and the work on drafting legislation, such as the Inter-provincial Coordination Bill. The TAF team worked politically to engage with credible and recognized organizations, when appropriate. It supported one-off activities, such as a private meeting of chief ministers on federalism. This could be quite influential in terms of moving the federal reform forward.

Suggestions

- Continue to support policy dialogues and drafting of legislation through local partners
- Design guidelines for the selection of credible organizations to convene and moderate the policy dialogues and drafting of legislation (e.g. the Centre for Federalism at NASC, the National Information Commission)
- Test the expansion of media and civil society organization participation in the policy dialogues
- Provide capacity building support for the State Affairs Committee to strengthen the policy making process for both provincial and local governments
- Invest in producing stories of change that research what decisions have been taken as a result of participation in the policy dialogue by government and non-government participants.

3.2 Activities that require some adjustment

In this group we have included activities that are moving in the right direction. They show positive responses but are yet to show signs of change in behaviours or policy (e.g. Outcomes). Some adjustments could help these activities move towards contributing to their expected Outcomes by the end of the current phase and generate useful lessons and learning to inform the design of the next phase of the program.

3.2.1 Drafting of model laws and landscape study on municipal health units and services

To carry out their functions, municipalities need to pass legislation (See TAF Diagnostic Study of Local Governance in Federal Nepal, 2017, p.14). However, municipalities lack personnel experienced in drafting legislation, with very few municipalities recently appointing legal advisors (See Democracy Resource Centre 2019, p.8). Local bureaucrats lacked experience in running consultative public policy processes. MoFAGA responded to this need by issuing model legislation. The Democracy Resource Centre reported that most local governments pass laws for their operations based on the MoFAGA templates (Democracy Resource Centre August 2018, p.12 and Democracy Resource Centre 2019, p.8). The TAF team is also designing an approach focusing on the particular case of health services. It is testing ways to design model laws that can help improve the capability of municipalities to manage health units. The Democracy Resource Centre reported that some municipalities had been quite innovative in terms of trying to improve health service outcomes (Democracy Resource Centre 2019, p.11).

Activities and outputs

The program produced model laws for municipalities, which it reportedly disseminated through MuAN and NARMIN:

- Nine model laws, including legislative rules and procedures, education, health, organizational management and infrastructure, by the Kathmandu University School of Law, in collaboration with NARMIN (TAF Annual Progress Report February 2018-January 2019).
- A model law on health (but not yet the implementing health regulations) by Public Policy Pathsala (TAF Annual Progress Report February 2018-January 2019).
- A public-private partnership law (but not yet the implementing public-private partnership regulations) (TAF Annual Progress Report February 2018-January 2019), although V-Rock reported this now needs amendments, as the central law has changed.
- A health landscape study intended to inform future work model with municipalities which has been finalized in June 2019. The plan is to share it with different audiences, including central and provincial stakeholders, and conduct a policy dialogue on these policy issues with key central, provincial and local governments and relevant stakeholders.
- A health landscape study by Public Policy Pathsala was completed in June. It is intended to inform the design of activities that can support the design of model laws and the strengthening of municipalities' capability to provide health services.

Uptake

The model laws supported by the programs have been adopted in some municipalities, but not more broadly. A light-touch comparative review of the quality and content of three model laws designed by the program and its partners was conducted as part of the MTR. It acknowledged that there were no consistent rules and principles of legal drafting and legislative process practiced in Nepal by different governments and parliaments.¹⁰ This is

¹⁰ See separate internal report by Dr. Surya Dhugel. The selected model laws developed by the program are the Local Health Services Related Bill 2075 (BS) and the Rural Municipality Infrastructures Agreement Act 2074. The light-touch review included a comparison of five selected draft bills prepared by line ministries and reviewed by the Ministry of Law, Justice and Parliamentary Affairs: the bill relating to Public-Private Partnerships and Investment (2075), presented by the Prime Minister; the bill relating to Foreign Investment and Technology Transfer 2075, presented by the Minister for Industry and Commerce; the bill relating to Pesticides and Insecticides 2075, presented by the Minister for Agriculture, Animals and Birds; the bill regulating Advertisements 2075, presented by the Minister for Information and Communications; and the bill relating to Atomic and Radioactive Materials 2075, presented by the Minister for Education, Science and Technology.

partly due to the promulgation of several Constitutions since 1951. The light-touch review concluded that the quality assessment of the selected model laws indicated that, overall, they were sufficiently compliant with current policies and constitutional requirements. However, the review also identified some mistakes, indicating that the process of drafting model laws by the program and its partners could benefit from external legal quality assurance and technical inputs. For example, the Local Health Services Related Bill, 2075 (BS), mentions that the model law is enacted, “under article 102 of the Local Government Operation Act 2074”. The legal expert hired for the review considered this incorrect, as the legislative power of local governments emanates from the Constitution. The expert suggested deleting that reference in the preamble of the model law.

Some respondents thought it unlikely that municipalities would pass model laws that came from MuAN/NARMIN, rather than from MoFAGA, because the municipalities are inexperienced or see MoFAGA model laws as being of higher status. Two sub-national informants said municipalities should not pass laws at all unless the provincial or federal level had reviewed them first. The two municipalities visited by the review team did not use the MuAN/NARMIN model laws – Tikapur municipality reported having received them from MuAN but had not used them, and Kalaiya municipality said it had not received them.

Interviews indicate these model laws have been used as follows:

- The model law on health – Public Policy Pathsala reported three municipalities had passed the model law on health. Its draft health landscape study reported that only one of the 20 studied municipalities had passed a law on health.
- The public-private partnership model law – V-Rock reported it had been passed by five municipalities.

Program reporting does not indicate the extent to which the nine model laws have been used (Annual Report, Jan 2019). The Mayor of Dhulikhel, also the President of MuAN, reported that his municipality had adopted the model law, Rule of Procedure for Municipalities. He said the municipality had done an ‘intensive program’ with another five municipalities in the districts, but he did not know how many had adopted the laws.

With regard to the landscape study on health services and municipal health units conducted by Public Policy Pathsala, and which was essentially a study to inform the design of activities, it was too early to assess uptake, as the study was finalized in June 2019.

Outcomes

There are no signs of outcomes yet. The municipalities that passed the model laws on health and public-private partnerships have not yet passed regulations, although that is planned for the coming period. V-Rock reported that the model law on public-private partnerships would need to be amended to align with federal legislation. This is likely to be an ongoing process in areas of concurrent jurisdiction, as municipality and provincial legislation needs to be consistent with federal laws, but many federal laws do not yet exist (Democracy Resource Centre 2019).

Suggestions

The program experimented with two approaches to developing the legislative basis of municipalities. Its first approach was to work intensively with a few municipalities in developing model laws in health and public-private partnerships. This approach was somewhat successful in that the municipalities have at least passed the model laws, although they will not be ‘activated’ until they have implementing regulations.

The second approach was to disseminate model laws broadly through MuAN and NARMIN and see if municipalities ‘pick them up’. This was less successful. Municipalities seem unlikely

to use a model law that comes from MuAN/NARMIN, as it treats municipalities as passive recipients of central-level direction.

Our suggestions are:

- Invest in a law and policy-making process that is standard across the subject areas of TAF support. In other words, use the process of developing a model law in health or public-private partnerships to build the capacity of the municipality to make laws and policies more generally. There are a number of potential models for law and policy-making processes. International IDEA uses deliberative decision-making, while NASC uses an 80-step policy process. TAF could investigate and document processes where alternative model laws have been developed independently by local governments as examples of positive deviance.
- TAF could research the experiences of different processes, including NASC and MoFAGA, to identify the most successful process. At an appropriate time in future, TAF could look at having elements of successful processes institutionalized (e.g. built into capacity building curricula, whether that ends up being provided by provincial training centres, NASC or MuAN/NARMIN).
- Take a problem-solving approach by working intensively with the municipalities on the chosen areas (e.g. health and public-private partnerships) and monitor whether there are signs of changes in behaviour. This will involve intensive work on regulations, policies, systems, capacities and laws for a longer period.
- As the Partnership intends to do more work in the seven focus municipalities on laws and regulations on health services (e.g. drug procurement and health records and reporting), we suggest, as we do with other areas, taking a problem-focused approach to identify specific problems on drug procurement processes and behaviours, or on health records and reporting. Identify and test specific solutions rather than try to work on all problems at once.
- We suggest that TAF and Public Policy Pathsala work with different stakeholders in addition to municipal governments. Any changes in behaviour will be highly political, and TAF and Public Policy Pathsala will need to have broad enough relationships to allow for vested interests and incentives.
- There needs to be ongoing work at federal and provincial levels to support the transition to federalized health (Thapa et al. 2019). It is important that TAF, Public Policy Pathsala and the Australian Embassy ensure the work done in this area is connected to a two-way flow of information with health stakeholders and development partners.

3.2.2 Economic development at the local level

One of the challenges municipalities face is generating revenue through taxation, as municipalities differ in terms of the strength of their economies. This is why economic development is a key activity in the portfolios of the Partnership. The two main partners for this activity are V-Rock and the Forum for Protection of Consumer Rights Nepal.

Activities and outputs

The Partnership has supported the production of a number of outputs in the areas of economic development:

- A project development manual for the municipalities of Bharatpur, Waling and Birendranagar
- Agreements with three municipalities to support policies and establish necessary institutional arrangements, along with capacity building to promote economic development

- Manuals on local market management and consumer awareness, which will be updated as new federal legislation is passed
- A market management plan and an awareness-raising program in two municipalities, Dhamak and Bimeshwor
- A feasibility assessment of a public-private partnership for an auto park in Bharatpur municipality
- Revenue Improvement Action Plans in three municipalities to increase revenue from taxation from approximately 40 percent to 90 percent over a four-year period.

Uptake

The main sign of uptake that we found is the establishment of a Public-Private Unit in Bharatpur Municipality, and the mayor's interest in allocating some resources to a feasibility assessment for the auto park. There is a good chance the Revenue Improvement Action Plan will be implemented, which will need to be monitored closely. Various manuals are available but have not yet been utilized to test some actions (TAF Annual Report, Jan 2019, p.30). The public-private partnership model has attracted the interest of local authorities in the municipalities where the Partnership is testing it (Bharatpur, Waling and Birendranagar). Evidence from the TAF team is that these municipalities have prioritized the model in their annual programs and policies.

Outcomes

The work on economic development is showing some signs of influencing policy decisions, with all three municipalities having passed a Public-Private Partnership Act, and there are local laws and regulations in this area.

GESI

The Market Management Plan by the Forum for Protection of Consumer Rights Network (FPCRN) requires registration of all businesses of all sizes. This could have unintended consequences on small/micro businesses, where owners may not have the literacy, documentation or resources to register their business. A more nuanced GESI-strategy could be considered, with either a streamlined registration process for small/micro businesses, or an exemption from business registration.

Suggestions

To begin influencing local policies and decision makers' behaviours in creating an enabling environment for public-private partnerships in the target municipalities of the program, we suggest:

- V-Rock's theory of action involves demonstrations, however it should be clearer about who the demonstration strategy tries to influence and what behaviour changes are sought
- Collaborate with the municipalities and introduce problem-driven analysis to assess whether private-public partnerships fit the context and problems
- Investigate examples of public-private partnerships that work in other municipalities (i.e. positive deviances) and share the lessons and experiences
- Test a problem-driven approach to market management by working intensively with municipalities to unpack the problems. Identify possible solutions and the changes in policy and behaviour required to sustain solutions that fit, and that are GESI-sensitive.
- Consider a collaboration agreement with municipalities, similar to the one with V-Rock, to improve coordination between partners in the target municipalities.

3.2.3 Collaboration with MuAN and NARMIN

There are different opinions about the role of MuAN and NARMIN in local governance. Some respondents expressed concerns about the political agenda of the two organizations, as well as their capacity to act as brokers between development partners and municipalities. Some respondents consider them as not being very active, and lacking legitimacy.

Other respondents highlighted the importance of network organizations, such as MuAN and NARMIN, in bringing together and representing the diversity of municipalities. Some of the problems that municipalities face, such as staff capability and limited financial resources, are common among many municipalities. The trend for laws and committees to reflect a 'centralist' mind set (DRC, August 2018, p.8), means that coordinating and networking organizations such as MuAN and NARVIM have an important role to play. MuAN represents 276 municipalities, while NARMIN represents 460 rural municipalities.

Activities and outputs

The program is collaborating with both MuAN and NARMIN through the following activities/outputs:

- Reorganization of MuAN and NARMIN, including key leadership positions to ensure cross-party and GESI representation
- Development of medium-term strategic plans for both organizations
- A policy dialogue on taxation
- A workshop with five local governments to share draft model laws with municipalities
- A meeting with the chief ministers of the seven provinces to discuss the slow pace of federalism.

Uptake and outcomes

So far there has been limited uptake by MuAN and NARMIN of the dissemination of model laws among its members. This has not led to any outcomes.

Suggestions

Given the potentially important role that MuAN and NARMIN can play, our suggestions are:

- Continue the collaboration with MuAN and NARMIN, monitor progress and assess regularly whether to continue the support and collaboration.
- MuAN and NARMIN are entitled to have a political agenda. The risk for the Partnership is to become associated with those political agendas. It should therefore continue to keep its support to MuAN and NARMIN light-touch and low-key.
- TAF should diversify its funding on the issue of collective representation of the diverse needs and interests of municipalities. It should identify opportunities to support multiple regional or political groupings of municipalities, even if this is around a single issue. In the interests of highlighting its own distance from party politics, TAF could consider a small grants scheme, where the program makes clear that it supports bringing the voice of municipalities to the central level.

3.2.4 Capacity development of local government staff

Municipal-level politicians and bureaucrats need to develop new capabilities to adapt to the new federal system, for example to develop processes to undertake budget development or policy consultations. This requires a mixture of things, of which capacity is one. They will also need to problem-solve and negotiate, particularly where powers and mandates are unclear, or where they want resources or assistance from other areas.

Capacity development is a key area of the federal reform, and a number of organizations are already involved or are planning initiatives in this area. The PLGSP program, which has just been approved (see Section 2.1), proposes among other things setting up seven provincial training centres. This will take some time, as negotiation is required with each of the provinces to pass enabling laws and regulations to establish these centres, allocate resources, develop curricula and recruit trainers. NASC already trains 2,000 federal bureaucrats each year. Although it has the legislative basis to train at the sub-national level, NASC expressed a preference for working on curriculum design for sub-national government, but not for training at the sub-national level. MuAN and NARMIN have also expressed a preference for training at the sub-national level, but given the current capacity (see 3.2.4), they may not be suitable candidates for capacity building.

Activities and output

The program has produced a number of outputs on capacity development of municipal staff:

- A training curriculum based on an education assessment, using 80 questions as a model policy-making process
- A two- to three-day crash course delivered to local government representatives from the seven provinces, including bureaucrats and elected representatives
- The development of a handbook on good governance
- Two reports: one on the political economy of education and one on the political economy of earthquake reconstruction.

Uptake and outcomes

Our respondents mentioned the following examples of uptake: in Kavre the municipality used templates (and processes) from the training it participated in to develop its own education policy. NASC updated its training products for federal-level bureaucrats with new material derived from the program training. These are positive signs, but it is still too early for outcomes. It should be noted, however, that NASC did not intend the one-off training to have an impact on the behaviour of the participants, but rather to inform the practicality of the training curriculum. The crash course reportedly included gender-responsive budgeting, which can contribute to, but not in itself guarantee, the inclusion of GESI principles in local planning budgeting.

Suggestions

The collaboration with NASC is strategic and should continue. NASC develops curricula for sub-national and federal bureaucrats and recently established the Centre for Federalism. NASC seems to be genuinely trying to contribute to developing the capacity and capability of the policy and law-making approach of municipalities, but as a federal-level organization there is a risk that it brings a centralist mind set to its approach and initiatives.

3.3 Activities which need a change in the approach

In this group we included three activities where we think it would be useful to revisit the strategy and approach adopted by the program. Adaptive programs tackle wicked hard problems where there is uncertainty around what solution will work. They usually design parallel experiments and activities that may or may not work. Whether they work or not depends on context, individuals involved, positive and negative circumstances, technical

expertise, and chance. It is more art than science. These programs are expected to change, adapt, iterate and, in some areas, fail. Most importantly, they must have the capability to generate learning to inform decisions about changes in approaches and/or activities.

We wanted to include this preamble to describe the principles that informed the assessment and suggestion we present in this section. While our analysis is external and influenced by some limitations (Section 1.1), we see it as part of the ongoing process of reflection and learning that the program has in place. The aim is to contribute to that learning and provide analysis and suggestions that can inform some program decisions.

3.3.1 Regional dialogue forums

The political nature of the transition to federalism can lead and has led in some cases to discontent and protests, which have highlighted existing and unresolved social tensions and conflict in some parts of the country. The Regional Dialogue Forums (*Sambad Samuha*) were established as a platform where different stakeholders could interact to develop trust and relationships that could help plan collective action and strengthen social capital. The forums we met during the review focused on conflicts and contentious social issues within communities. The forums were structured and externally facilitated by implementing partners sub-contracted by TAF.

Activities and outputs

The Partnership has supported dialogue forums in 23 districts¹¹ and in two conflict-prone provinces. The issues that are discussed in the forums relate to the implementation of federalism, for example, service delivery, geographical boundaries, power devolution, identity, policies and natural resource sharing. There is more information about the way regional dialogue forums are designed and managed in a blog post by Sumina Karki (2019).¹²

Uptake

The feedback we received from our respondents is that the forums were more about peaceful interactions between stakeholders and trust building than about resolving the issues. One respondent mentioned that, “discontent can (re)emerge at any moment in the future”. The forums help bring different stakeholders together and, in some municipalities, elected officials have approached the dialogue forums to address local geographical boundary disputes.

Outcomes

The dialogue forums, which are formed as informal civic spaces, are yet to develop strategic collaborations with provincial and local governments. There seems to be some reluctance from elected officials to engage with ‘donor-funded forums’ to address and try to resolve complex multi-stakeholder challenges and grievances. The sustainability of the forums is uncertain, as they are mainly funded by donors and programs, such as the Partnership. The forums we met showed that they can be useful in facilitating resolutions to local level issues such as road expansion, the location of bus stands, electricity grid lines and community forests, etc. The effectiveness of the dialogue forums in influencing local policies and regulations can vary depending on efforts of members and uptake of sub-national government officials.

¹¹ Dang, Banke, Kailali (two forums), Kanchanpur, Bardiya, Kapilvastu, East Rukhum, Surkhet, Dhanusha, Rautahat, Bara, Jhapa, Dhankuta, Sunsari, Morang, Dolakha, Sindhupalchowk, Sindhuli, Ramechhap, Nuwakot, Rasuwa, Kavre, Rolpa.

¹² Read the blog at <https://bit.ly/2XGOyA0>

GESI

The forums bring together leaders and representatives from different organizations, such as political parties, civil society organizations, the bar association, etc. As men generally occupy the leadership positions in these organizations, the forums are dominated by men from elite groups. The program has worked to increase the participation of women and youths, and currently women account for 39 percent of dialogue forum members, while people from marginalized communities account for 45 percent. Of the 27 forum facilitators, five are women, however it is not clear to what extent the concerns of women and marginalized groups have been accommodated in dialogues facilitated by the forums.

Suggestions

The dialogue forums were established as a mechanism for dialogue and peaceful resolution of contentious policy and social issues. We think that it is important for the forums to establish more visibility with local governments. Our suggestions are:

- Test and assess strategic collaborations with provincial and municipal governments as a way to contribute to the formulation and implementation of inclusive local policies that address local disputes
- Strengthen the focus of the discussion on sub-national governance reform issues and GESI, and monitor whether that helps to increase the buy-in from local authorities
- Test whether, in one or two locations, regional dialogue forum members and local government would be interested in trialling a co-funding mechanism for a brief period of time, and monitor participants' perceptions. An alternative could be to seek co-funding from other funders. If these options are unlikely our suggestions that Partnership should consider phasing-out of the forums.
- Local authorities will support the dialogue forum if they can help address the problems they face. Our suggestion is to use stories of change and case studies to identify, develop and document evidence of changes to which the dialogue forums could contribute.

3.3.2 Knowledge production

The ToC of the Partnership places considerable emphasis on generating and making data and evidence available to support the federal reform and policy decision making at the different levels of the federal system. The hypothesis is that by making good quality evidence available, it can be used to inform policy discussions and address existing evidence gaps.

Strategic Area 1 centres around knowledge production. Of the 11 activities in this section, knowledge production is the one with the highest spending, at USD 666,380 (to January 2019). It involves collaboration with 12 organizations. Knowledge production, therefore, represents a significant investment for the Partnership.

Activities and outputs

Between February 2018 and May 2019, the Partnership published 17 knowledge products (see Annex 6). During interviews for the MTR we focused on three outputs: the Survey of Nepali People (2017 and 2018), Nepal's Locally Elected Women Representatives: An Exploratory Study on Needs and Capacity Assessment, and the Diagnostic Study of Local Governance in Federal Nepal. Interviews with the TAF team focused on quality assurance and communication and dissemination of the publications.

The Survey of Nepali People was well known among respondents in Kathmandu, however few respondents outside of Kathmandu knew of it. Most respondents considered it a quality

product, with some suggesting improvements such as a translation into the Nepali language. One respondent was unsure whether the methodology that underpins the survey and which was developed for a similar study in Afghanistan is suited to the context of Nepal.¹³

The knowledge products' main channel of dissemination is the distribution of physical copies or of part of the products (e.g. individual chapters of the Survey of Nepali People) to specific organizations.

Uptake

There has been limited uptake of the Survey of the Nepali People. Only one respondent mentioned the concrete use of this flagship publication as one of the baselines for the new PLGSP program. The language issue mentioned above probably limited uptake among government actors. Another problem mentioned to us was that the Survey 2017 was produced by TAF, in collaboration with Interdisciplinary Analysts (IDA), and did not involve a government partner. This caused some tension during the publication and dissemination process. The Survey 2018 (published in May 2019) involved the Kathmandu University School of Arts, which several respondents thought was a positive decision, although it is too early to say if that will increase uptake.

The web statistics for online publications are influenced by the resources spent on the promotion of publications, as well as the timeliness and appeal of the subject, and the program partners' endorsement of the products through their own social media channels. In Table 5 we show the Google Analytics data on page views and unique page views that we received from TAF headquarters, where the publications are hosted. The trend showed a spike in page views at the time of publication and a decline in page views afterwards, which is normal for these types of knowledge products. Overall, the assessment from TAF headquarters was that these three publications had about average or slightly above average month-to-month page views for comparable publications. Data on downloads of the publications and a comparison with similar publications could help provide an additional layer of analysis to this assessment.

Table 5 - Web statistics for three selected knowledge products

Publication	Date of publication	Page views	Unique page views	Unique page views avg/month*
Survey of Nepali People 2017	April 2018	1,331	982	75
Nepal's Locally Elected Women Representatives: An Exploratory Study on Needs and Capacity Assessment	July 2018	498	407	37
Diagnostic Study of Local Governance in Federal Nepal	July 2018	400	341	31

*From the date of publication to May 2019

Source: TAF Google Analytics

¹³ The point made during this particular interview was that in Nepal there are many organizations conducting surveys and that there are a lot of data sets that can be accessed about citizen perception. This may not be the case in Afghanistan, where an approach that involved a considerable effort with primary data collection may be more appropriate.

We identified some reasons for the limited uptake. The first was that the program had employed a communications officer in June 2018 on a part-time basis, which seemed too little for the volume of publications that the Partnership has produced.

Some 30 percent to 45 percent of the knowledge products are available in Nepalese. The Survey of Nepali People, as mentioned earlier, is only available in English, although key findings from the survey in the form of infographics are available in Nepali as well.

The TAF team in Kathmandu does not directly manage the website; it is hosted and managed from TAF headquarters. This arrangement has the advantage that content sent from Nepal is proofread before being posted, however this can limit the team's flexibility for editing, adding or linking to other relevant resources. A disadvantage is that the Partnership website is only in English and is not easy to find on the main TAF website. The Partnership does not have a social media presence. While Twitter is a popular medium, the Partnership has only used the TAF global twitter account to a limited extent.¹⁴

The evidence we collected on our three focus products suggests that despite investment in knowledge production, and the ambition of the new communication plan for the Partnership to lead the debate on federalism, these three knowledge products have not managed to reach key audiences and inform policy debates. At the same time, the feedback we received from the TAF team is that there was demand for some of its knowledge products. For example, as a result of publishing the Survey of the Nepali People and demand for more in-depth analysis, the program collaborated with Social Science Baha and produced a volume entitled, *Politics of Change* (Thapa 2019). The TAF team reported that within two months of publication, around 2,000 copies of this volume had been distributed, due to demand from local and national stakeholders, including government officials. The team collected anecdotal evidence from government officials who said the content of the volume had helped inform discussion at forums and events.

Outcomes

We could not find an example of behaviour or policy change to which the three research-based knowledge products we selected for our interviews had contributed. The knowledge products that had contributed were produced as part of activity areas that addressed specific problems, such as the approach paper for Province 3 (see 3.1.2) and the strategy paper for policy dialogue, the Strategy Paper on Inter-Governmental Coordination including the Draft Bill on Inter-governmental Coordination (see 3.1.3).

As with uptake, the feedback from the TAF team was that several examples of knowledge products produced or funded by the Partnership had contributed to policy/behavioural change. For more about these, see the Table of Results in Annex 7, which we asked the TAF team to test and fill in.¹⁵ The fact that we did not spot and triangulate these during the review, and particularly during the work in-country, was probably due to the time limitations we faced. This suggests that a more thorough analysis of the influence of the Partnership's knowledge products may be needed, before designing a process of writing stories of change¹⁶ or episode studies.¹⁷ Table 6 shows some examples shared by the TAF team that would need to be validated and triangulated with relevant stakeholders.

¹⁴ We conducted a quick search on Twitter by using the following keywords @Asia_Foundation #Nepal

¹⁵ The Table of Results is an initial draft and needs to be better adapted to the needs of the program. It requires some more work on developing criteria that can make an output a Significant Output, the signs of uptake versus signs of outcomes (i.e. change of policy and behaviour), and on external sources of evidence. The team responded positively about the usefulness of this tool.

¹⁶ See https://www.betterevaluation.org/en/evaluation-options/stories_of_change

¹⁷ See <https://www.odi.org/publications/5694-episode-guide>

Table 6 – Signs of contributions to change by selected knowledge products

Publication	Sign of change
Impact of Federalism on Labour Migration Governance in Nepal	Devolution of the Foreign Employment Promotion Board at the provincial level Decision to establish the Labour Information Centre in all 753 local governments Setup of a high-level taskforce led by the Secretary of the Ministry of Labour and including key representatives of study groups to help implement the key recommendations of the study
Study on Election Campaign Finance	Election Commission of Nepal decision to increase the ceiling of the election budget
Needs Assessment of Elected Women Representatives	International Development Partners Group (IDPG) on GESI to design a joint capacity development training module for elected representatives with the Ministry of Federal Affairs and General Administration and the Ministry of Women, Children and Social Welfare DFAT and Swiss Agency for Development and Cooperation have used the study to design the She Leads Program, a program designed to train/mentor elected women on leadership skills. This is now implemented by the International Foundation for Electoral Systems, with funding from these two donors. The study informed the design of targeted interventions towards building the capacity of elected representatives and generating separate donor funding for the implementing partner, Samjhuta Nepal
Political Economy Analysis of Post-earthquake Reconstruction	The CEO of the National Reconstruction Authority highlighted the value of the report, in particular the relationships between the Authority and local government to manage reconstruction efforts
Survey of the Nepali People in 2017	A National Assembly member mentioned that the survey served as a baseline to capture the public mood for the new political structure introduced in Nepal and is useful in many ways for the government to set priorities and decision making at a panel discussion event organized by Social Science Baha on December 2018

GESI

Knowledge production includes GESI in different ways—as disaggregated data in the Survey of Nepali People and other publications, or as dedicated research and publications on GESI topics. It includes the case of the capacity needs of elected women representatives, Nepal's Locally Elected Women Representatives: an Exploratory Study on Needs and Capacity Assessment.

Suggestions

Some of the problems highlighted in the previous section that could be easily and quickly addressed are:

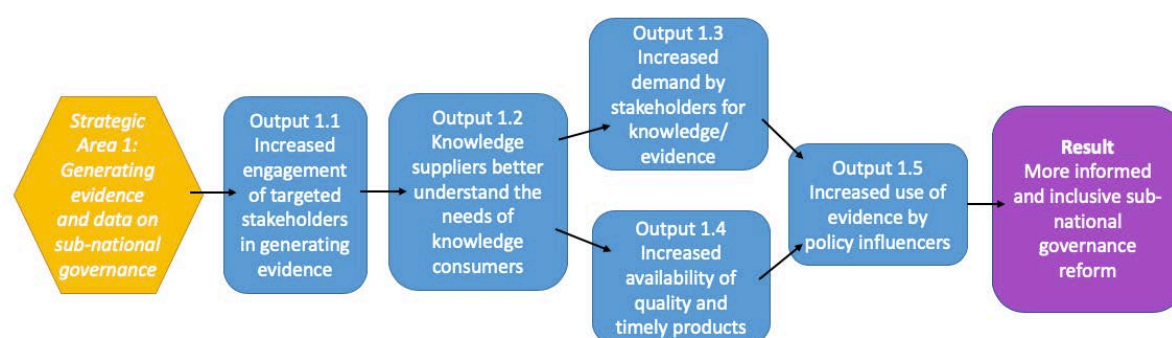
- Invest more resources in setting up a dedicated bilingual Partnership website, curated by the TAF team
- Develop a social media presence, especially in Nepal, through Twitter for example, and tweet using both English and Nepali
- Invest in the translation of knowledge products already published or select the most important and translate these
- Assess the feasibility of a full-time communications role
- Involve the communications team in the publication process at an early stage to design key messages and tailor them to specific audiences
- Design two main publications per year targeting clear audiences. Design shorter and more easily communicable knowledge products that capture the experience of the

program and its partners. These could be program briefs or stories of change, which could be co-produced and communicated to program partners.

- Consider whether an annual survey of citizen perception is too frequent and whether the next survey could be conducted towards the end of the phase.
- Assess whether the Table of Results (Annex 7) suggested by the review team could become a useful tool to record and document contributions to change by knowledge products, as well as more general program activities. The table could help in selecting case studies or stories of change.
- Assess whether it would be helpful for the communications officer to design a simple Excel table to record and document requests, responses and feedback to publications produced by the program and its implementing partners. The table could help in selecting case studies or stories of change.

We have a more substantial suggestion about whether the Partnership should reduce the prominence that it currently gives its knowledge production and evidence generation. The hypothesis that underpins the theory of change of Strategic Area 1 is that that engaging with stakeholders in the design, and increasing understanding of the needs of knowledge users will lead to increased demand, and increase the availability - these together lead to increased use of evidence by policy influencers (Figure 3).

Figure 3 - ToC Strategic Area 1



What main problem does Strategic Area 1 address? The lack of evidence and data on sub-national governance? Or does the low availability and low demand for evidence contribute problematically to the other two strategic areas, particularly Strategic Area 3 about urban service delivery and economic governance? The problem analysis exercise done with the TAF team (see Section 2.2) revealed that a lack of good and timely data and evidence to inform decisions is not seen by the team as a main problem, but as a contributory problem of unclear understanding of the role and function of the three tiers of government. This results in poor-quality decision making.

Paul Cairney (2019) argues that, “when we seek to identify the conditions under which evidence is influential in policy making, we find that evidence alone is almost never a complete game changer” (p. 29). In other words, evidence may be necessary, but it is usually insufficient on its own for major policy change. This is why our suggestion is to investigate whether knowledge production for evidence generation can be merged into Strategic Area 2, and especially Strategic Area 3, and become an element of the governance capability changes at the federal, provincial and local government levels. This would involve a light touch mapping of the capabilities and actors of knowledge systems in the location where the Partnership works, linked to the activities that are being implemented.

3.3.3 Municipal profile

Municipal profiles are a response to the problem of limited access by local governments to reliable evidence and data to inform policy decisions and resource allocation. The program is collaborating with Community Members Interested Nepal (COMMITTED) and has prepared a comprehensive municipal profile for 11 municipalities based on socio and economic census data at the household level. The municipal profile also represents a baseline that can be used by local government to measure social, economic and institutional progress and change in the medium term.

Activities and outputs

The process of developing municipal profiles takes about one year from data collection to the publication and hand over of the profile data set to the municipality. The process involves considerable quality assurance of the data through validation and triangulation exercises and workshops. Some respondents mentioned that it is a long process that demands considerable time by participants, such as ward chairs and local government staff.

Uptake

The feedback we received was mixed. In one case, a mayor mentioned that he was happy to have received the municipal profile. A second mayor was very critical of the municipal profile that was delivered to his office. He found the data inaccurate and said the overall quality of the profile was not good. It was unlikely that it could be used in its present form. Interestingly, in both municipalities the same program partner developed the municipal profile.

In all the municipalities we visited, the overall uptake was very limited. While opinions varied on the quality of the profiles, there was consensus among respondents across the municipalities that making use of the raw data sets that are handed over at the end of the exercise is challenging. All municipalities said they lacked the IT resources and competency to manage and analyse the data sets. They did not currently have the financial resources to hire IT staff or analysts who could develop an analytical unit within the municipality, starting from the municipal profile data set. In one municipality we were told that the budget might allow for an update or maintenance of the data, but not more than that. None of the municipalities felt that they could undertake and fund a process similar to the one used to produce the municipal profiles; it just seemed too resource-intensive.

Outcome

There are no examples of the municipal profile being used to inform policy decisions, or commitments by municipalities to invest resources required to manage the municipal profile.

GESI

In terms of GESI, the data set is GESI disaggregated.

Suggestions

There is no doubt that municipal profiles fill an evidence gap for local governments. The problem seems to be that the municipal profile, and the process as it is designed now, is too resource-intensive for the capabilities of local government.

Data from municipal profiles have a lot of potential, but they currently are not structured to support key decisions, such as budgeting. As such, this does not make the most of its potential to enable better service delivery. We see the potential for a simpler model that is more closely aligned to MoFAGA guidance.

Our main suggestion for the TAF team is to take the evidence generated to date and investigate a bit more than we could the challenges that municipalities face with the municipal profile in its present shape and form. The team could use this information to discuss and assess whether it would be possible to simplify the design and decide whether to test the co-design with some municipalities interested in exploring this further. The co-design and testing should involve an analysis of costing to explore with the municipality options for funding data analysis and data set maintenance.

As with other activities, these experiments should be monitored and documented to capture key lessons for the design of sustainable and locally owned municipal profiles.

4. Overall conclusions and ways forward

Dennis Rondinelli argued in a book written in 1983 that because of the inevitable uncertainty that permeates development initiatives, “all developmental activities are essentially experimental”.¹⁸ This is especially the case for the Partnership, a program operating in the complex, very political and rapidly evolving context of federal reform in Nepal.

Programs like the Partnership work simultaneously on different fronts, with a high degree of uncertainty, often trying to solve wicked hard problems. These are problems that Andrews et al. (2017) define as being simultaneously complex, politically contentious, without known solutions and containing numerous opportunities for professional discretion. These programs must be adaptive, flexible and opportunistic.

Overall, the Partnership is moving in the right direction and is well positioned to achieve its outcomes by building on the progress and results achieved so far. It is able to be flexible and adaptive, which is key for operating in complex and uncertain contexts. So far, it has managed a good balance between engaging with government partners and having the freedom to test and experiment solutions.

The program design has been informed by an in-depth GESI analysis and the team has managed to include GESI in the program activities, with varying degrees of intensity and coverage. The input provided by a GESI specialist has helped strengthen GESI in the design and implementation of activities. A key lesson for the program, however, is that good GESI awareness and technical knowledge cannot be assumed. This applies to both the program team (just 25 percent of the program team expressed a full understanding of GESI mainstreaming requirements)¹⁹ and program partners. The program produced and distributed a GESI mainstreaming guidance note, but more investment may be required to develop the GESI capabilities within and outside the program team.

In Section 3 we made specific suggestions about the activities we reviewed. Our suggestions here are about making the most of the several strengths that the Partnership as a whole has, and look ahead to the end of the current phase and to the design of the next phase of the program.

4.1 Suggestions to the end of the phase

- Continue to invest in the activities that are showing signs of contributing to behavioural change: 1) community mediation, 2) the contribution to the inter-provincial coordination legislation, and 3) the process that led to the approach paper for Province 3. These would be the main legacies were the program to end now, in addition to the learning and experience that the program has accumulated, as this was the first program to start working on federalism at the sub-national level.
- The experience with policy dialogues, particularly the Inter-Province Coordination Bill, is significant, as it shows the ability of the team to work politically and act with its partners

¹⁸ Development Projects as Policy Experiments: An Adaptive Approach to Development.

¹⁹ See Shakya 2019.

as a facilitator and intermediary. We suggest that the program trials doing this with national stakeholders, such as the Prime Minister's Office, the Ministry of Finance, and MoFAGA, as well as engaging in policy discussions on key legislation for federalism. As a mediator or intermediary, the program could contract politically astute and credible individuals to engage national-level actors. There are lessons that can be shared more widely about this intermediary role and the program could document or develop key principles for how to do this work. These could generate ideas for other programs working on federal reforms in Nepal.

- We identified four activities that were showing promising signs of progress and made some suggestions to support their effectiveness. Three activities (out of 10) are showing limited signs of addressing problems that partners want to solve. As the program enters the second half of implementation, the program team should develop clear criteria, drawing from examples of monitoring data and the team's expert judgment, to direct the team to stop activities that either are not gaining traction or that are becoming less relevant due to the changing context in which the program operates. This would allow resources to be moved to activities that are showing signs of contributing to behaviour or policy change and that can be expanded.
- It is very important for an adaptive and flexible program to have a process by which it considers how well its interventions are working in context, and decides which ones to expand, which ones to change, and which ones to stop. It is recommended that a systematic process be used every six months or so. The program has not been doing this. Indeed, the timeline exercise showed the team had been adding strategies and activities but rarely discontinuing or altering strategies. Given the rapidly evolving and political context in which the program operates, we think it could be useful for the program to move from a ToC-driven approach to one that is driven by problems. The ToCs the program has developed are based on assumptions and hypotheses that may not continue to hold in the rapidly changing context of federal reform in Nepal. Our suggestion is to map the main problems and their contributing problems, and to link that to the activities and solutions that are being tested. This will align with the adaptive programming principles to which TAF has made a considerable contribution (Fabella et al. 2011; Booth and Unsworth 2014; Faustino and Booth 2014; Williamson 2015; Green 2016; Andrews et al. 2017).²⁰ We think there are several benefits to doing this: 1) create a line of sight between the problem, possible solutions, and contribution to change, which helps planning, learning/monitoring, and decision making on whether to continue or not to invest in a specific activity/solution; 2) communicate and report about the problems that are being addressed: why they are being addressed, what solutions have worked, and the key lessons that have been learned; and 3) enable close collaboration within the team, from problem analysis to designing solutions and testing, to deciding what to invest in and what to stop, to the documentation and reporting about the program's progress, and lessons learned about what has worked and what has not. In response to this suggestion, the team suggested instead using a strategy testing process, together with a ToC process. The issues with the ToC approach, as discussed in Section 2.3, is that it gives the impression the program can control the way partners will respond. We have not seen any evidence yet that the team is using a Strategy Testing approach, though of course that does not mean they could not adopt it for the remainder of the program. We note that the implementation team would need to devote time and resources to building the right culture and process to support it.

²⁰ For example: Develop a good knowledge of the political economy of the space in which a development program operates to be able to design pilots and experiments, pursuing activities that look promising and dropping others; Focus on solving problems that are debated and defined by local people and stakeholders; Program teams must be politically informed; and Blend design and implementation through rapid cycles of planning, action and reflection to discuss and share lessons and design new solutions.

- There are opportunities for the program to explore knowledge sharing and possible collaborations with programs that are starting now, such as PLGSP or the Swiss Agency for Development and Cooperation's program in Province 1. This could be a way to share the lessons learned by the Partnership and influence the design of those programs.
- Continue to invest in documenting the adaptive approach of the program through case studies and reflections. This will contribute to national and international discussion about ways to operationalize the principles of adaptive programming.
- Continue to extend the collaboration and sharing with other development programs working to test GESI-responsive planning and budgeting with local governments. Continue to advocate (through evidence) on the importance of budgeting as a key performance indicator of the government's plans and priorities for adopting GESI principles in policies and programmes.
- Working politically requires experience and establishing good relationships with partners. We have two suggestions: 1) make sure that the senior managers of the program have the time to develop and deepen those relationships and balance that with management responsibilities; and 2) assign the younger members of the program team to work for one month placements with local government and provincial offices.
- Continue to apply the GESI principles across its portfolio of activities. Since budget allocation is one of the key indicators reflecting the priority and commitment for GESI mainstreaming in the program, TAF should develop a system to track the program budget on GESI mainstreaming efforts. The program needs to increase its investment on GESI-specific activities and test GESI-relevant solutions to the problems identified with its partners. Similarly, the program team could test indicators and tools to monitor GESI-related budget allocation by local governments with whom it collaborates. That information could provide useful evidence to help local governments increase investment to mainstream GESI in their policies and programs. The program could also increase its engagement with GESI-focused organizations and alliances to ensure policies, legal frameworks and processes of sub-national government are GESI responsive. Finally, the program should continue to mainstream GESI in its activities through the support provided by the GESI specialist, review regularly the GESI indicators in the monitoring and evaluation system and organize GESI reflection sessions for the team.

4.2 Programming ideas beyond the current phase

The design of a new phase of the Partnership should be embedded in the delivery and learning of the current phase to allow it to build on the results and learning that emerged. Our suggestions are:

- Invest in a stocktake of the knowledge system that is informing and influencing, directly or indirectly, the federal reform process in Nepal. The study should map and assess the relationships between knowledge producers, decision makers who demand and use evidence, intermediaries who translate, package and communicate knowledge to policy makers, and the enabling environment that governs how the production and demand of evidence operates and interacts. This stocktake could help assess whether one element of a follow-up program should involve support to the system of evidence-informed policy

underpinning the federal reform. This could differentiate the next phase of the Partnership from other programs, which usually tend to produce knowledge and influence policy reforms but do not strengthen the development of a national and local knowledge system to inform policy decisions.

- Invest some resources in conducting a foresight analysis/study (future study) of the social and economic impact of the digital and technological transformation that is rapidly reducing reliance of some economies on low-skilled labour. The study should also cover the implications of extractive industries 15 to 25 years from now. It should foresee the governance capabilities required at the central and local level to manage the growing social and economic inequalities between richer urban areas and poorer peri-urban, rural and remote areas.
- The evolving federal system means that local governments and provincial authorities will, more and more, have to make decisions under great uncertainty and often without an adequate knowledge base to inform their choices. This creates an opportunity to test innovative policy design and implementation that could be trialled with interested local government. For example: test ways for digital technologies, digital innovation and open data to involve researchers, professionals and citizens in identifying policy solutions; co-design policy experiments; test governance innovation; and improve service delivery and accountability towards citizens.
- Assess whether to invest in GESI-specific Spotlight Initiatives to demonstrate that a significant and comprehensive GESI investment in governance innovations can make transformative differences in the lives of women and other marginalized groups. Spotlight Initiatives need to focus on innovative approaches that strengthen the enabling legal and policy frameworks, effective and coordinated institutions, community mobilization and empowerment, increased and equitable access to service delivery, access to and use of quality data, and strengthened women's rights organizations and alliances.

References

- Andrews, M., Pritchett, L. and Woolcock, M. (2017). *Building state capability*. Oxford: Oxford University Press.
- Booth, D. and Unsworth, S. (2014). *Politically smart, locally led development*. Discussion paper. London: Overseas Development Institute.
- Cairney, P. (2019). 'Evidence and policy making', in Boaz, A. et al. (eds), *What works now? Evidence-informed policy and practice*. Bristol: Policy Press.
- Democracy Resource Centre (2018). Final Report- Findings on Functioning of Local and Provincial Governments on Nepal Jan-June 2018, Kathmandu.
- Democracy Resource Centre (2019). Functioning of Local and Provincial Governments in Nepal, Periodic Report, Kathmandu
- Earl, S., Carden, F. and Smutylo, T. (2001). *Outcome Mapping: Building Learning and Reflection into Development Programs*. Ottawa: IDRC.
- Fabella, R. V., Faustino, J., Mirandilla-Santos, M. G., Ciatang, P. and Paras, R. (2011). *Built on dreams, grounded on reality: Economic policy reform in the Philippines*. Manila: The Asia Foundation.
- Faustino, J. and Booth, D. (2014). Development entrepreneurship: How donors and leaders can foster institutional change (Working Politically in Practice Series – Case Study No. 2). London: Overseas Development Institute and San Francisco: The Asia Foundation.
- Gopa Kumar Thampi (2018). Rapid assessment of the Nepal Sub-national Governance Program. Internal report. Kathmandu: TAF / DFAT.
- Green, D. (2016). *How change happens*. Oxford: Oxford University Press.
- Jacobs, J. (2000). *The nature of economies*. New York: Random House.
- Karki, S. (2019). From stand-offs to solutions: When the stakes are high for everyone, in Asia blog, The Asia Foundation. Available at: <https://asiafoundation.org/2019/01/30/from-stand-offs-to-solutions-when-the-stakes-are-high-for-everyone/>
- Kathmandu University School of Arts, Interdisciplinary Analysts and The Asia Foundation (2019). A Survey of the Nepali People 2018, Kathmandu.
- Keck, M. E. and Sikkink, K. (1998) *Activists beyond borders: Advocacy networks in international politics*. Ithaca: Cornell University Press.
- O'Donnell, C. (2018). MEL system assessment: Observations and recommendations, internal report. Kathmandu: TAF / DFAT.
- Pasanen, T. and Shaxson, L. (2016). *How to design a monitoring and evaluation framework for a policy research project*. London: Overseas Development Institute.
- Payne, I. and Basnyat, B. (2017). 'Nepal's federalism is in jeopardy', *The Diplomat*, 28 July. Available at: <https://thediplomat.com/2017/07/nepals-federalism-is-in-jeopardy/>
- Shakya, D. (2019). Gender equality and social inclusion (GESI), Audit of the DFAT-TAF Partnership Program on Sub-national Governance in Nepal. Internal report. Kathmandu: TAF / DFAT.
- Thapa, D. (2019). *The politics of change: Reflections on contemporary Nepal*. Kathmandu: Social Science Baha and The Asia Foundation.
- Thapa, R.; Bam, K.; Tiwari, P.; Sinha, Tirtha K.; Dahal, S. (2019). 'Implementing Federalism in the Health System of Nepal: Opportunities and Challenges', in International Journal of Health Policy Management, Volume 8(4).
- The Asia Foundation (2017a). Diagnostic study of local governance in federal Nepal, 2017, Kathmandu. Available at: <https://asiafoundation.org/wp-content/uploads/2018/07/Diagnostic-Study-of-Local-Governance-in-Federal-Nepal-07112018.pdf>
- The Asia Foundation (2017b). Strategic partnership agreement between The Asia Foundation and the Department for Foreign Affairs and Trade. Proposal draft for review, internal document. Kathmandu.

Williamson, T. (2015). *Change in challenging contexts: How does it happen?* Research report. London: Overseas Development Institute.

Annex 1 - Terms of reference

The main purpose of the Program's MTR is to provide an independent assessment to DFAT and TAF on the quality and performance of the Strategic Partnership on Sub-national Governance in Nepal. Given the rapidly evolving operational context and need for adaptation, DFAT and TAF identified and agreed that the timing and opportunity are appropriate to initiate the MTR process for the Program.

In assessing the Program, the review will look at the first 18 months of program implementation and its progress towards achieving the expected outcomes of the Partnership. The review is also expected to provide recommendations for any mid-course corrections, as applicable. In addition, the MTR will also provide recommendations and options for a potential second phase of the Partnership. Finally, it will help in documenting lessons from the implementation of a sub-national governance program that operates within an evolving context and political landscape.

In order to adequately inform and help prepare the MTR, the Program meanwhile has initiated internal review and learning exercises that are expected to generate lessons for immediate course correction and feedback for program implementation. These include a review of gaps and opportunities for integrating GESI into the program implementation, a review of the Monitoring, Evaluation and Learning (MEL) framework to strengthen MEL systems and processes, and an internal program assessment to identify immediate opportunities for strategic focus and adaptation, as well as learning.

The findings of these internal assessments will form the key sources for the MTR to identify and prioritize further areas of investigation to analyse and feed into, specifically in assessing the proposed adjustments to the strategy, approach and programmatic or management structures. Copies of the findings/reports from these assessments will be provided to the review team.

Framework

As an initial framework, the review will use the main elements of DFAT's Aid Quality Check²¹ (relevance, effectiveness, efficiency, monitoring and evaluation, sustainability, gender equality and social inclusion, and other cross cutting issues). As a flexible and adaptive program, the review will aim to capture existing processes and structures to support management, learning and decision making within the Program.

- *Relevance*
How much of the Partnership is contributing to Australia's and TAF's interest/s to support reform in the country? Is the design still relevant to the Program given the contextual changes? Are the activities and outputs of the Program consistent with the overall goal and intended impacts?
Is the Theory of Change still relevant to the sub-national context in Nepal? If not, how has the Program responded to adjust to the same?
- *Effectiveness*
How is the Program progressing towards achieving its outputs and outcomes? What were the major factors influencing the achievement or non-achievement of the objectives?
What are some of the tangible outcomes generated by the Program?
Were there any unintended consequences / impacts for partners?
- *Efficiency*

²¹ These elements are also DAC criteria.

Is the program making appropriate use of DFAT's and TAF's time and resources to achieve outcomes?

Monitoring, Evaluation and Learning: Is the Program's MEL system generating credible information that is being used for management decision making, learning and accountability purposes?

Is the flexible and adaptive approach resulting in effective activities and outcomes? What is the evidence this approach is efficient both in terms of fiscal and human resources?

- *Sustainability*

Are the Program's benefits intended to endure over time?

To what extent do government and partner municipalities demonstrate ownership and commitment to the Program's goals and objectives?

- *Gender Equality and Social Inclusion*

Is the program making a difference to gender equality, empowering women and girls, and social inclusion?

To what extent have Gender Equality and Social Inclusion (GESI) principles been integrated into the program strategy?

It is envisaged that the review will lend itself to an analysis of the context: how the changing political landscape and fluid situation impact the Program's plans and intended outcomes.

Methodology

The review team will submit a detailed plan for review and approval by DFAT and TAF. At the minimum, the review process will include the following:

Meeting with DFAT

Before the commencement of the review and field work, the review team will meet with DFAT to establish clarity on the expectations of the review, and provide briefings on progress any time between the review process. The review team will provide major findings and recommendations from the review to DFAT immediately after the completion of field work, before drafting a detailed report to ensure that the findings sufficiently meet the requirements of DFAT to make any immediate decisions.

Desk review

A desk review will analyse the project document, progress reports, and major outputs of the Program. The desk review will suggest a number of initial findings that may inform the review process and update some key questions used during the assessment.

Interviews with key stakeholders

The review team will undertake a number of individual discussions with key stakeholders/partners. A list of key people to interview will be prepared by the project team, however the review team will have options to interview any other individuals or observers to seek inputs or independent opinions to enrich the review findings.

Field visits

The review team will undertake field visits to at least five project sites (municipalities) to meet with local stakeholders such as officials from partner municipalities and provincial government. The review team is encouraged to visit as many project sites as possible, including with division of team members. A list of geographical coverage and project sites will also be provided by the project team.

Team composition

In consultation with DFAT, the Foundation will engage a team of 2 national and 1 international consultant who are not directly involved in the management and implementation of the Program and its activities. A DFAT representative from its Governance Section in Canberra

will also join the team as an additional member. The external review team should have aggregate skills and knowledge on the following:

- Project review and evaluation under governance frameworks
- Monitoring and evaluation
- Research and data collection
- Gender and social inclusion
- Facilitation
- Report writing
- Good understanding of Nepal context and political economy

Annex 2 - List of respondents

30/04/2019	TAF programme team	
01/05/2019	Mayor, Deputy Mayor, CAO, and other officials	Municipality of Tikapur
02/05/2019	Sapna Sanjeevani and Chiran Manandhar	Democracy Resource Centre, Kalaiya
	Rahima Khatun - Deputy Mayor Kalaiya Municipality	Municipality of Kalaiya
	Rajesh Yadav – Mayor Hari Narayan Belbase – CAO Dibya Saroj - Finance Officer Madhav Prasad Yadav – Engineer Sanjeeb Kumar Mishra – Journalist Tayab Ansari - Revenue Section Mangala Acharya - Social Welfare Section Rajeshor Gautam - Taxation Ajay Kumar Jaisawal - Health Assistant Suresh Kumar Yadav IT officer Brij Bhusan Singh - Senior Assistant	Municipality of Kalaiya
	Regional Dialogue Forum members Tikapur	
	Churna Bahadur Chaudhari, Executive Director	Backward Society Education (BASE)
	Gopal Aryal	Secretary of Ministry of Economic Affairs, Sudur Paschim Province Government, Dhangadhi
03/05/2019	Ananda Raj Dhakal - Principal Secretary	Province 3, Hetauda
	Madhav Prasad Paudel - Chairperson State Affairs Committee, State Assembly	Province 3, Hetauda
	Regional Dialogue Forum members Dhangadhi	
	Khimlal Devkota, Vice Chair Shayam Basnet – Member Anjan Neupane - Member Secretary Ram Chandra Dhakal- Finance Director	Province Policy and Planning Commission, Province 3
05/05/2019	Mr Ashok Byanju - Mayor	Municipality of Dhulikhel

	Bipin Adhikari - former Dean	Dean of Kathmandu School of Law
06/05/2019	Sudhindra Sharma – Executive Director Sagar Raj Sharma - Dean	Interdisciplinary Analysts Kathmandu University School of Arts
	Krishna Man Pradhan	Nepal Law Society
	Trilochan Pokharel – Director of Studies	Nepal Administrative Staff College
	Bimal Pokharel – Executive Director Kala Nidhi Devkota - Director	National Association of Rural Municipalities in Nepal (NARMIN) Municipal Association of Nepal (MuAN)
	Ram Gurugai – Coordinator Bhisma Adhikari – Founder	National Forum on Parliamentarians on Population and Development (NFPPD)
07/05/2019	Raj Kumar Dhungana - Governance Advisor	Norwegian Embassy
	Amrit Lamsal - Under - Secretary Jayanarayan Acharya - Joint Secretary	MoFAGA
	Results chain exercise with staff of Community Members Interested Nepal (COMMITTED)	
	Gareth Ramnets – Governance Advisor Dharana Nepal - Governance Advisor Sudip Pokhrel – Governance Advisor	DFID
	Pete Budd – Head of Mission - Australian Ambassador to Nepal Derek Taylor - Head of Development Cooperation Kamakshi Rai Yakthumba – Program Manager, Governance and Global Program	DFAT
	Pratak Paudel Krishna Rajel Jagadish Bhattari Sadip Pokherel	Public Policy Pathsala
	Rajesh Pant Srinjari Kafley Nikki Lama Ashish Patran	V-Rock FCRN
08/05/2019	Phanindra Adhikary – Team Leader Dermot Shields – Consultant	IDEA International

	Reshma Thapa – Democracy and governance specialist Ramesh Adhikari- Election and legislative advisor Angelina Allen-Mpyisi - Director Democracy and Governance Office	USAID
	Pitamber Sharma – Professor, Geographer, Regional Planner	
	Dr. Shyam Bhurtel - Local Governance Expert	
	Purna Chandra Bhattarai - Governance specialist	
09/05/2019	Ujjwal Krishna MMali – Officer Monitoring, Evaluation, Research, and Learning Carolyn O'Donnell – Director Monitoring, Evaluation, Research, and Learning Madhu Bharal - Senior Director, Finance, and Administration Binayak Basnyat - Program Officer for GESI and Communications,	TAF

Annex 3 - Program timeline

**Top 5 significant activities in terms of behaviour change

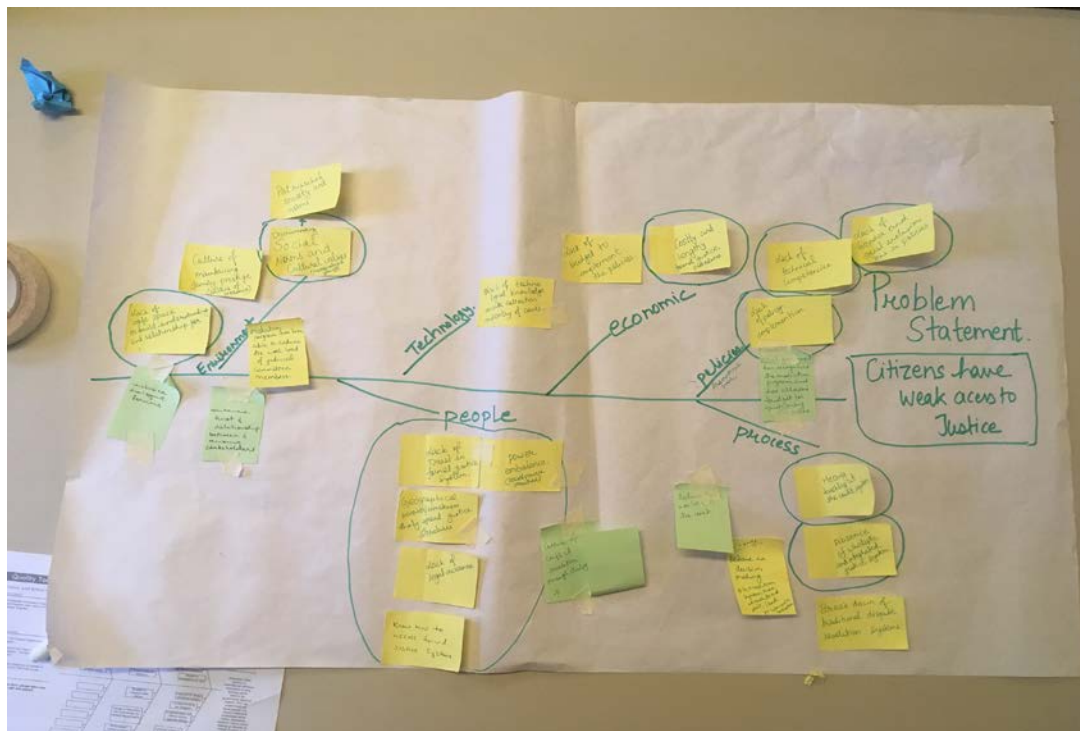
	Program staff joined or left the SNGP team	Significant activity	Stopped activity	Context changes
Jan 2017				
Feb 2017	Ashray joined	Human rights policy dialogue with former human rights commissioner		
Mar 2017	Sujan joined			Blockade
Apr 2017	Samarjeet joined Preeti joined Sumina joined	Sambad Samuhas dialogue forums – build trust in the community LLRC report released Nepal Bar Association Public Service Announcements on Voter Education		
May 2017	Jerryll joined	First Policy Dialogue – Public Private Partnership Election observation support		First phase of local elections. Prime Minister Pushpa Kamal Dahal. Sher Bahadur Deuba elected Prime Minister
Jun 2017	Ujjwal joined	Second Policy Dialogue Municipal Scoping visit with basic profiles Major partnership started		
Jul 2017	Srijana joined	Third Policy Dialogue – Fiscal		
Aug 2017				
Sep 2017		Inception report of program to DFAT		
Oct 2017				
Nov 2017		Campaign finance report local elections released Investigative stories on local government issues**		Federal and provincial elections
Dec 2017		Capacity training for partners CPP, MEL Mayors roundtable – partner municipalities Supported drafting Federal Police Act		
Jan 2018	Bishnu joined	Urban governance international conference Model Act – Health, Education, Infrastructure, O&M Local Government Operation Act 2017		
Feb 2018		Visit to Canberra to secure additional funding Campaign finance report – provincial and federal Develop and provide extended municipal profiles	Institute of Crisis Management Centre (the School) (stopped because of high management fee) and started funding community mediationRC (the NGO)	Shrinking civil space – the PM speech – no donor support to governance

Mar 2018	George left	First quarterly meeting DFAT-TAF First Knowledge Product – significant because of the topic “local level federalism”		New Government formation Resistance to international support
April 2018	Namit joined	Consolidation of community mediation program Restructuring of mediation centre (ownership of mediation by local governments)** Survey of Nepali people 2017 (first round) Training for new facilitators for dialogue forums (expansion to 7 new locations) Supported drafting of model local Health Act	Samriddhi Sub-national Economic Outlook (couldn't work sub-nationally)	
May 2018		General Convention of NARMIN** Dialogue with Paunati Municipality on Equal Wage		
Jun 2018		33 KV double circuit – breakthrough First reflection and learning session Public-Private Partnerships Act drafted	Niti foundation (outputs not produced)	
Jul 2018		MOU signing with MoFAGA Dialogue forum Partners practice sharing workshop Provincial Police Act drafted		
Aug 2018	Parshu joined (Senior Governance Specialist)	Diagnostic study on local governance released Labour migration governance report handed to Labour Ministry		
Sep 2018	Meghan joined (Country Rep) Nandita left (Deputy Country Rep)	Province 3 profile released General Convention of MuAN** Parliamentary dialogues with MPs of Karnali and Gandaki Hold training to District Court on Judicial Committees		
Oct 2018		Needs assessment report on elected representatives released Policy dialogue – Federal Health Act and implications for LGs Started youth dialogue forum in Rolpa & Dhanush		
Nov 2018		Project Advisory Meeting	DFHRI (Human Rights) work stopped	
Dec 2018		Internal assessments (MEL, GESI, Program) Partners' meeting	community mediationRC Police work stopped	
Jan 2019	Susowpana joined Nischala left	Province 3 Development Approach paper released (first time streamlined not ad hoc, significant because inclusive) **		
Feb 2019	Amol Acharya joined Prakriti joined	Contradictory law review Annual review meeting with partners Public-Private Partnerships unit established		

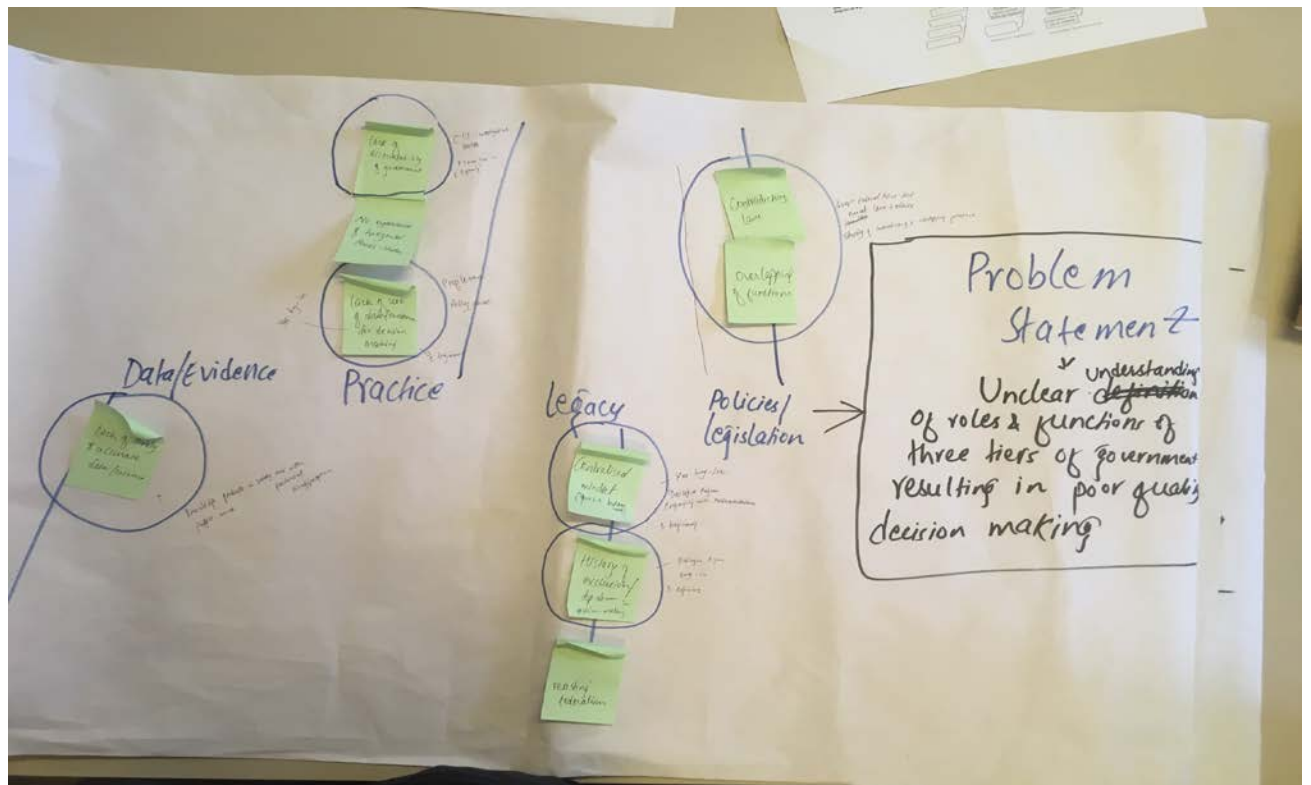
Mar 2019	Dhrubaraj BK joined	<p>Draft report on expenditure and revenue assignment</p> <p>Strategy paper on dispute settlement mechanism judicial committee IGR prepared</p> <p>Politics of change report launched</p> <p>Best practices of local governments report released</p> <p>Delegation visit by Jhapa Dialogue team (met PM, Line Ministers)</p> <p>Expansion to three new locations</p> <p>Provincial committee established for MuAN and NARMIN</p>		More stability / less frequent transfer of executive officers in LGs/provinces
Apr 2019	Seven field coordinators joined Shivani Thapa	<p>Survey of Nepali people 2018 released</p> <p>Int. Govt coordination bill (draft) submitted to Parliament</p> <p>Province 3 private sector interaction</p> <p>Gender and judges training for District Court and Judicial Committee</p> <p>Province 4 (Gandaki province) legislation drafting</p>		

Annex 4 - Problem analysis

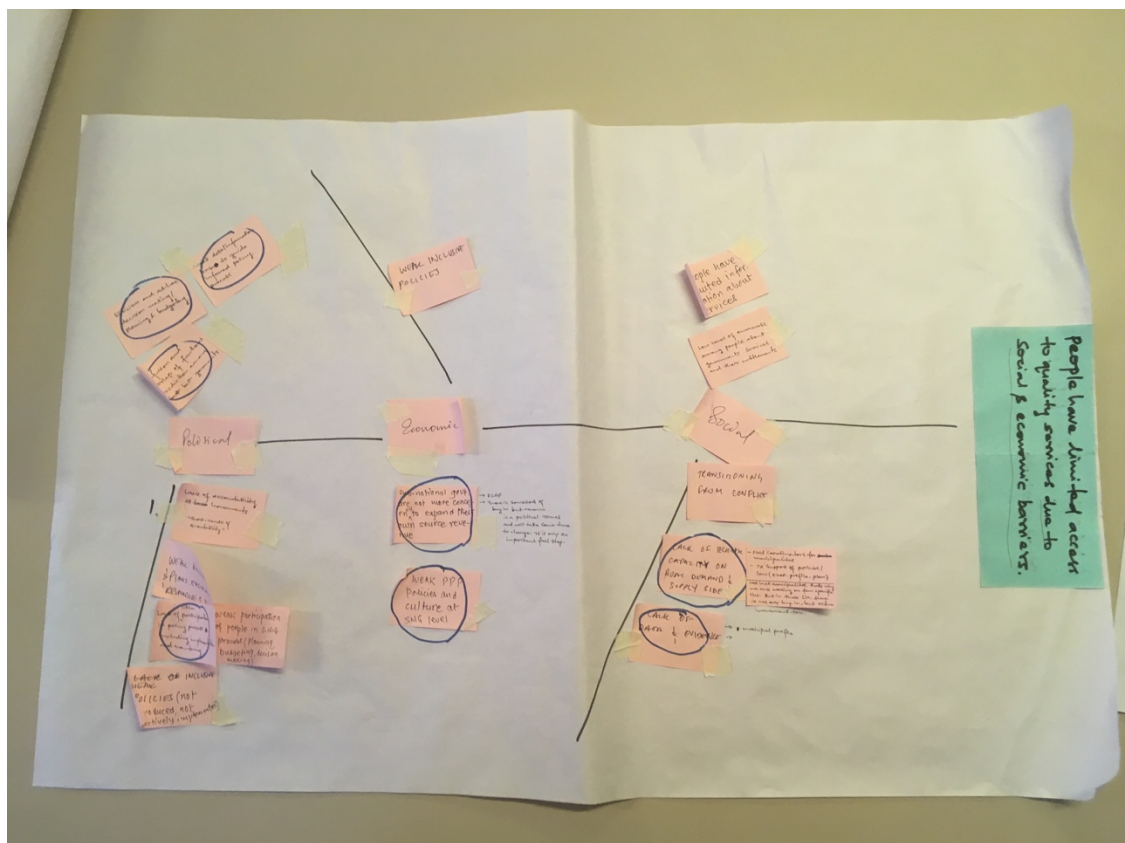
Problem 1 - Citizens have weak access to justice



Problem 2 - Unclear understanding of the role and function of the three tiers of government resulting in poor-quality decision making



Problem 3 - Citizens have limited access to quality services due to social and economic barriers



Annex 5 - List of partners involved in the 10 activities reviewed by the MTR

Community mediation	Natural Resource Conflict Transformation Center; Tamakoshi Sewa Samiti; Association of Radio Broadcasters Nepal; Syntegrate
Collaboration with Province 3	Province 3 Government
Policy dialogues and drafting of legislation	Nepal Law Society
Drafting of model laws	Kathmandu University School of Law; Public Policy Pathshala (Health landscape study)
Economic development at the local level	V-Rock
Collaboration with MuAN and NARMIN	Municipal Association of Nepal; National Association of Rural Municipalities of Nepal
Capacity development of local government staff	Nepal Administrative Staff College
Regional dialogues	Backward Society Education Nepal; Dhanusha Sewa Samiti; Sahara Nepal; Nepal Institute of Justice; Nepal Peace Building Initiatives
Knowledge production	Inter-Disciplinary Analysts; Kathmandu University School of Arts; Social Science Baha; Swatantra Nagarik Sanjal; Snow Leopard Conservancy; Nepal Centre for Contemporary Studies; Samjhuta; Niti Foundation; Election Observation Committee-Nepal; Labour Migration/ Jeevan Baniya; Ajaya Bhadra Khanal
Municipal profiles	Community Members Interested Nepal (COMMITTED) Nepal; Intensive Study and Research Centre Pvt. Ltd.; Bikas Udhyami

Annex 6 - List of knowledge products produced between March 2018 and May 2019

	Knowledge product	Partner organization	Date finalized
1	Impact of Federalism on Labour Migration Governance in Nepal	International Labour Organization and TAF	March 2018
2	Local Levels in Federalism, Constitutional Provisions, and the State of Implementation	Swatantra Nagarik Sanjal	April 2018
3	A Survey of the Nepali People in 2017	Inter Disciplinary Analysts	April 2018
4	Nepal's Locally Elected Women Representatives: an Exploratory Study on Needs and Capacity Assessment	Samjhauta Nepal	July 2018
5	Diagnostic Study of Local Governance in Federal Nepal	Nepal Center for Contemporary Studies	July 2018
6	Political Economy of Conservation in Nepal under new Local Government Structures: Risks, Opportunities and Challenges	Snow Leopard Conservancy	July 2018
7	Study on Election Campaign Finance - Financial Accountability of Political Parties in Nepal	Election Observation Committee	July 2018
8	Political Economy Analysis on Reconstruction	Nepal Staff Administrative College	November 2018
9	Political Economy Analysis on Education	Nepal Staff Administrative College	November 2018
10	Political Economy Analysis of Local Governments	Niti Foundation	November 2018
11	Study on Corruption and Impunity	Ajaya Bhadra Khanal (consultant)	January 2019
12	Strategy/Approach paper on Dispute Settlement Mechanism such as, Interprovincial Council & Constitutional Bench including immediate and long-term work plan for future interventions	Nepal Law Society	January 2019
13	Strategy/Approach Paper on Inter-Governmental Coordination including Draft Bill on Inter-governmental Coordination	Nepal Law Society	January 2019
14	Strategy/Approach Paper on Judicial Committee of Local Government including review of policy and practices and way forward	Nepal Law Society	January 2019

15	Companion Volume of the Survey of the Nepali People	Social Science Baha	January 2019
16	101 Best Practices of Local Government	National Association of Rural Municipalities of Nepal	January 2019
17	A Survey of the Nepali People in 2018	Interdisciplinary Analysts and Kathmandu University School of Arts	May 2019

Annex 7 - Table of results

Significant output	Contribution to which programme outcome?	Summary of sign(s) of change (legislation, attitude, perception, interest, etc.)	Supporting evidence What evidence do you have of progress toward the outcomes? What contributed to them (i.e. external factors as well as what the project did)? What outputs did the project deliver? Were these as planned and if not, why not?	Source
16 knowledge products: 1. Diagnostic Study of Local Governance in Federal Nepal 2. Study on Election Campaign Finance 3. Political Economy of Conservation in Nepal under new Local Government Structures: Risks, Opportunities and Challenges 4. Exploratory Study on Needs and Capacity Assessment of Elected Women Representatives 5. Local Levels in Federalism, Constitutional Provisions and the State of Implementation 6. Political Economy of Earthquake Reconstruction 7. Political Economy of Education	Outcome 1: More informed and inclusive sub-national governance reform, policy discourse and decision making at and between the local, provincial and national level	<p>1. The Nepal government has taken up the following recommendations from the Study on the Impact of Federalism on Labour Migration Governance in Nepal</p> <ul style="list-style-type: none"> i. Devolve the Foreign Employment Promotion Board at the provincial level ii. Establish a Labour Information Centre in all 753 local governments iii. Set up a high-level task force by the Ministry of Labour that includes a representative of the study group to implement the recommendations of the study report iv. This report amplified the discourse on utilizing foreign employment welfare funds, and how strategic and impactful it would be to devolve <p>2. The report of the Study on Local Levels in Federalism, Constitutional Provisions, and the State of Implementation provided the first evidence as to how new sets of major federal legislation contradict the spirit of the Constitution and constrain the autonomy of provincial and local governments. It contributed to larger discourse among stakeholders, most importantly provincial and local governments, to challenge the federal parliament's law-making process and create demand for more consultative processes.</p> <p>3. The Province 3 government and policy and planning commission endorsed the Development Approach Paper (first of this kind). The approach paper provided the overall framework for setting provincial priorities.</p> <p>4. The Election Commission of Nepal accepted recommendations on increasing the ceiling of the election budget and took the necessary action against those who violated the rule, as mentioned in the Study on Election Campaign Finance.</p> <p>5. The International Development Partners Group (IDPG) on GESI used the findings/recommendations of the Needs Assessment of Elected Women Representatives report as the basis to design a capacity development program for elected representatives. This was done jointly with the Ministry of Federal Affairs and General Administration and the Ministry of Women, Children and Social Welfare. IFES and the Norwegian Embassy have also used the report as a key reference to develop their programs. The report informed the design of the women's leadership</p>	<p>5. IDPG presentation to MoFAGA and training manual finalized by IDPG and MoFAGA, IFES program document of Women's Leadership Program, Samjhauta Nepal targeted program for elected women representatives at Rasuwa district.</p> <p>6. Policy dialogue report on the Role of Local Government in Reconstruction, organized on 1 February 2019, and NASC lists of reference materials.</p> <p>7. Pradip Gyawali, Minister of Foreign Affairs, requested a copy of the book to the author. The chapter on the economy was serialized on 7, 8 and 9 April 2019 by the business news website, Bizmandu. They are available at http://www.bizmandu.com/content/20190407093539.html, http://bizmandu.com/content/20190408084927.html</p> <p>8. Panel discussion report</p>	Partners' report

<p>8. Political Economy Analysis of Local Governments</p> <p>9. Corruption and Impunity</p> <p>10. Companion Volume of the Survey of the Nepali People</p> <p>11. Impact of Federalism on Labour Migration Governance in Nepal study</p> <p>12. Survey of Nepali People</p> <p>Other thematic reports are being drafted and finalized:</p> <p>1. Strategy/ approach paper on Dispute Settlement Mechanisms, such as the Inter-provincial Council & Constitutional Bench, including immediate and long-term work plans for future interventions</p> <p>2. Strategy/ approach paper on Inter-Governmental Coordination, including the Draft Bill on Inter-Governmental Coordination</p>		<p>program, implemented by IFES and supported by DFAT and the Swiss Agency for Development and Cooperation. The report informed the design of targeted interventions towards the capacity building of elected representatives and the generation of separate donor funding to the implementing partner, Samjhauta Nepal.</p> <p>6. The political economy analysis of post-earthquake reconstruction helped spur debates and discussion among stakeholders involved in reconstruction activities, including the National Reconstruction Authority (NRA). The CEO of the NRA highlighted the value that this report would add to addressing reconstruction issues through policy interventions, and to think through the role of the NRA and local government in managing reconstruction efforts. Both PEAs on reconstruction and education are used as reference materials by NASC in their capacity building and training programs to civil servants and elected representatives.</p> <p>7. The Politics of Change: Reflections on Contemporary Nepal report that was published in both English and Nepali filled a wide gap in the knowledge base, given the dearth of systematically presented knowledge about the aftermath of Nepal's political transition and its journey as a federal state. The report has been in high demand, and 2,000 copies have already been distributed. Government officials and stakeholders both at national and local levels are still asking for copies of the report.</p> <p>8. A Survey of the Nepali People in 2017 generated policy debates and discussions among a range of stakeholders, including academics, government officials and development partners. These covered a range of issues, including the economic outlook and social governance issues. For example, at a panel discussion organized by Social Science Baha on 17 December 2018, Dr. Bimala Rai Poudyal, National Assembly member, said that the report served as a baseline to capture the public mood for the new political structure introduced in Nepal, and that it was useful in many ways for the government to set priorities and make decisions.</p> <p>9. The 101 good practices booklet, published by NARMIN, was inaugurated by the deputy prime minister and disseminated to all RMs, government agencies, donor agencies and other stakeholders. The NARMIN team held a special meeting with the prime minister to share the lessons from the booklet. The prime minister appreciated the success stories and encouraged associations and municipalities to produce more such stories. He said these stories would motivate local representatives to deliver services effectively to citizens and promote accountability.</p>		
<p>3. Strategy/ approach paper on Judicial Committee of Local Government, including review of policy and practices and ways forward</p> <p>4. 101 Best Practices of Local Government</p>	<p>Outcome 1: More informed and inclusive sub-national governance reform, policy discourse and decision making at and between the local, provincial and national level.</p>	<p>After the CIJ news coverage, local governments in Kathmandu, Lalitpur, Dang, Pokhara, Gorkha, Bajhang and Lahan districts took corrective measures.</p>	<p>CIJ narrative report, court verdicts on promoting open spaces in the city of Madan Smarak school in Lalitpur after a story on shrinking open spaces in Kathmandu Valley was published. See: http://bit.ly/2vNh9Ub</p>	<p>CIJ website, National and local media reproduced news, journalists, court verdicts, partners' report</p>

	Outcome 1: More informed and inclusive sub-national governance reform, policy discourse and decision making at and between the local, provincial and national level	The public policy dialogue on the Public Health Act and other consultative meetings contributed to discourse on aligning inter-governmental policy. They also increased coherence in terms of health service delivery, ensuring there were no overlaps in roles and responsibilities, or contradictions in the Federal Public Health Act and the model Local Health Act, which were supported by the program.		
4 model laws, policies and procedures supported for drafting for government to promote an inclusive and peaceful transition to federalism	Outcome 2: Better equipped stakeholders to support the transition to federalism, through elections, policymaking and dispute resolution			
488 community mediators trained	Outcome 2: Better equipped stakeholders to support the transition to federalism, through elections, policymaking and dispute resolution	<ol style="list-style-type: none"> 1. 90% of formally registered interpersonal and multi stakeholder disputes are successfully resolved as a result of community mediation 2. 88% of beneficiaries are satisfied with mediation services 3. Institutionalization of mediation services: Over 90% of ward offices have provided space for mediation across the seven districts 4. Judicial committees in the project locations have started setting aside budget for mediation activities at the local level 5. The Mediation Council recognized the implementing partner, Natural Resource Conflict Transformation Centre (NRCTC-N), as the best institution on mediation in 2018 for its exemplary work on community mediation under the DFAT-TAF sub-national governance program 6. The Community Mediators' Society has been able to successfully expand its district offices in the DFAT-TAF sub-national governance project locations. This organic body of mediators will help advocate on mediation policy reform and mediators' welfare and sustain the practice of mediation even after the direct program support ends. 	Mediation Agreement Papers signed by the parties and registered and documented at the ward level.	Data base report Citizen report card
178 community mediation centres established			Ward office information	Assessment report
131 judicial committees supported			Mediation council website and press release	Partners' reports
13 regional dialogue forums established and restructured	Outcome 2: Better equipped stakeholders to	Dialogue forums in 20 program locations helped craft a common space for political representatives and civil society leaders from opposing political ideologies to build consensus and trust for collective action. Through facilitated dialogue, the program	Partners' report containing news coverage by local media	Partners' reports

311 dialogue forum members trained	support the transition to federalism, through elections, policymaking and dispute resolution	was able to resolve 42 complex multi-stakeholder issues on governance and federalism (20), development (15), natural resources (4), education (2), labour and policy (1) and strengthen the relationship of stakeholders, all of which had reached a political deadlock.	Anecdotes from stakeholders collected during field visits	Agreements
10 municipalities and 1 provincial profile developed	Outcome 3: Enhanced local government capacity for effective basic service delivery and economic governance that benefits all, including women and marginalized groups	10 municipalities and 1 provincial government formally adopted these profiles as their official data base documents and began to use the data for their program and budget allocation decisions		Municipal and provincial records
10 laws, policies and processes developed with program support for effective service delivery and economic governance issues	Outcome 3: Enhanced local government capacity for effective basic service delivery and economic governance that benefits all, including women and marginalized groups	53 sub-national governments adopted laws, policies and procedures developed with program support for effective service delivery and economic governance		MUAN and NARMIN
4 model laws on health, education, infrastructure and organizational management developed	Outcome 3: Enhanced local government capacity for effective basic service delivery and economic governance that benefits all, including women and marginalized groups	43 rural municipalities and 4 municipalities adopted these model laws		Partners' reports

Model Public-Private Partnership act developed	Outcome 3: Enhanced local government capacity for effective basic service delivery and economic governance that benefits all, including women and marginalized groups	3 programs supported municipalities and 2 neighbouring municipalities adopted this act		Partners' reports
25 local governments supported for service delivery and economic governance	Outcome 3: Enhanced local government capacity for effective basic service delivery and economic governance that benefits all, including women and marginalized groups			Partners' reports
More than 10,000 community members, stakeholders and development partners engaged				Partners' reports