

Report on Quality at Entry and Next Steps to Complete Design for Micro-Enterprise Development Programme (MEDEP) Phase III, Nepal

A: AidWorks details *completed by Activity Manager*

Initiative Name:	Micro-Enterprise Development Programme (MEDEP) Phase III		
AidWorks ID:	ING833	Total Amount:	\$4,500,000
Start Date:	May 2009	End Date:	December 2008

B: Appraisal Peer Review meeting details *completed by Activity Manager*

Initial ratings prepared by:	Tara Gurung, Country Program Manager, Kathmandu Post
Meeting date:	16 April 2009
Chair:	Octavia Borthwick, ADG ARB
Peer reviewers providing formal comment & ratings:	<ul style="list-style-type: none"> – Graham Rady, Director, Asia Program Quality and Development, ARB – Tamsin Bendeler-Cartledge, DPAG
Independent Appraiser:	– Steve Ashley, Design Specialist, theDLgroup Ltd
Other peer review participants:	<ul style="list-style-type: none"> – Elaine Ward, Director, South Asia Section – Mark Bailey, Regional Counsellor, South Asia – Luke Simmons, South Asia Section – Tara Gurung, Country Program Manager, Kathmandu Post – Latika Pradhan, Kathmandu Post – Sunita Gurung, Kathmandu Post – Bernie Wyler, Adviser, FSR – Sarah Leslie, Gender Unit

C: Quality Rating Assessment against indicators

completed by Activity Manager / Peer Reviewers / Independent Appraiser

Quality	Rating (1-6) *	Comments to support rating	Required Action (if needed)
1. Clear objectives	4	<p>The design document is not particularly clear on whether MEDEP III is focussing on direct service delivery or on creating an enabling environment for the growth of micro-enterprises.</p> <p>It was agreed that AusAID would not just be a hands-off funding agency for MEDEP III but would be actively involved in the monitoring of the program through participation in the quarterly meetings and annual program reviews.</p>	Post to convey AusAID's intention of being actively involved in program monitoring to UNDP and to clarify the program objectives with UNDP at the annual review

C: Quality Rating Assessment against indicators

completed by Activity Manager / Peer Reviewers / Independent Appraiser

2. Monitoring and Evaluation	5	<p>The results and resources framework in the design document does not specify that funds are available for the annual reviews and evaluations.</p> <p>It is not clear from the design document what the GoN's capacity is in terms of M&E. Work needs to be done to investigate the GoN's M&E systems and what can be done to strengthen them in preparation for a transition of MEDEP to the GoN.</p> <p>The proposed impact evaluation in the M&E framework is lacking in detail about what the baselines are and whether control groups will be used.</p>	<p>Post to clarify with UNDP that funds are available for the annual reviews and evaluations and to seek further details of the proposed impact evaluation. If the proposed impact evaluation is not deemed to be adequate, AusAID will look at providing TA to support the design and implementation of a robust impact evaluation that uses control groups and investigates both quantitative and qualitative aspects of participation in the program.</p> <p>Post to also raise with UNDP the need to investigate the GoN's M&E systems in preparation for the handover of MEDEP to the GoN.</p>
3. Sustainability	4	<p>It is generally recognised that MEDEP is an effective and highly regarded program that has strong support from the Government of Nepal (GoN). The program has strong local ownership and it has been very successful in creating sustainable micro-entrepreneurs.</p> <p>There was agreement that the GoN's plans for scaling-up are unlikely to occur over the three year timeframe proposed. There are capacity issues in the GoN and it is unlikely to even be handed over during a fourth phase which will also likely be a short three year phase due to the UNDP and GoN planning horizons. For this program to be handed over to the GoN and be fully sustainable in an institutional sense will likely take a decade or more. This is the challenge of working in Nepal. Sustainability is adequate given the unrealistic timeframe.</p> <p>There is a need to develop a better understanding of the institutional challenges and capacity of the GoN and to examine how effective the program has been so far in developing capacity and how this can be improved in the future.</p> <p>Another issue for consideration if we are looking to be involved in funding this activity over the long-term is to advocate for greater harmonisation between UNDP and the Poverty Alleviation Fund (PAF) of the WB on micro-enterprise development in Nepal.</p>	<p>AusAID to develop a clear understanding of the likely trajectory of MEDEP and our commitment to funding this activity over the next decade.</p> <p>Post to discuss with UNDP the provision of TA to develop a better understanding of the institutional challenges and capacity of the GoN in taking over and managing MEDEP.</p>
4. Implementation & Risk Management	4	<p>Implementation and risk management are adequately addressed. One main issue is a potential funding gap. Even with AusAID's proposed contribution there will still be a funding gap and there will be significant effects from this funding gap. The design documents do not specify what the options are if the full funding cannot be secured.</p>	<p>Post to clarify with UNDP what the fallback plan is if full funding cannot be secured, including which activities will go ahead and which activities will be cut.</p>

C: Quality Rating Assessment against indicators*completed by Activity Manager / Peer Reviewers / Independent Appraiser*

5. Analysis and lessons	4	While the design documents are very light on analysis and lessons learned, the background reports and website do a good job of articulating these aspects of the program. There is clearly a lack of capacity in program design at UNDP.	AusAID to consider providing specialised design assistance to UNDP if it is decided that we will provide funding for further phases of MEDEP.
-------------------------	---	--	---

*** Definitions of the Rating Scale:**

Satisfactory (4, 5 and 6)		Less than satisfactory (1, 2 and 3)	
6	Very high quality; needs ongoing management & monitoring only	3	Less than adequate quality; needs to be improved in core areas
5	Good quality; needs minor work to improve in some areas	2	Poor quality; needs major work to improve
4	Adequate quality; needs some work to improve	1	Very poor quality; needs major overhaul

D: Next Steps *completed by Activity Manager after agreement at the Appraisal Peer Review meeting*

Provide information on all steps required to finalise the design based on <i>Required Actions</i> in "C" above, and additional actions identified in the peer review meeting	Who is responsible	Date to be done
1. Discuss relevant issues raised at the appraisal peer review with UNDP	Tara Gurung	Early May
2. Discuss trajectory of MEDEP and likelihood of future funding contributions from AusAID (Internal Discussion)	Desk and Post	2010/11

E: Other comments or issues *completed by Activity Manager after agreement at the APR meeting*

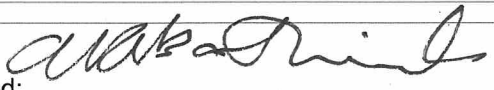
<ul style="list-style-type: none"> • •
--

F: Approval *completed by ADG or Minister-Counsellor who chaired the peer review meeting*

On the basis of the final agreed Quality Rating assessment (C) and Next Steps (D) above:

- ☒ **QAE REPORT IS APPROVED**, and authorization given to proceed to:
- ☒ **FINALISE** the design incorporating actions above, and proceed to implementation
- or: ☐ **REDESIGN** and resubmit for appraisal peer review

☐ **NOT APPROVED** for the following reason(s):

Octavia Borthwick	signed: 	28 April 2009
-------------------	--	---------------

When complete:

- Copy and paste the approved ratings, explanation and actions (table C) into AidWorks
- The original signed report must be placed on a registered file

