



Independent
Commission
for Aid Impact

Terms of Reference

DFID's Peace and Security Programmes in Nepal

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 have decided to review the impact and value for money of the UK's peace and security projects in Nepal. These Terms of Reference outline the purpose and nature of the review and identify its main themes. A detailed methodology will be developed during an inception phase.

2. Background

2.1 Nepal is the 16th 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.¹ Indicators for women are particularly poor. In Nepal, 380 of every 100,000 women die in pregnancy or childbirth. This compares poorly with regional comparators – India (230), Pakistan (260) and Bangladesh (340).²

2.2 Nepal ranks 154th out of 182 countries in the *2011 Corruption Perceptions Index*,³ worse than India (95th), Bangladesh (120th) and Pakistan (134th). 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

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

² *Maternal mortality ratio (modeled estimate, per 100,000 live births)*, World Bank, <http://data.worldbank.org/indicator/SH.STA.MMRT/countries/1W-8S?display=default>.

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

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*,⁴ 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.

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. DFID currently has five peace and security projects in Nepal. These are summarised in Figure 1 on page 3.⁵

2.7 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.

2.8 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'.⁶

2.9 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.

⁴ DFID Nepal *Operational Plan 2011 – 2015*, May 2012, <http://www.dfid.gov.uk/Documents/publications1/op/nepal-2011.pdf>.

⁵ 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*.

⁶ 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 operational projects related to peace and security⁷

Project Title	DFID Summary	Value (disbursement to date)
Nepal Peace Support 2007 - 2015	To support the successful implementation of the Comprehensive Peace Accord and other peace agreements.	£33 million (£12.7 million) ⁸
UN Peace Fund 2008 - 2012	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 ⁹ (£4.75 million)
Nepal Police Modernisation Plan 2012 - 2016	To improve the capability, accountability and responsiveness of the Nepal Police and demonstrate its commitment to reform.	£7.2 million (not yet started)
Women's Empowerment and Promotion of Rights through Paralegal committees 2010 - 2012	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 ¹⁰ (£4.5 million)
Madesh Community Mediation Programme 2008 - 2013	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

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.

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

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

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

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

4. Relationship to other evaluations/studies

4.1 The last DFID evaluation of its Nepal programme was in 2007.¹¹ 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.

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'.¹² 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.¹³

4.4 In 2011, the National Audit Office (NAO) published a report on DFID's financial management. 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'.¹⁴

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.¹⁵ 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

¹¹ *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>.

¹² *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/cmselect/cmintdev/168/168i.pdf>.

¹³ 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>.

¹⁴ *Department for International Development Financial Management Report*, National Audit Office, 2011, <http://www.nao.org.uk/idoc.ashx?docId=8184A4CD-C1D9-4C5E-9E88-4D7E4CBE32E7&version=-1>.

¹⁵ *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>.

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.'¹⁶

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. Analytical approach

5.1 The overall evaluation will seek to examine impact and value for money in DFID Nepal's peace and security sector programmes. We will conduct two complementary approaches.

5.2 First, we will estimate, from existing data, the benefits to date of DFID Nepal's peace and security programming for Nepal's poor. During the inception phase, we will assess which data sources are available and how we can use these to map impact. We will triangulate these results with a range of field visits, speaking to intended beneficiaries of at least two of the programmes we examine about the effects that DFID programmes have had on their lives.

5.3 Second, we will examine how DFID achieves value for money and impact in a fragile and uncertain context. In these circumstances, it is impossible to know in advance how inputs will translate into benefits. Some projects will then fail to deliver. There are, however, three actions that can minimise both the likelihood and the costs of such failure:

- programme design that is based on detailed contextualised analysis of evidence (country, regional and sector) – the views of a full range of programme stakeholders and intended beneficiaries should feed into this;
- an explicit and measurable statement of how the programme is expected to work, the intermediate steps between inputs and impact and the evidence that the links between these steps are reasonable (known as a theory of change); and
- a project management process, including interaction with intended beneficiaries, that assesses, at the earliest stage, whether the theory of change is delivering as intended and *responds* through amending programme design.

¹⁶ Unsworth, S. (ed.), *An Upside Down View of Governance*, Centre for the Future State, Institute of Development Studies, Brighton, 2010, <http://www.ntd.co.uk/idsbookshop/details.asp?id=1159>.

5.4 We will assess a selection of DFID Nepal's peace and security programmes, including against these three actions. These programmes will be selected during the inception phase.

6. Indicative questions

6.1 This review will use as its basis the standard ICAI guiding criteria and evaluation framework. These focus on four areas: objectives, delivery, impact and learning. The questions outlined below comprise those questions in our standard evaluation framework which are of particular interest in this review, as well as other pertinent questions we want to investigate. The full, finalised list of questions that we will consider in this review will be set out in the inception report.

6.2 Together, these questions will consider whether the peace and security programmes represent an effective response to Nepal's poverty challenges.

6.3 Objectives

6.3.1 Are programmes grounded in strong contextual analysis, including input from intended beneficiaries?

6.3.2 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.

6.3.3 Do the programmes complement the efforts of government and other aid providers and avoid duplication?

6.3.4 To what extent is corruption considered in programme design and factored into programme management?

6.4 Delivery

6.4.1 Do programme management processes adequately assess progress, in real-time, against programme design?

6.4.2 Are programmes modified in response to the results of monitoring assessments?

6.4.3 To what extent are the voices of intended beneficiaries taken into account in identifying risks and modifying programme design?

6.4.4 Is there evidence that DFID Nepal's Risk Management Office has provided value for money, through integrating risk management more closely with programme delivery?

6.5 Impact

6.5.1 Are programmes delivering effective impact for intended beneficiaries in changing circumstances?

6.5.2 To what extent are the programmes delivering sustainable, long-term impact?

6.5.3 Is there transparency and accountability to intended beneficiaries, donors and UK taxpayers?

6.5.4 Do intended beneficiaries believe that the aid reaches the places it is intended to reach?

6.6 Learning

6.6.1 Are there appropriate arrangements, including receiving input from intended beneficiaries, for monitoring inputs, processes, outputs, results and impact?

6.6.2 Is evaluation effort proportionate to the evidence base in the theory of change?

6.6.3 Have lessons about the objectives, design and delivery of the programme been learned and shared effectively?

6.6.4 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?

7. Outline methodology

7.1 The review will involve a number of elements, including:

- Site visits, including meetings and interviews with:
 - intended beneficiaries;
 - DFID officials in London and Nepal;
 - Nepali Government officials;
 - representatives from different political parties in Nepal;
 - Nepali anti-corruption agencies;
 - representatives of Nepalese civil society organisations;
 - interviews with project implementation agencies; and
 - visits to programme field sites (unannounced where possible).
- A literature review including but not limited to:
 - DFID's 2007 evaluation of the country programme as well as other reviews;
 - relevant findings from other DFID evaluations around working in conflict-affected and fragile states;
 - ICAI's review of *DFID's approach to Anti-Corruption*;
 - recent thinking on what drives changes in political systems; and
 - recent research on post conflict states and the implications for corruption and organised criminality.
- An examination of evidence from DFID's files and information systems, including:
 - country policy documentation;
 - design documents and business cases for programmes;
 - sources of intelligence and information available to inform the risk of corruption in Nepal;
 - DFID programme financial information on peace and security programmes; and
 - DFID Nepal's annual reviews of peace and security programmes.

8. Timing and deliverables

8.1 The review will be overseen by Commissioners and implemented by a small team from ICAI's consortium. The review will take place during the third and fourth quarters of 2012, with a final report available during the first quarter of 2013.