

**Independent Commission for Aid Impact (ICAI)**  
**DFID'S Peace and Security Programmes in Nepal**  
**Inception report**

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## 1 Introduction

- 1.1 The Independent Commission for Aid Impact (ICAI) is the independent body responsible for scrutinising UK aid. We focus on maximising the effectiveness of the UK aid budget for intended beneficiaries and on delivering value for money for UK taxpayers. We carry out independent reviews of aid programmes and of issues affecting the delivery of UK aid. We publish transparent, impartial and objective reports to provide evidence and clear recommendations to support UK Government decision-making and to strengthen the accountability of the aid programme. Our reports are written to be accessible to a general readership and we use a simple ‘traffic light’ system to report our judgement on each programme or topic we review.
- 1.2 We will assess the impact and value for money of the UK’s peace and security projects in Nepal. This inception report sets out the evaluation questions, methodology and a work plan for the delivery of the review. It is, however, intended that the methodology and work plan be flexible enough to allow for new issues and questions that emerge over the course of the review to be addressed.

## 2 Background

- 2.1 Nepal is the 16<sup>th</sup> poorest country in the world with chronic poverty entrenched by a complex set of interrelated factors that include gender, caste, ethnicity, age, religion, disability, language and geography. Over 25% of the population live under the international poverty line of around £0.80 per day and are extremely vulnerable to economic, health, social and climatic shocks.<sup>1</sup> Indicators for women are particularly poor. In Nepal, 380 of every 100,000 women who become pregnant die in pregnancy or childbirth. This compares poorly with regional comparators – India (230), Pakistan (260) and Bangladesh (340).<sup>2</sup>
- 2.2 Nepal ranks 154<sup>th</sup> out of 182 countries in the 2011 Corruption Perceptions Index,<sup>3</sup> worse than India (95<sup>th</sup>), Bangladesh (120<sup>th</sup>) and Pakistan (134<sup>th</sup>). Against these perceptions of corruption, the DFID Nepal programme is expected to grow from £61.3 million in 2011-12 to £103.4 million in 2014-15.
- 2.3 High levels of poverty and exclusion have fuelled conflict in Nepal. In turn, conflict has fuelled poor development outcomes. As Nepal emerges from its ten-year civil war, an opportunity to break this cycle exists. The peace agreement that ended the civil war is, however, fragile. Since its signing in November 2006, progress has stalled and a lasting political agreement on key issues has yet to be reached. In particular, a new constitution needs to be drafted, elections held, the transition to federalism started and agreement on the future of Maoist combatants reached.
- 2.4 DFID judges that a return to widespread conflict is unlikely but that development in Nepal is at risk from low-level criminal and ethnic violence. Its response, articulated in the DFID Nepal *Operational Plan*,<sup>4</sup> is that immediate assistance is required to restore and enhance the rule of law, address perceptions of impunity and restrict opportunities for corruption and mismanagement, particularly within local government.
- 2.5 To deliver this, the UK’s support to Nepal provides a range of inputs to the political process and to improve stability. In tandem, the support aims to deliver tangible changes on the ground for the poor, vulnerable and excluded, as a strategy to reduce the likelihood of a return to conflict.

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<sup>1</sup> Data from *DFID Nepal Operational Plan 2011-2015*, May 2012, <http://www.dfid.gov.uk/Documents/publications1/op/nepal-2011.pdf>.

<sup>2</sup> *Maternal mortality ratio (modeled estimate, per 100,000 live births)*, UNICEF, [http://www.unicef.org/statistics/index\\_countrystats.html](http://www.unicef.org/statistics/index_countrystats.html)

<sup>3</sup> *Corruption Perceptions Index 2011*, Transparency International, 2011, <http://cpi.transparency.org/cpi2011/results/>.

<sup>4</sup> *DFID Nepal Operational Plan 2011 – 2015*, April 2011, <http://www.dfid.gov.uk/Documents/publications1/op/nepal-2011.pdf>.

- 2.6 The overall budget allocation in DFID's *Operational Plan* for 2011-15 for peace and security is £21.87 million to support the peace process and £31.36 million to improve security and justice.
- 2.7 DFID currently has five peace and security projects in Nepal. These are summarised in Figure 1 on page 4.<sup>5</sup>
- 2.8 The headline result targeted in DFID's *Operational Plan* is for the 'number of minors and late recruited former Maoist combatants given training and rehabilitation support' to be 2,100 by 2013. Achieving this is a central component of both the Nepal Peace Trust Fund and the UN Peace Fund Nepal.
- 2.9 There are challenges to delivering aid in Nepal:
- insecurity raises the risks that programmes will be unlikely to achieve their objectives – or worse, actually create conflict;
  - programme risks are compounded by the difficulties of staff operating on the ground, to monitor and mitigate risk more closely; and
  - many conflict-affected countries are clustered in the bottom of corruption indices: 'administrative and judicial institutions are weak and they lack the capacity to monitor and enforce rules against corruption. Lingering social divisions from the war weaken shared conceptions of the public good and social norms that could otherwise constrain corrupt behaviour'.<sup>6</sup>
- 2.10 In response to these challenges, DFID Nepal (in co-operation with GTZ, the German technical co-operation agency) has set up a Risk Management Office. This is an attempt to improve management of risks and security in an office to support programme delivery in a conflict-affected environment.

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<sup>5</sup> There is a discrepancy between the total amount in the Operational Plan for peace and security and justice and the total of the programmes listed. This reflects differences in timing between the programmes/ planned programmes and the Operational Plan.

<sup>6</sup> Christine Cheng and Dominik Zaum (eds.), *Corruption and Post-Conflict Peacebuilding: Selling the Peace?*, Abingdon: Routledge, 2011. Commenting on Transparency International's Corruption Perceptions Index and the World Bank's Governance Indicators and the reasons why conflict-affected countries score poorly.

**Figure 1: DFID's operational projects related to peace and security<sup>7</sup>**

<b>Project Title</b>	<b>DFID Summary</b>	<b>Value (disbursement to date)</b>
<b>Nepal Peace Support 2007-2015</b>	To support the successful implementation of the Comprehensive Peace Accord and other peace agreements.	£33 million (£12.7 million) <sup>8</sup>
<b>UN Peace Fund 2008 - 2012</b>	To support Nepal's peace process by delivering co-ordinated, focussed and time-limited UN assistance for critical peace-building and recovery activities requested by the Government of Nepal.	£4.75 million <sup>9</sup> (£4.75 million)
<b>Nepal Police Modernisation Plan 2012 -2016</b>	To improve the capability, accountability and responsiveness of the Nepal Police and demonstrate its commitment to reform	£7.2 million (not yet started)
<b>Women's Empowerment and Promotion of Rights through Paralegal committees 2010 - 2012</b>	Women and children are better protected from violence and abuse, have improved access to justice and local mediation when they do experience violations and feel more empowered to assert their rights.	£6.51 million <sup>10</sup> (£4.5 million)
<b>Madesh Community Mediation Programme 2008 - 2013</b>	To establish community level mediation forums and ensure their benefits to the marginalised poor and women at the local level, thus aiming to mediate disputes and reduce conflict.	£873,000 (£782,000)

### 3 Purpose of this review

3.1 This review will assess whether DFID's peace and security programmes in Nepal represent an appropriate, cost-effective response to the development challenges in Nepal.

### 4 Relationships to other evaluations/studies

4.1 The last DFID evaluation of its Nepal programme was in 2007.<sup>11</sup> Several of its conclusions are particularly relevant to this ICAI review. Specifically:

- taking risks to support peace processes should take into account that the window for such opportunities is almost always relatively short – with implications for programme design;
- development programmes can address the consequences of conflict on poor communities by the adoption of a semi-humanitarian approach;
- putting in place an appropriate risk assessment and management system is a valuable tool to ensure safe and effective development work in a conflict setting; and
- building donor harmonisation in a fragile state setting is essential.

4.2 This 2007 evaluation will provide useful background for our team. We will also establish whether the lessons of this evaluation have been taken forward by DFID Nepal in its peace and security programming.

<sup>7</sup> These programmes are directly from the DFID website. See <http://projects.dfid.gov.uk/Default.aspx?countrySelect=NP-Nepal>.

<sup>8</sup> DFID Project Details: Nepal Peace Support, DFID, <http://projects.dfid.gov.uk/project.aspx?Project=108538>.

<sup>9</sup> DFID Project Details: UN Peace Fund for Nepal, DFID, <http://projects.dfid.gov.uk/project.aspx?Project=113622>.

<sup>10</sup> DFID Project Details: UNICEF Women's Para Legal Committees, DFID, <http://projects.dfid.gov.uk/project.aspx?Project=200628>.

<sup>11</sup> Evaluation of DFID Country Programmes, Country Study: Nepal, DFID, October 2007, <http://webarchive.nationalarchives.gov.uk/+http://www.dfid.gov.uk/aboutdfid/performance/files/ev679.pdf>.

- 4.3 In March 2010, the UK International Development Committee (IDC) undertook a review of DFID's Nepal programme – informed by a country visit. At the time, there was a great deal of uncertainty around DFID's programme, reflecting evolving political and peace processes. IDC stressed the security and justice needs, stating that DFID 'need to approach [justice and security sector issues] with the same degree of urgency as ensuring people's demands for health and education are met'.<sup>12</sup> The report requested that DFID make clear how it planned to increase its support to justice, security and women's paralegal services. DFID responded that it was 'on track' to increase its support for justice and security in Nepal.<sup>13</sup>
- 4.4 In 2011, the National Audit Office (NAO) published a report on DFID's financial management.<sup>14</sup> Though not specific to Nepal, the report's findings will provide useful background for our review. The NAO report acknowledges that DFID has made considerable progress in strengthening its financial systems but states that 'a better information environment is needed to deal with the heightened levels of assurance required in targeting future aid at higher risk locations'.
- 4.5 Subsequently, in November 2011, the ICAI review on *DFID's Approach to Anti-Corruption* noted fragmentation in DFID's organisation of responsibilities for fraud and corruption and higher levels of corruption associated with fragile and conflict-affected states.<sup>15</sup> Nepal was one of the countries where the evidence for these conclusions was gathered. It has significant corruption and is fragile and conflict-affected. We do, therefore, intend to ask intended beneficiaries and other key stakeholders about their perceptions of whether aid is reaching its intended destination.
- 4.6 There has also been a range of thinking on what makes governance programmes successful. This has recently been summarised by Sue Unsworth in her paper, *An Upside Down view of Governance*. She argues that: 'Informal institutions and personalised relationships are usually seen as governance problems. However [...] they can also be part of the solution. Donors have had limited success in trying to improve the investment climate, reform public services and fight corruption in poor countries by strengthening formal, rules-based institutions. They need to stop thinking about governance and development challenges in terms of models based on OECD experience and instead pay much more attention to the informal institutions, relationships and interests that underpin formal arrangements.'<sup>16</sup>
- 4.7 In considering programme design, we will see the extent to which this thinking has influenced DFID Nepal's programmes – as part of assessing whether DFID Nepal's governance work is grounded within a coherent overall model of political change.

## 5 Methodology

- 5.1 To answer the questions set out in the terms of reference, our review will consist of three activities. The review will include both UK-based work and a visit to Nepal.
- 5.2 First, from the UK and in Nepal, we will conduct a thorough review of DFID's peace and security programme design and review documentation, including the extent to which intended beneficiaries were involved.

<sup>12</sup> *DFID's programme in Nepal: Sixth Report of Session 2009-10: Vol. 1*, House of Commons International Development Committee, 2011, <http://www.publications.parliament.uk/pa/cm200910/cmsselect/cmintdev/168/168i.pdf>.

<sup>13</sup> *Government Response to the International Development Committee's Report on DFID's Programme in Nepal*, DFID, July 2010, <http://www.official-documents.gov.uk/document/cm78/7889/7889.pdf>.

<sup>14</sup> *DFID Financial Management Report*, National Audit Office, April 2011, [http://www.nao.org.uk/publications/1011/dfid\\_financial\\_management\\_rept.aspx](http://www.nao.org.uk/publications/1011/dfid_financial_management_rept.aspx).

<sup>15</sup> *The Department for International Development's Approach to Anti-Corruption*, Independent Commission for Aid Impact, November 2011, <http://icai.independent.gov.uk/wp-content/uploads/2010/11/DFIDs-Approach-to-Anti-Corruption.pdf>.

<sup>16</sup> Unsworth, S. (ed.), *An Upside Down View of Governance*, Centre for the Future State, Institute of Development Studies, Brighton, 2010, <http://www.ids.ac.uk/files/dmfile/Upside.pdf>.

- 5.3 Second, we will build on this analysis through discussions with a range of non-governmental organisations (NGOs), intended beneficiaries, media, the Government of Nepal, DFID and other donor officials. This information will be used to assess whether programmes have been designed and managed to deliver maximum impact.
- 5.4 Third, during our visit to Nepal, we will conduct three site visits to assess directly the impact of DFID Nepal programmes on intended beneficiaries. Security and practical considerations permitting, we will conduct a mixture of announced and unannounced visits to collect a range of evidence:
- two of the visits will be pre-arranged with stakeholders, which will allow us to carry out workshops to gather the views of intended beneficiaries; and
  - one visit will be unannounced, to ensure that we obtain evidence of the day-to-day reality where the projects are working. While the unannounced nature of this visit means that we will not be able to organise a workshop in advance, we will make sure to take opportunities to speak to intended beneficiaries.
- 5.5 We propose to focus on two programmes in detail: these are the Nepal Peace Support Fund and the UN Peace Fund. We will use the other three programmes as specific case studies, to isolate specific issues of interest. Figure 2 summarises the focal areas for each programme review.

**Figure 2: Programme review areas of focus by project**

<b>Project Title</b>	<b>Review Focus</b>
<b>Nepal Peace Support</b> (Multilateral, Government of Nepal)	At £33 million, this is by far the largest programme in the portfolio. This programme will be core to the review and considered in detail. We will carry out site visits to assess directly its impact on intended beneficiaries and build on secondary evidence. We will also examine the design process and how DFID engages to ensure impact and value for money from its investment.
<b>UN Peace Fund</b> (Multilateral, UN)	This programme is managed by the UN, with much of the funding spent by a range of UN agencies. As for the Nepal Peace Support Fund, we will carry out site visits to assess directly its impact on intended beneficiaries and build on secondary evidence. We will also examine the design process and how DFID engages to ensure impact and value for money from its investment.
<b>Nepal Police Modernisation Plan</b> (Bilateral)	This programme has recently been approved, making it relatively easier to access those individuals associated with design. This case study will therefore look at the programme design process for this politically complicated bilateral programming. Specifically, it will focus on the objectives questions in the evaluation framework.
<b>Women’s Empowerment and Promotion of Rights through Paralegal Committees</b> (Bilateral, UNICEF delivery)	This programme is delivered through UNICEF. This case study will focus on the delivery and impact questions in the evaluation framework.
<b>Madesh Community Mediation Programme</b> (Bilateral, local NGO delivery)	This programme has been operational for four years. We would then expect that significant change will be evident in communities. Through a site visit and discussions with intended beneficiaries, we will assess the direct impact that DFID financing is making.

- 5.6 Within this context, the review will focus on:
- gathering primary and secondary evidence of direct impact of DFID financing on poor people, including women and girls;

- assessing DFID’s use of multilateral funding, including the decisions to provide aid multilaterally and the extent to which those investments are actively managed to ensure results; and
- assessing DFID’s bilateral programme design process and specifically the extent to which programmes are: grounded in a strong understanding of the political context; clear about intended impact; fully consider value for money; and integrate appropriate monitoring and evaluation systems.

5.7 The review will draw conclusions and derive lessons specifically for DFID Nepal’s peace and security programmes, which may apply more broadly to complex governance programmes and for DFID programmes considering using multilateral delivery channels.

*Evaluation framework*

5.8 The evaluation framework for this review is set out in the table below. This has as its basis the standard ICAI guiding criteria and evaluation framework, which are focussed on four areas: objectives, delivery, impact and learning. It also incorporates other pertinent questions we want to investigate in this review. The questions which are highlighted in bold are those from the Terms of Reference (ToR) on which we will focus in particular.

Relevant ICAI Evaluation Framework Questions	Evaluation Questions	Criteria for Assessment	Sources of Evidence
<b>Objectives: what is the programme trying to achieve?</b>			
<p>Does the programme have clear, relevant and realistic objectives that focus on the desired impact? (1.1)</p> <p>Is there a clear and convincing plan, with evidence and assumptions, to show how the programme will work? (1.2)</p>	<p><b>Do programme designs adequately set out a detailed programme theory of change? This needs to describe both how beneficiary impact will be achieved from the programme inputs and the evidence that the described process is realistic. (ToR 6.3.2)</b></p> <p>How does DFID articulate theories of change for multilaterally channelled funding?</p> <p>Do project appraisals consider comparable alternative funding channels, to ensure the selected channel represents the best value for money?</p> <p>To what extent was the decision to invest based on a rigorous analysis of the evidence, including engagement with intended beneficiaries?</p> <p>Where available evidence was weak, are appropriate mitigating actions proposed for delivery?</p>	<ul style="list-style-type: none"> <li>• Evidence that programme design documents articulate a clear theory of change, from inputs to intended beneficiary impact</li> <li>• Evidence that theories of change are grounded in the specific political context and in recent thinking on governance reform</li> <li>• An assessment of the realism of the assumptions upon which the theory of change rests</li> <li>• An assessment of whether project design considers comparable costs for a range of funding channels</li> </ul>	<ul style="list-style-type: none"> <li>• DFID programme design documentation</li> <li>• DFID project review documents</li> <li>• Interviews with relevant DFID programme officers and advisers</li> <li>• Discussions with intended beneficiaries, government and delivery partners</li> </ul>



Relevant ICAI Evaluation Framework Questions	Evaluation Questions	Criteria for Assessment	Sources of Evidence
Does the programme complement the efforts of government and other aid providers and avoid duplication? (1.3)	<b>Do the programmes complement the efforts of government and other aid providers and avoid duplication? (ToR 6.3.3)</b>	<ul style="list-style-type: none"> <li>• Examples of DFID collaboration with other donors and multilaterals</li> <li>• Evidence that discussions with other donors informed DFID's strategy in peace and security</li> </ul>	<ul style="list-style-type: none"> <li>• DFID Nepal Operational Plan background materials</li> <li>• DFID programme design documentation</li> <li>• Interviews with relevant DFID programme officers and advisers</li> <li>• Discussions with government and delivery partners</li> </ul>
Are the programme's objectives appropriate to the political, economic, social and environmental context? (1.4)	<p><b>Are programmes grounded in strong contextual analysis, including input from intended beneficiaries? (ToR 6.3.1)</b></p> <p>Does this contextual analysis draw on internationally accepted good practice in governance programming and lessons learned elsewhere?</p> <hr/> <p><b>To what extent is corruption considered in programme design and factored into programme management? (ToR 6.3.4)</b></p>	<ul style="list-style-type: none"> <li>• Evidence from programme design documents of basis in contextual analysis</li> <li>• Evidence of interaction with intended beneficiaries in programme design</li> <li>• Evidence in programme documentation of anti-corruption measures</li> <li>• Evidence that programme management processes systematically assess corruption risk in programmes</li> <li>• Examples of appropriate action taken in response to corruption or allegations of corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Discussions with intended beneficiaries, government and delivery partners</li> <li>• DFID programme design documentation</li> <li>• DFID project review documents</li> <li>• Interviews with relevant DFID programme officers and advisers; DFID HQ advisers on conflict and security; DFID HQ advisers on South Asia</li> <li>• Interviews with DFID Nepal financial management experts</li> <li>• Discussions with DFID Internal Audit Department</li> </ul>

Relevant ICAI Evaluation Framework Questions	Evaluation Questions	Criteria for Assessment	Sources of Evidence
<b>Delivery: is the delivery chain designed and managed so as to be fit for purpose?</b>			
Is the choice of funding and delivery options appropriate? (2.1)	<p>On what basis was the decision to use multilateral or bilateral funding routes made?</p> <p>What assurance does DFID have of impact and value for money where a multilateral channel is used?</p>	<ul style="list-style-type: none"> <li>Evidence that alternative funding channels were fully assessed during programme design</li> <li>Examples of reporting from multilateral channels, that can be used to assess impact and value for money</li> </ul>	<ul style="list-style-type: none"> <li>DFID programme design documentation</li> <li>DFID project review documents</li> <li>Interviews with relevant DFID programme officers and advisers</li> <li>Discussions with UN officers managing UK funding and Nepal government agencies managing UK funding</li> <li>Examples of routine reporting received by DFID from project partners (service providers, government and UN)</li> </ul>
Does programme design and roll-out take into account the needs of the intended beneficiaries? (2.2)	<b>To what extent are the voices of intended beneficiaries taken into account in identifying risks and modifying programme design? (ToR 6.4.3)</b>	<ul style="list-style-type: none"> <li>Evidence that intended beneficiaries were directly involved in all stages of programme design</li> <li>Examples of modification to programme design as a result of identified risks to intended beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>Discussions with intended beneficiaries, government and delivery partners</li> <li>DFID programme design documentation</li> <li>DFID project review documents</li> </ul>

Relevant ICAI Evaluation Framework Questions	Evaluation Questions	Criteria for Assessment	Sources of Evidence
Is there good governance at all levels, with sound financial management and adequate steps being taken to avoid corruption? (2.3)	<p>How does DFID assure itself of the financial processes used for the UN and Nepal Peace Trust Funds?</p> <p>What plans are in place to ensure good governance in the Nepal Police Modernisation Programme?</p>	<ul style="list-style-type: none"> <li>• Evidence that DFID has a comprehensive assessment of the financial processes used for the UN and Nepal Peace Trust Funds</li> <li>• Evidence that the Nepal Police Modernisation Programme has robust governance processes in place to detect and respond to corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Background papers for programme design for the UN and Nepal Peace Trust Fund, which assess their financial modalities</li> <li>• Programme design documentation from the Nepal Police Modernisation Programme, which details their approach to detection and responses to corruption</li> </ul>
Are resources being leveraged so as to work best with others and maximise impact? (2.4)	<p>On what basis did DFID make its decision to channel financing multilaterally in Nepal?</p> <p>What oversight does DFID provide to ensure that this investment is achieving impact and value for money?</p> <p>What co-ordination mechanisms are in place to ensure donor actions are co-ordinated in the peace and security sector?</p>	<ul style="list-style-type: none"> <li>• Evidence of a comparison of impact and value for money between multilateral and bilateral channels in programme designs</li> <li>• Examples of DFID engaging with government and other donors to leverage both multilateral and bilateral interventions</li> <li>• Evidence that DFID is engaged with government and other donors in programme design and implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Discussions with beneficiaries, government and delivery partners</li> <li>• DFID programme design documentation</li> <li>• DFID project review documents</li> <li>• Interviews with relevant DFID programme officers and advisers</li> </ul>
Do managers ensure the efficiency and effectiveness of the delivery chain? (2.5)	<p>What management information is available to DFID on the Nepal Trust Fund delivery chain?</p> <p>What steps have been taken in the design of the Nepal Police Modernisation Programme to ensure efficiency and effectiveness?</p>	<ul style="list-style-type: none"> <li>• Evidence of reporting to DFID from the Nepal Peace Trust Fund</li> <li>• Examples from the programme design of the Nepal Police Modernisation Programme of measures to ensure efficiency and effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Project reporting from the Nepal Peace Trust Fund</li> <li>• DFID Nepal Police Modernisation Programme design</li> </ul>

Relevant ICAI Evaluation Framework Questions	Evaluation Questions	Criteria for Assessment	Sources of Evidence
Is there a clear view of costs throughout the delivery chain? (2.6)	<p>What information is provided to DFID on costs of the programmes?</p> <p>Does DFID management information allow comparison of relative value for money of different delivery channels?</p> <p>How does DFID use information provided on costs through the delivery chain to drive value for money?</p>	<ul style="list-style-type: none"> <li>• Evidence of routine financial reporting to DFID on multilateral and bilateral programmes</li> <li>• Examples of DFID using cost information to make amendments to programme design or lobby others for change</li> </ul>	<ul style="list-style-type: none"> <li>• Routine project reporting from UN, government and other delivery partners on multilateral and bilateral programmes</li> <li>• Discussions with DFID programme managers and advisers</li> <li>• DFID programme files related to amendments in programme designs</li> </ul>
Are risks to the achievement of the objectives identified and managed effectively? (2.7)	<p><b>Is there evidence that DFID Nepal's Risk Management Office has provided value for money, through integrating risk management more closely with programme delivery? (ToR 6.4.4)</b></p> <p>How well does the design of the Nepal Police Modernisation Programme identify risk and propose mitigating actions?</p>	<ul style="list-style-type: none"> <li>• Examples of DFID Nepal's Risk Management Office creating cost savings or delivery efficiencies for DFID and other donors</li> <li>• Evidence from the design of the Nepal Police Modernisation Programme of the identification of risks</li> <li>• Examples from other programmes of risk identification and mitigation measures in design</li> </ul>	<ul style="list-style-type: none"> <li>• Interviews with the management agent of the Nepal Risk Management Office</li> <li>• DFID programme design documentation for all peace and security programmes</li> </ul>
Is the programme delivering against its agreed objectives? (2.8)	<p><b>Do programme management processes adequately assess progress, in real-time, against programme design? (ToR 6.4.1)</b></p> <p>To what extent is multilateral reporting to DFID adequate to ensure DFID is able to monitor progress?</p>	<ul style="list-style-type: none"> <li>• Examples of routine project reporting against programme logframes and theories of change</li> <li>• Examples of reporting from the UN and Government of Nepal, tracking progress on multilaterally funded aid</li> </ul>	<ul style="list-style-type: none"> <li>• DFID programme reporting</li> <li>• Discussions with DFID programme staff</li> <li>• Discussions with UN and government programme staff</li> </ul>

Relevant ICAI Evaluation Framework Questions	Evaluation Questions	Criteria for Assessment	Sources of Evidence
Are appropriate amendments to objectives made to take account of changing circumstances? (2.9)	<b>Are programmes modified in response to the results of monitoring assessments or other relevant factors? (based on ToR 6.4.2)</b>	<ul style="list-style-type: none"> <li>• Examples of actions identified in annual and other programme reviews being followed up</li> </ul>	<ul style="list-style-type: none"> <li>• Discussions with programme staff</li> <li>• DFID Nepal programme management files relating to peace and security programmes</li> </ul>
<b>Impact: what is the impact on intended beneficiaries?</b>			
Is the programme delivering clear, significant and timely benefits for the intended beneficiaries? (3.1)	<p><b>Are programmes delivering effective impact for intended beneficiaries in changing circumstances? (ToR 6.5.1)</b></p> <p><b>Do intended beneficiaries believe that the intended aid reaches the places it is intended to reach? (ToR 6.5.4)</b></p>	<ul style="list-style-type: none"> <li>• Evidence from intended beneficiaries that their lives have been improved through DFID-funded activity</li> <li>• Evidence from project reporting that impact is being achieved in line with project aims</li> <li>• Evidence from beneficiaries on their views of how well aid has been spent</li> </ul>	<ul style="list-style-type: none"> <li>• Discussions with intended beneficiaries on the impact of DFID spending on their lives and their views on how well aid has been spent</li> <li>• DFID, UN and government programme reporting</li> </ul>
Is the programme working holistically alongside other programmes? (3.2)	<p>To what extent do DFID Nepal's peace and security programmes support delivery in its other programmes?</p> <p>To what extent are DFID Nepal's peace and security programmes co-ordinated with the work of other donors in the sector?</p>	<ul style="list-style-type: none"> <li>• Evidence that DFID's peace and security programmes have been taken into account in the design of other programmes</li> <li>• Evidence that DFID Nepal's peace and security programmes take account of and contribute to DFID Nepal's broader objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Discussions with theme leads for areas of the office outside of peace and security</li> <li>• Discussions with the Head of DFID Nepal</li> <li>• Discussions with DFID Director, South Asia</li> </ul>

Relevant ICAI Evaluation Framework Questions	Evaluation Questions	Criteria for Assessment	Sources of Evidence
Is there a long-term and sustainable impact from the programme? (3.3)	<b>To what extent are the programmes delivering sustainable, long-term impact? (ToR 6.5.2)</b>	<ul style="list-style-type: none"> <li>• Evidence of moves to sustainability for DFID-funded activities – for example, activities securing longer-term funding sources or becoming integrated into government policy or delivery processes</li> <li>• Examples of project impact from early interventions that are still in place</li> </ul>	<ul style="list-style-type: none"> <li>• Discussions with programme intended beneficiaries</li> <li>• Discussions with DFID, government and UN programme managers</li> <li>• Programme reporting (including annual reviews)</li> </ul>
Is there an appropriate exit strategy involving effective transfer of ownership of the programme? (3.4)	<p>Do DFID Nepal bilateral peace and security programmes have appropriate exit strategies?</p> <p>Do DFID Nepal multilateral peace and security programmes have appropriate exit strategies?</p>	<ul style="list-style-type: none"> <li>• Evidence that DFID Nepal peace and security programmes, both bilateral and multilateral, have clearly articulated exit strategies</li> </ul>	<ul style="list-style-type: none"> <li>• DFID Nepal peace and security programme documentation, including design and review documents</li> </ul>
Is there transparency and accountability to intended beneficiaries, donors and UK taxpayers? (3.5)	<b>Is there transparency and accountability to intended beneficiaries, donors and UK taxpayers? (ToR 6.5.3)</b>	<ul style="list-style-type: none"> <li>• Examples of reporting that is publicly available on DFID's objectives, spending and results. This should include a range of formats appropriate to the different stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Discussions with intended beneficiaries, government and UN</li> <li>• DFID internet site</li> <li>• Discussions with DFID Nepal communications lead</li> </ul>

Relevant ICAI Evaluation Framework Questions	Evaluation Questions	Criteria for Assessment	Sources of Evidence
<b>Learning: what works and what needs improvement?</b>			
<p>Are there appropriate arrangements for monitoring inputs, processes, outputs, results and impact? (4.1)</p>	<p><b>Are there appropriate arrangements, including receiving input from intended beneficiaries, for monitoring inputs, processes, outputs, results and impact? (ToR 6.6.1)</b></p> <p><b>Is evaluation effort proportionate to the evidence base in the theory of change? (ToR 6.6.2)</b></p>	<ul style="list-style-type: none"> <li>• Evidence that DFID is actively engaging with intended beneficiaries and collecting their inputs on programming</li> <li>• Examples of programme design being amended as a result of intended beneficiary inputs</li> <li>• Evidence that monitoring arrangements are integrated into programme design</li> <li>• Evidence that programme monitoring arrangements are being followed</li> <li>• Examples of monitoring and review findings being used to change programme design</li> <li>• Evidence that monitoring takes into account the evidence base for the programme</li> </ul>	<ul style="list-style-type: none"> <li>• Discussions with intended beneficiaries, government and UN</li> <li>• Discussions with DFID Nepal programme officers and advisers</li> <li>• Peace and security programme documentation including annual reviews and routine reporting</li> </ul>

Relevant ICAI Evaluation Framework Questions	Evaluation Questions	Criteria for Assessment	Sources of Evidence
Is there evidence of innovation and use of global best practice? (4.2)	<p>Is there evidence in the design of the Nepal Police Modernisation Programme of best practice in governance programme design in conflict-affected and fragile states?</p> <p>Is there evidence of the use of global best practice in other programmes?</p>	<ul style="list-style-type: none"> <li>• Evidence from the Nepal Police Modernisation Programme of best practice in programme design for fragile and conflict-affected states</li> <li>• Evidence in other peace and security programmes of the use of global best practice</li> </ul>	<ul style="list-style-type: none"> <li>• DFID Nepal peace and security programme design documentation and background analysis (including the Strategic Conflict Assessment)</li> <li>• DFID fragile and conflict-affected state guidance</li> <li>• Literature review of good practice in security and governance sector programmes</li> </ul>
Is there anything currently not being done in respect of the programme that should be undertaken? (4.3)	<p>What do intended beneficiaries think DFID should be doing differently to improve the impact of programmes on their lives?</p> <p>What are DFID Nepal's major concerns about programme delivery?</p> <p>How do project partners (donors, delivery partners) think DFID could improve its impact?</p> <p>What more could be done in DFID Nepal's peace and security programmes to drive impact?</p>	<ul style="list-style-type: none"> <li>• Evidence from intended beneficiaries about their experience with DFID-funded interventions and the effects of those interventions on their lives</li> <li>• Evidence from project partners on their experiences of working with DFID Nepal in peace and security</li> <li>• Evidence from programme managers on DFID Nepal's major programme management concerns and the extent to which these are being addressed</li> </ul>	<ul style="list-style-type: none"> <li>• Discussions with intended beneficiaries on the effects of DFID peace and security activity on their lives</li> <li>• Discussions with DFID Nepal programme officers and advisers</li> <li>• Discussions with NGOs, UN, government and service providers</li> </ul>



Relevant ICAI Evaluation Framework Questions	Evaluation Questions	Criteria for Assessment	Sources of Evidence
<p>Have lessons about the objectives, design and delivery of the programme been learned and shared effectively? (4.4)</p>	<p><b>Have lessons about the objectives, design and delivery of the programme been learned and shared effectively? (ToR 6.6.3)</b></p> <p><b>Is there a plan to scale up or roll out the programmes which DFID believes are or have been successful and, if so, with what local ownership? (ToR 6.6.4)</b></p>	<ul style="list-style-type: none"> <li>• Examples of programme lessons from DFID Nepal, DFID globally and others influencing programme design and implementation</li> <li>• Evidence that lessons from DFID Nepal programming are being effectively shared across DFID and beyond</li> <li>• Examples of positive results from projects leading to scale-up, with local ownership</li> </ul>	<ul style="list-style-type: none"> <li>• Discussions with DFID Nepal programme officers and advisers on lessons learned and plans for future scaling up of programmes</li> <li>• DFID Nepal programme design documents and background analysis for peace and security programmes</li> </ul>

5.9 The evaluation will consist of:

**Phase 1: Preliminary Assessment**

- i). A preliminary review of literature, including:
- design and monitoring documentation for DFID Nepal's five key peace and security programmes; and
  - background documentation on international good practice in delivering governance programmes and specifically peace and security programmes in conflict-affected environments. This will inform the review team on the elements of international good practice we will expect to see in DFID Nepal programme design and implementation.
- ii). Interviews, either in person or by phone, with:
- DFID HQ staff whose work is relevant to DFID Nepal's peace and security work. This will include staff from the South Asia division, Stabilisation Unit, South Asia division, Internal Audit and the UN desk;
  - DFID Nepal staff, including the lead and members of the Governance and Security team and the Head of DFID Nepal; and
  - the FCO Nepal desk.

This phase will be used to refine the evaluation framework if necessary.

**Phase 2: Field Work, including three site visits (details to be agreed during preliminary assessment)**

- i). A series of semi-structured and informal interviews with:
- intended beneficiaries;
  - NGOs and multilateral organisations engaged with the peace process and security sector reform;
  - Government of Nepal counterparts;
  - the Government of Nepal's lead agencies for the Nepal Peace Trust Fund;
  - donor partners (including the largest three contributors to the Nepal Peace Trust Fund and UN Peace Fund for Nepal);
  - politicians representing at least two major political parties;
  - DFID staff currently in-country;
  - previous DFID staff; and
  - others, as identified during the preliminary assessment.

The full list of interviewees will be drawn up in discussion with DFID Nepal and other key informants. To maximise our interaction with intended beneficiaries, we will hold meetings with certain groups in workshops if feasible. Specifically, we will seek to arrange an intended beneficiary workshop at each pre-arranged site visit. We will attempt for at least one of the site visits to be unannounced and, therefore, arranging a workshop will not be possible.

During this phase, we will also examine a range of documentation, as required in the evaluation framework. This will include further review of documentation in-country as required and a detailed examination of DFID's operational files related to its peace and security work.

**Phase 3: Final Analysis**

Presentation of analysis to Commissioners, then drafting of final report based on evidence gathered and Commissioner views and guidance.

## 6 Roles and responsibilities

- 6.1 KPMG will provide oversight of this review under the overall leadership of the ICAI Project Director.
- 6.2 It is proposed that this evaluation be undertaken by a core team of three (as shown by \* below), with supplementary support and peer review. While lead responsibility for answering sections of the framework is shown, all will contribute to the analysis supporting the findings for each section.

Team member	Role
Team leader*	Team Leader
Team member 1*	Security and Peace Building Expert
Team member 2	Nepal Local Country Expert
Team member 3*	Research Assistant
Team member 4	Peer Review
Team member 5	Anti-Corruption Adviser

### Team leader

He is a member of KPMG's International Development Services team. He is a development economist with extensive experience in the world's poorest countries, gained with DFID and with consultancies including PWC, ATOS and Coffey International. He worked as an economic adviser with DFID in India, Iraq, Pakistan and Southern Africa. He has also worked on projects in Afghanistan, Armenia, Bangladesh, Georgia and Russia.

He is a specialist in Asia and in conflict-affected countries. He has led the design and management of a range of complex public sector reform programmes in difficult and conflict-affected environments, developed economic analysis to inform government decisions on aid allocation and appraised aid interventions for effectiveness and value for money. Drawing on this experience, he was contracted to lead a team writing the guidance for DFID and other donors on how to achieve private sector development in conflict-affected countries. In Pakistan, he has led a number of projects: he recently led a team designing a major new governance programme; he also led a team reviewing a conflict-related multi-donor trust fund and led the review of the UK's aid for Pakistan's floods – its largest ever humanitarian support operation. His most recent work in Bangladesh involved developing business cases for key sector support programmes in health and education. In Afghanistan, he led the development of the theory of change, monitoring and evaluation and value for money for police reform assistance.

### Team member 1

She is an independent consultant with 20 years of experience in complex environments. She has worked extensively for development partners (NGOs, bilateral and multilateral organisations, International Financial Institutions, the UK Government (DFID, Foreign Office, Ministry of Defence) and the private sector (Fairtrade Labelling Organizations, Shell Group and private consultancy providers).

She has worked in the fields of humanitarian emergencies, conflict analysis, prevention, preparedness, recovery and peace building, development, governance, strategic planning and commercial operations that build stability. Within these fields, she has extensive experience in the assessment stage (analysis, risks and recommendations), design (strategy development, financial planning, management and accountability), project implementation (deliverables and capacity development) and review and evaluation.

She will use this experience to advise on the technical elements of DFID Nepal's peace and security programmes and issues in their delivery.

### **Team member 2**

He has extensive experience of working at high levels across the Government of Nepal and a very strong understanding of Nepal's political and cultural context. He also has a strong network of contacts outside government.

The team will draw upon this knowledge to understand the context within which DFID's programmes operate and to make sure that our findings are relevant to that context. The team will also draw on his network of contacts and be guided by him in developing a programme of meetings that will enhance our understanding of the situation in Nepal and gather a range of views on DFID's peace and security programming.

### **Team member 3**

She is an analyst at KPMG as a member of the public sector management consultancy team. She has worked on projects where she has researched and analysed data, presenting and summarising findings to clients.

She will provide a range of data and analytical support services to the team, bringing together the key information and initial analysis to feed into the report.

## **7 Management and reporting**

- 7.1 We will produce a first draft report for review by the ICAI Secretariat and Commissioners by the end of the week commencing 5 November 2012, with time for subsequent revision and review prior to completion and sign off in February 2013.

## 8 Expected outputs and time frame

8.1 The following timetable is based on the assumption that the report will need to be finalised in Q1 2013, to meet ICAI's requirements.

Phase	Timetable
<b>Planning</b> Finalising methodology Drafting Inception Report	May 2012 June and July 2012
<b>Phase 1: Field Work</b>  UK Field Work  Nepal Field Work	  July to August 2012  w/c 3 and 10 September 2012
<b>Phase 2: Analysis and write-up</b> Roundtable with Commissioners  Further analysis and first draft  Report quality assurance and review by Secretariat and Commissioners  Report to DFID for fact checking  Report finalisation	9 October 2012  By 9 November 2012  w/c 12 November – w/c 14 January  w/c 21 January 2013  w/c 11 February 2013

## 9 Risks and mitigation

9.1 The following sets out the key risks and mitigating actions for this evaluation:

Risk	Level of risk	Specific Issues	Mitigation
Safety and security of team members	Medium	Risk of terrorism/kidnapping  Risk to the person is significant	The work programme and visits will be planned carefully, in line with guidance from the FCO and Control Risks Security Services and with security approval from KPMG in the UK.
Inability to access intended beneficiaries	Medium	Security risks may make travel to sites to meet intended beneficiaries difficult or impossible	As above, the work programme will be developed in consultation with DFID Nepal. If a site is selected for a visit where the risk of cancellation is thought to be high, a reserve location will also be identified.
Inability to travel to Nepal	Low	Domestic political uncertainty may worsen the security situation, causing a delay or cancellation to the Nepal field visit	This risk cannot be mitigated. We will, however, maintain a close watching brief to allow a decision as early as possible if travel plans need to be changed.
Difficulty of assessing impact in peace and security programmes	Low	Data are unavailable to assess impact of peace and security programmes	We will use a variety of methods to triangulate a view on the impact of the programmes – speaking to intended beneficiaries and civil society representatives, as well as considering DFID and other donor reporting.

## 10 How will this review make a difference?

- 10.1 This review will examine the impact of DFID's peace and security programmes in Nepal. Findings will support direct improvements in the ability of these programmes to deliver impact for intended beneficiaries. In addition, there are three more general issues that this review will be able to inform:
- operating in a conflict-affected context;
  - learning lessons for effectiveness of governance programming; and
  - improving ICAI's evidence base on the relative effectiveness of different channels of aid.
- 10.2 These are examined in turn below.
- 10.3 This will not be the first ICAI review within a conflict-affected state. 'Conflict-affected', however, describes a range of complex issues. Given increasing DFID expenditure in conflict-affected states, improving DFID's impact requires that these issues are better understood. This requires assessments in a range of countries to identify common lessons of good practice and areas for improvement. This review will build on the lessons from the ICAI reviews on, for example, programming in Afghanistan and Zimbabwe, in improving understanding in this area.
- 10.4 Second, this will be the first ICAI review to look explicitly at the peace and security sectors. There is some evidence in the literature that traditional governance programmes (including in the peace and security sectors) are not delivering as intended. Theories of change linking inputs and impact are necessarily long and complex, making the effects of inputs at the outset, to at least some extent, unknowable. At the same time, the results agenda is placing far more emphasis on stating exactly what programmes are going to achieve. This places a strong premium on programme management, using monitoring to feed back into programme design. This review will assess this cycle in detail.
- 10.5 Third, DFID Nepal's peace and security programme uses a range of delivery channels – bilateral, multilateral and trust funds. These channels are not directly comparable and drawing general conclusions on their relative efficiency is complex. This review will support ICAI in building its evidence base on the use of different delivery channels.