

MID-TERM EVALUATION



RURAL VILLAGE WATER RESOURCE MANAGEMENT PROJECT

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2019/06

This evaluation was commissioned by the Ministry for Foreign Affairs of Finland to Particip-Niras. This report is the product of the authors, and responsibility for the accuracy of the data included in this report rests with the authors. The findings, interpretations, and conclusions presented in this report do not necessarily reflect the views of the Ministry for Foreign Affairs of Finland.

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Acronyms and Abbreviations

ADB	Asian Development Bank
ADS	Agriculture Development Strategy
AEPC	Alternative Energy Promotion Centre
BCRWME	Building Climate Resilience of Watersheds in Mountain Eco-Regions
CAESC	Community Agricultural Extension and Service Centre
CBO	Community-Based Organisations
CC	Climate Change
CCA	Climate Change Adaptation
CSO	Civil Society Organisations
DADO	District Agricultural Development Office
DoLI(DAR)	Department of Local Infrastructure (Development and Agricultural Roads)
DRR	Disaster Risk Reduction
DWSS	Department of Water Supply and Sewerage Management
EoF	Embassy of Finland
EU	European Union
FGD	Focus Group Discussion
FCG	Finnish Consulting Group
FY	Fiscal Year
GESI	Gender Equity and Social Inclusion
GoF	Government of Finland
GoN	Government of Nepal
HDI	Human Development Index
HRBA	Human Rights Based Approach
ICS	Improved Cooking Stove
IG	Income Generation
INGO	International Non-Governmental Organization
IWM	Improved Water Mill
JSR	Joint Sector Review
LF	Leader Farmers
LIP	Livelihoods Implementation Plan
lpcpd	Litres per capita per day
M&E	Monitoring and Evaluation
ME	Micro Enterprise
MHP	Micro-Hydro Power
MIS	Management Information System
MTE	Mid Term Evaluation

MFA	Ministry for Foreign Affairs of Finland
MoAD	Ministry of Agricultural Development
MoFAGA	Ministry of Federal Affairs and General Administration
MoU	Memorandum of Understanding
MSNP	Multi Sector Nutrition Plan
MUS	Multiple Use Water System
NEA	Nepal Electricity Authority
NGO	Non-Governmental Organization
NPC	National Planning Commission
NPD	National Project Director
NPR	Nepalese Rupees
NTFP	Non-Timber Forest Product
O&M	Operation and Maintenance
ODF	Open Defecation Free
OECD	Organisation for Economic Co-operation and Development
OECD-DAC	OECD Development Assistance Committee
PAHAL	Promoting Agriculture, Health, and Alternative Livelihoods
PoCo	Post-construction
PSU	Project Support Unit
QARQ	Quantity, Access, Reliability and Quality
RAP3	Rural Access Programme 3
RET	Renewable Energy Technologies
RM	Rural Municipality
RMSU	Rural Municipality Support Unit
RVWRMP	Rural Village Water Resources Management Project
RWSSIP	Rural Water Supply and Sanitation Improvement Project (Fund Board)
RWSSP-WN	Rural Water Supply and Sanitation Project in Western Nepal
SBS	Step-By-Step Guidelines
SDG	UN Sustainable Development Goals
SEIU	Sector Efficiency Improvement Unit (DWSS)
SO	Support Organisation (e.g. NGO)
TA	Technical Assistance
TL	Team Leader
ToR	Terms of Reference
ToT	Training of Trainers
TSU	Technical Support Unit (District level)
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund

UC	Users' Committee (e.g. Water Users and Sanitation Committee, Water User Association)
VC	Value Chain
VCD	Value Chain Development
VDC	Village Development Committee
VMW	Village Maintenance Worker
WASH	Water Supply, Sanitation and Hygiene
WASH-CC	Water Supply, Sanitation and Hygiene Coordination Committee
WS	Water Supply
WUMP	Water Use Master Plan

Abstract

This Mid-Term Evaluation (MTE) covers the Rural Village Water Resources Management Project (RVWRMP), Phase III (3/2016-8/2022), which is supported by the Government of Nepal (GoN), the European Union (EU) and the Government of Finland (GoF). It is located in Nepal's remote western provinces and consists of components for WASH, livelihoods, energy, Disaster Risk Reduction / Climate Change Adaptation (DRR/CCA) and governance. The project results so far include important outcomes in WASH and nutrition and more modest ones in income, energy and governance. The first two years of project implementation were marred with uncertainty and delays, mainly caused by the federalisation process in Nepal and in the availability of the EU funds. As a result, it does not appear likely that the project would achieve its targets within the remaining project period (planned closing date: end of August 2022). Also the TA staff resources (particularly national TA working at Rural Municipality level) are not adequate to support the very ambitious targets set in the latest approved Project Document (November 2017).

The MTE assesses that from FY 3 onwards the project has made remarkable progress in adjusting its structures and working modalities at the local level and the project has made progress in all its results areas. In Sudar Paschim province it appears to be the only major donor-assisted project in any sector with strong field level presence at the Rural Municipalities and supports their capacity development. However, there is a high likelihood that the above-mentioned time and staff budget shortages would affect results and sustainability of the project. One of the key recommendations of the MTE to the competent parties and project partners is to approve a one-year no cost extension, whereby project duration would be extended until August 2023. Among the key recommendations to the project is that the project should increase and intensify its efforts to make results sustainable, adding post-implementation monitoring and coaching for all results, and adding the private sector to the user committees and local government as key actor. Also, the new livelihoods concept which includes value chain development approaches is a real step forward towards better income outcomes and should be elaborated in a detailed plan with clear but modest results for project lifetime. Overall, the project's approach to municipality cooperation and capacity building is highly relevant.

Summary

Introduction

This Mid-Term Evaluation (MTE) covers the Rural Village Water Resources Management Project (RVWRMP), Phase III since the beginning of its implementation period, March 2016. The RVWRMP is a water resources management project running in Nepal's remotest western Provinces (Karnali and Sudur Paschim), and, which, in addition to water supply and sanitation, supports water-based livelihood activities through irrigation, water mills, support to cooperatives and IG activities. The project is supported by the Government of Nepal (GoN), the European Union (EU) and the Government of Finland (GoF) and runs from 2016 to 2022.

Over the years the project has developed into a complex project with strong WASH and nutrition achievements but with less impressive livelihoods achievements. The present phase had to adjust to a major change from districts and VDCs to Rural Municipalities and from the joining of the EU as a co-donor, but was also set back by the related delays, uncertainty, reorientation and extra tasks like extensive capacity building needs for the new RMs, inclusion of Micro-Hydro Projects (MHP) and the development of an improved livelihoods development concept.

The MTE started with an extensive desk study resulting in the inception report that set out the priorities to the evaluation. Besides a review of whether and how the project could achieve its targets by 2022, the Inception Report identified as the most urgent issues: a) sustainability and exit, b) the feasibility and place of livelihoods programming in the project, c) the overall coherence within the project, d) the approach to the continuously changing governance situation, and e) staff budget issues reported by the project. The evaluation period in Nepal was used for extensive consultations with local and central level stakeholders, and visits of a wide range of project interventions in five of the project's ten districts.

Findings, Conclusions and Recommendations

Planning, Management and Staffing

The project is about one year behind schedule, running out of national TA budget and unable to meet WASH targets within the selected core RMs. As a result, it is not filling vacant PSU specialist posts while it is planning to merge TSUs and expand WASH activities to 38 non-core RMs (in addition to the full portfolio of activities in 27 core-RMs). The MTE finds it highly likely that as a result the project would have to lower its standards (engineering, GESI, sustainability) and still may not be able to meet its targets by August 2022 when the project is planned to close.

The reasons for the delays and shortfall are: a) High Prodoc targets relative to the available resources, b) a period of uncertainty and delays that was caused by the government restructuring and the addition of EU-funding, c) changes in focus and needs due to government restructuring (new RMs) and the addition of EU-funding (more livelihoods, higher targets). Also, the frequent Team Leader changes have contributed to the situation. The MTE assesses that for most part the reasons for the problems are outside the project's control and that the problem must be solved by the partners, i.e. GoN, GoF and the EU.

Recommendation 1: The MFA together with the EU and Government of Nepal should urgently solves issues related to the project targets and corresponding human resource (staffing) budget issues. To achieve the ambitious targets of the project document, a one year no cost extension is recommended together with a revision of the project budget. The project should develop two scenarios in detail so that decision makers can make an informed choice. The project would benefit from also ensure that the project has enough flexibility (e.g. through access to some short-term consultant inputs short-term inputs) to effectively address the issues

of the exit years. The MTE recommends a one year no cost extension for the project whereby the project would be extended until August 2023.

Coherence

The central place of WUMP in the planning process leads to integrated planning but not necessarily to integrated development. A series of isolated water resource development interventions often resulted in limited livelihoods results. Effective economic development identifies and addresses the obstacles to development, and it is possible that water is not an obstacle. The increased emphasis on livelihoods is an opportunity to rethink the project logic. The strength of the project is that WUMP, WASH and home gardens reach every villager, also the poorest, and form a good basis for further livelihoods development. The other interventions can contribute much more if they are integrated with WASH and livelihoods by making them solve bottlenecks for livelihoods beneficiaries (like reducing women's workloads through IWM/ICS, cash crop irrigation, collection centres), improving overall effectiveness and efficiency.

Recommendation 2: Consider adopting an enhanced coherence model that centres around WASH as entry and livelihoods as follow-on, with the use of other infrastructure and interventions limited to solving bottlenecks that prevent intended beneficiaries, especially women, poor and excluded groups, to effectively participate in WASH and livelihoods.

An enhanced coherence process:

- Value chain assessments
- Select few pro-poor VC, i.e. suitable for resource-poor people
- RM baseline+ WUMP+LIP:
- Year 1: i) WASH and nutrition, ii) 1st VC Development steps
- Years 2-4: i) WASH completion, ii) full VCD and iii) VC support infrastructure
- Adjust results framework to show a coherent theory of change

Result Area #1 WASH

Functionality of WASH and other schemes is higher than the national average, but deterioration is inevitable due to internal or external reasons. Post-construction support is still inadequate, also because the project has had to prioritise implementation progress.

The project deprives itself from a main information source for learning and improvement, i.e. monitoring Phase I/II schemes as well as schemes built by others. It also does not adequately follow national WASH sector recommendations to improve post-construction support by municipalities and (networks of) paid-for repair services. Among the reasons are the frequent CTA changes and the lack of institutional links to the DWSSM (not a member of the Supervisory Board).

Recommendation 3: Increase Post Construction efforts for WASH schemes:

- Status update for all schemes
- Phase I/II PoCo workshops
- RM monitoring system
- Survey of repair services
- Build repair services capacity
- Link repair service, RMs & UC
- RM Post Construction monitoring

Recommendation 4: MFA together with the competent parties and project partners project should ensure that the project has adequate staff resources for supporting water supply investments also in non-core RMs. Addition of non-core RMs should not lead to reduced support and supervision levels in the core RMs. The project should systematically monitor processes and results for learning about exit strategies and Post Construction support, and to disaggregate results for core and non-core RMs while reporting.

Recommendation 5: The project should review and revise its sanitation priorities to provide clear and monitorable outputs and indicators for Total Sanitation.

Result Area #2 Livelihoods

Livelihoods focuses on nutrition and income. The project's nutrition results (home gardens) are probably considerable, although monitoring data is not yet available. The project's new draft Livelihoods Concept is a good first step on how the project can increase its income impacts. It is built on the government's strategy and the sector's best practices. Possible Phase III results, area coverage, infrastructure need, staff and expertise needs, and steps to empower poor people still need to be elaborated. The project has a uniquely strong starting position compared to other livelihoods programmes as the WUMP, WASH and home garden interventions have already resulted in in-depth local knowledge, goodwill, linkages and participation by the poor. This also should allow the project to simplify the Matching Grant concept by reliably and faster identification of actors, target groups, bottlenecks and opportunities.

Recommendation 6: The MFA, together with concerned authorities should approve of the livelihood concept by the concerned authorities, if such has not been done yet, and the project to convert the concept into a streamlined Livelihoods Plan.

It is advised to a) choose only few value chains and few adjoining districts, b) properly assess the value chains and the bottlenecks to address, c) develop steps to address bottlenecks, and to empower women and poor farmers, d) to ensure adequate budget, staff and skills and project-wide ownership, e) develop a SMART result framework.

Result Area #3 DRR, CCA and Energy

The results can be improved if concept clarity is improved: a) plans are not based on a thorough analysis of CCA/DRR and energy needs, trends and risks, b) outcomes and outputs alternately focus on energy, greenhouse gas reduction and resilience, c) integration with other components is minimal.

Many RMs are interested in MHPs, but MHPs in the area are costly for both project and beneficiaries, generate only modest benefits and carry many risks: a) many cannot be properly completed within Phase III, b) expertise within the project is inadequate, c) the risk for MHP breakdowns and dysfunctionality is high in the targeted areas, e) repairs will depend on enterprises in faraway Butwal. The MTE considers the efficiency, effectiveness, impact and sustainability all too problematic to continue considering MHPs as part of the project.

Recommendation 7: The project should improve its Resilience and CCA-concept(s) and results framework by reviewing and revising data, risks and priorities in a systematic way:

- Quantify, prioritise risks and needs, and actions
- Apply energy/CCA/DRR to all components
- Reformulate results framework

Recommendation 8: With respect to proposed micro-hydro schemes, the position of the MTE is not to proceed with implementation. However, if decided that they will be implemented, the MTE recommends to consider the SVB to cancel the planned MHPs and the project to review alternatives (e.g. main grid access), including linking RMs to third-party projects like the CREP which helps communities link to the main grid

or, in case other factors override pure evaluation criteria, to consider to pilot the cooperative model approach but only for a cluster of few MHPs..

Recommendation 9: The project should better integrate all renewable energy solutions by prioritising the needs of beneficiaries in other components through e.g. improving indoor air quality by ICS (sanitation), reducing women's workload by ICS and IWM (livelihoods), providing power to processing (livelihoods).

Governance

The project's efforts in working with and supporting RMs have led to local ownership, joint plans, new policies, staffing and higher than planned matching funds. Although results remain uncertain because of still incomplete government restructuring, this approach is still the best option for strengthening local water resource and livelihoods governance.

Recommendation 10: The MTE recommends the project to continue RM capacity building:

- To continue to work closely during the transition period and keep adjusting to a changing situation
- To conduct assessments of each RM and to develop RM-specific exit plans that include database management, PoCo support and coordination mechanisms and resources, capacity building, monitoring, and a plan for phasing out project support.
- To adjust WUMP+LIP formats to be more of use for other aid actors and for government monitoring
- To assist RMs to start managing databases of water resource schemes to aid planning and interventions by others
- To assist RMs to build better relations with NGOs and the private sector

To support and facilitate any role of the Provincial Government as per the upcoming policies, and to review, if necessary, the formal relation and the need for representation in the SVB

HRBA/GESI

The project has integrated HRBA/GESI in all its processes and guidelines and as a result participation by e.g. women and Dalits is satisfactory, and their actual benefits might also be higher than in other programmes, but as the project only monitors participation (output: membership, attendance), and not whether and how socially excluded groups and women benefit (outcome: adoption, use, sales, saving) in absolute terms and relative to their neighbours, the project does not really know or learn. **Recommendation 11:** The project to ensure that in the drive to catch up with lagging progress with investments and activities HRBA/GESI standards are maintained to continue ensuring that women and excluded groups will not only participate but also benefit proportionately in each of the project's components. An important tool will be to use the disaggregated information on all benefit/outcome indicators.

Results framework and Monitoring

Recommendation 12: Revision of the result framework and its indicators in line with any accepted changes to the project and the specific MTE result framework. A theory of change for each component and the programme as a whole should be developed to provide a basis for the improved results framework. The project needs to review for the non-WASH components, which national level indicators (e.g. the ADS has a long list of relevant livelihoods indicators) will be relevant and feasible for the project to include.

Recommendation 13: Continuation of good practice of providing resources for simple studies that inform the project and the respective sectors about what works and what doesn't in the project area. These studies could include e.g. functionality of schemes of Phase I/II (WS, Irrigation, MUS, ICS, IWM), ways to assist third-party schemes, repair services and supply of spare parts and materials, and functionality of value chain

development results from third parties. Also, the project might be tasked with commissioning an extensive impact study assessing the results of all three RVWRMP phases in 2021.

Overall

The MTE assesses that the project has booked important results in WASH and nutrition and mostly modest results in the other components, but that overall progress is about one year behind schedule for reasons mostly outside the control of the project and all components therefore face problems in terms of achieving their targets by originally planned project closing date (August 2022). Therefore, with the exception of relevance, the summary table for the averages per result area is mostly orange or yellow at present.

Component	Relevance	Efficiency	Effectiveness	Impact	Sustainability
#1 WASH	Very good	Good	Good	Good	Good
#2 Livelihoods	Very good	Good	Good	Good	Good
#3 CCA/DRR	Very good	Problems	Problems	Problems	Problems
#4 Governance	Very good	Problems	Good	Problems	Good
Overall	Very good	Problems	Good	Problems	Problems

The MTE assesses that an overall quantitative and qualitative result equivalent to the targets of the Prodoc (lower in quantity but higher in impact and sustainability), is still possible within the limits of the budget. For that to happen, the project should a) define the intended quality standards for watersupply results in non-core RMs and indicate how many of the targeted 100,000 WS beneficiaries can be reached at those levels of quality, b) improve its post-construction efforts and exit strategies, c) refocus, resource and streamline its livelihoods, energy and governance components, and d) ensure that national TA will not be phased out untimely and, if possible, a one-year no-cost extension is added for successful completion. The findings, conclusions and recommendations are elaborated in the following table and can be further reviewed in full detail in the report.

Key Findings, Conclusions and Recommendations

Findings	Conclusions	The MTE Recommends:
Planning, Budget and Staff Affairs		
<p>The project is about one year behind schedule, running out of national TA budget and unable to meet WASH targets within the selected core RMs. It is not replacing PSU specialists, planning to merge TSUs and expanding WASH to 38 non-core RMs.</p> <p>The reasons for the delays and shortfall: a) High targets in comparison to available resources, b) government restructuring, and c) EU-funding related project restructuring.</p> <p>It is highly likely that the project has to lower its standards (engineering, GESI, sustainability) and still cannot meet its targets within the left-over time.</p>	<p>1: The MTE assesses that the main reasons for the challenges are outside the project's control (internal reasons include e.g. staff changes) and that the problem must be solved by the two donors and the Government of Nepal.</p>	<p>1: The MFA together with the EU and Government of Nepal should urgently solves issues related to the project targets and corresponding human resource (staffing) budget issues. To achieve the ambitious targets of the project document, a one year no cost extension is recommended together with a revision of the project budget. The project should develop two scenarios in detail so that decision makers can make an informed choice. The project would benefit from also ensure that the project has enough flexibility (e.g. through access to some short-term consultant inputs short-term inputs) to effectively address the issues of the exit years.</p>
Overall coherence		
<p>The central place of WUMP in the planning process leads to integrated planning but not necessarily to integrated interventions. WASH and nutrition results were often adequate, but results from e.g. irrigation, IWMs, ICS, and MUS were often moderate or minimal, especially for poor people, not always measurable, and not related to other interventions or to the biggest livelihoods opportunities in the concerned area.</p> <p>The renewed emphasis on livelihoods is an opportunity to rethink the project logic</p>	<p>2: The strength of the project is that WUMP, WASH and home gardens (water access, sanitation and nutrition) reach every villager, also the poorest, which is a good basis for any further development. Livelihoods is the logical next step. The other interventions can contribute much more if they are integrated with WASH and livelihoods by making them solve bottlenecks for livelihoods beneficiaries (like reducing women's workloads through IWM/ICS, cash crop irrigation, collection centres), improving overall effectiveness and efficiency</p>	<p>2: Consider adopting an enhanced coherence model that still centres around WASH as entry and livelihoods as follow-on, but with the use of other infrastructure and interventions limited to solving bottlenecks that prevent intended beneficiaries, especially women, poor and excluded groups, to effectively participate in WASH and livelihoods.</p> <p>An enhanced coherence process:</p> <ul style="list-style-type: none"> • Value chain assessments • Select few pro-poor VC • RM baseline+ WUMP+LIP: • Year 1: i) WASH and nutrition, ii) 1st VC Development steps • Years 2-4: i) WASH completion, ii) full VCD and iii) VC support infrastructure
Result Area #1 WASH		
<p>Functionality of WASH and other schemes is higher than</p>	<p>3: The project deprives itself from the main information</p>	<p>3: Urgently increase Post Construction efforts for WASH schemes:</p>

Findings	Conclusions	The MTE Recommends:
<p>the national average, but deterioration is inevitable. E.g. 50% checked Phase I/II schemes (3-11 years old) could not provide full flow anymore in all taps. Post-construction support is still minimal as the project prioritises implementation progress. Monitoring and learning from Phase I/II is absent</p>	<p>source for learning and improvement, i.e. monitoring Phase I/II schemes as well as schemes built by others. It also does not adequately follow national WASH sector recommendations to improve post-construction support by municipalities and (networks of) paid-for repair services.</p>	<ul style="list-style-type: none"> • Status update for all schemes • Phase I/II PoCo workshops • RM monitoring system • Survey of repair services • Build repair services capacity • Link repair service, RMs & UC • RM Post Construction monitoring <p>4: The MFA together with competent parties and project partners should ensure that the project has adequate staff resources for supporting waters supply investments also in non-core RMs. It is also recommends that the project ensures that the addition of non-core RMs will not lead to reduced support and supervision levels in the core RMs. The project should systematically monitor processes and results for learning about exit strategies and Post Construction support, and to disaggregate results for core and non-core RMs while re-orting.</p> <p>5: The project should review and revise its sanitation priorities to provide clear and monitorable outputs and indicators for Total Sanitation</p>
Result Area #2 Livelihoods		
<p>Livelihoods Concept. The project's home garden and nutrition results are important, but underreported. The project's new draft Livelihoods Concept is built on the government's policies and the sector's best practices, and creates clarity on how the project can have better income impacts. Possible Phase III results, area coverage, infrastructure need, staff and expertise needs, and steps to empower poor people still need to be elaborated. The Matching Grant concept can probably be simplified, if the project properly identifies actors, bottlenecks and opportunities through WASH and an improved WUMP-LIP format.</p> <p>The low level of awareness and knowledge among non-livelihoods staff about</p>	<p>4: The concept is a good first step, but any subsequent plan has to be clearer on Phase III results (type, quantity, coverage), relevance to the poor, staff and skills requirements. The project has a uniquely strong starting position compared to other livelihoods programmes as the WUMP, WASH and home garden interventions have already resulted in in-depth local knowledge, goodwill, linkages and participation by the poor.</p>	<p>6: The MFA, together with concerned authorities should approve the livelihood concept, if such has not been done yet, and the project to convert the concept into a streamlined Livelihoods Plan.</p> <p>To convert the concept into a plan that specifies:</p> <ul style="list-style-type: none"> • Limit to only few value chains • Limit to few districts at first • Properly assess value chains • Assess local bottlenecks through WUMP+LIP • Steps to address the obstacles (e.g. business skills, technical services, linkages, farming skills, infrastructure) • Steps for empowerment of average and for poor farmers • Staff quantity & skills, budget • Steps to ensure that all non-livelihoods staff understand, own and promote value chain development • SMART Phase III end results • A plan for gradual build-up, monitoring and learning

Findings	Conclusions	The MTE Recommends:
livelihoods and value chain development hampers effectiveness		
Result Area #3 DRR, CCA & Energy		
Concept Clarity. The MTE found a) a lack of analysis of CCA/DRR and energy needs, trends and risks as underpinning of plans, b) outcomes and outputs alternately focus on energy, greenhouse gas reduction and resilience, c) a lack of integration with other components (e.g. energy not aimed at value chain development, DRR/CCA not applied to livelihoods and governance)	5: The MTE concludes that the component needs a shake-up based on better problem and need analysis and better integration with the other components.	7: The project should improve its Resilience and CCA-concept(s) and results framework by reviewing and revising data, risks and priorities in a systematic way: <ul style="list-style-type: none"> • Quantify / estimate the risks • Prioritise the identified risks • Prioritise risk reduction and CCA actions • Reformulate results framework
Micro-hydropower. Many RMs are interested in MHPs, but MHPs in the area are costly for both project and beneficiaries, generate only modest benefits and carry many risks because: a) most will not be properly completed within Phase III, b) expertise problems within the project, c) high likelihood of breakdowns and dysfunctionality in the area, e) dependence on far away Butwal for repair , f) the preferred Baglung cooperative model will not work so well in the project area as in Baglung	5: The MTE considers the efficiency, effectiveness, impact and sustainability all too problematic to continue considering MHPs as part of the project. MHP are not considered relevant for the project area and a non-specialist project like RVWRMP.	8: With respect to proposed micro-hydro schemes, the position of the MTE is not to proceed with implementation. However, if decided that they will be implemented, the MTE recommends to consider to pilot the cooperative model approach but only for a cluster of few MHPs. It is also recommended that the project would still review other alternatives (e.g. main grid access and linking RMs to third-party projects like CREP which help communities to link to the main grid) to provide access to energy to the communities and RMs interested in MHPs. <p>9: The project should better integrate all renewable energy solutions with the needs of beneficiaries in other components through e.g. improving indoor air quality by ICS (sanitation), reducing women’s workload by ICS and IWM (livelihoods), providing power to processing (livelihoods).</p>
Result Area #4 Governance		
Since the government restructuring its role in the project has become uncertain as it does not have a support, supervision or monitoring relation anymore with the institutions responsible for implementation, i.e. the municipalities. The provincial government is not yet involved, but is likely to play a	6: The project’s position in the government system and operations are affected by the uncertainties related to the government restructuring (i.e. staff transfer/deficiencies). Despite these challenges, working closely with the government is still the best option to capitalise on the need for support, their energy and	10: The MTE recommends the project to continue RM capacity building: <ul style="list-style-type: none"> • To continue to work closely during the transition period and keep adjusting to a changing situation • To conduct assessments of each RM and to develop RM-specific exit plans that include database management, PoCo support and coordination mechanisms and resources, capacity building,

Findings	Conclusions	The MTE Recommends:
<p>role in coordination, policy and monitoring, and therefore provides an opportunity for improved institutional sustainability. The project's efforts to work closely with the new RMs has resulted in effective cooperation and local ownership, but not yet sustained local governance capacity.</p>	<p>new ideas. The results are tangible in terms of ownership, joint plans, policies, staffing and higher than planned matching funds for RVWRMP interventions.</p>	<p>monitoring, and a plan for phasing out project support.</p> <ul style="list-style-type: none"> • To adjust WUMP+LIP formats to be more of use for other aid actors and for government monitoring • To assist RMs to start managing databases of water resource schemes to aid planning and interventions by others • To assist RMs to build better relations with NGOs and the private sector (value chains, repair services) • To support and facilitate any role of the Provincial Government as per the upcoming policies, and to review, if necessary, the formal relation and the need for representation in the SVB
HRBA/GESI		
<p>The project has targeted Gender and Social Inclusion in a systematic manner. As a result of the systematic adoption of the HRBA and GESI principles men have gradually started recognizing the right of women and some women are emerging as influential members or leaders of User Committees and cooperatives.</p>	<p>7: Women play a major role as target group and implementers related to sanitation, menstrual hygiene taboo discrimination, water supply and nutrition, ICS, and IWM. Benefits of Dalits are higher than in other programmes, but still less than for others because of their status in the community</p> <p>Social inclusion issues in the non-WASH/nutrition sectors, notably irrigation and agriculture, need more assessment and improved guidelines.</p>	<p>11: The MTE recommends the project to ensure that in the drive to catch up with lagging pro-gress with investments and activities HRBA/GESI standards are maintained to continue en-suring that women and excluded groups will not only participate but also benefit propor-tionately in each of the project's components. An important tool will be to use the disaggre-gated information on all benefit/outcome indicators (sanitation, water access, nutrition, sur-plus water use, irrigation, income, energy, workload, etc.) for Dalit and women (or female-headed households) systematically in project plans, reports and studies.</p>
Results framework and Monitoring		
<p>There are discrepancies in how the project manages monitoring data and presents it in the Results Matrix.</p>	<p>8: The result framework has several issues related to</p> <ul style="list-style-type: none"> • Indicators that the project cannot monitor or that do not capture anymore what the project is doing • WUMPs as an outcome indicator while WUMPs are actually an input • The CCA/DRR/resilience result area is monitored at outcome level through an energy indicator • Absence of indicators for nutrition, irrigation, crop technology adoption and workload reduction • Absence of benefit indicators that are 	<p>12: The MTE recommends revision of the result framework and its indicators in line with any accepted changes to the project and the specific MTE result framework recommendations to ensure that the project can monitor itself and improve itself through continuous learning. A theory of change for each component and the programme as a whole should be developed to provide a basis for the improved results framework. The project needs to review for the non-WASH components, which national level indicators (e.g. the ADS has a long list of relevant livelihoods indicators) will be relevant and feasible for the project to include.</p> <p>13: The MTE recommends continuation of the good practice of providing resources for simple studies that inform the project and the</p>

Findings	Conclusions	The MTE Recommends:
	<p>disaggregated for women and socially excluded groups</p> <ul style="list-style-type: none"> • Inconsistency in the use of units (i.e. beneficiaries or households, percentages or numbers) 	<p>respective sectors about what works and what doesn't in the project area. These studies could include e.g. functionality of schemes of Phase I/II (WS, Irrigation, MUS, ICS, IWM), ways to assist third-party schemes, re-pair services and supply of spare parts and materials, and functionality of value chain development results from third parties. Also, the project might be tasked with commissioning an extensive impact study assessing the results of all three RVWRMP phases in 2021. The Governments of Nepal and Finland and the EU would benefit from such study for future planning.</p>

1 Introduction

1.1 The Mid-Term Evaluation

This evaluation covers the Rural Village Water Resources Management Project (RVWRMP), Phase III since the beginning of its implementation period, March 2016. The overall objective of the MTE is to provide an independent analysis for the decision making with regard to continued validity of the impact, outcome and outputs as set out in the project document (ProDoc). The ToR is provided in Annex 1

1.2 The Project and It's Context

The Rural Village Water Resources Management Project (RVWRMP) is a water resources management project, which, in addition to water supply and sanitation, supports water-based livelihood activities. The project is supported by the Government of Nepal (GoN), the European Union (EU) and the Government of Finland (GoF). It is a continuation of financial and technical support that GoF has provided to the water sector in Nepal since 1989. Phase I (2006-2010) and Phase II (2010-2016) are now followed by Phase III (2016-2022). The European Union started co-financing the Project in November 2017, through an arrangement of delegated management to the Ministry for Foreign Affairs (MFA) of Finland. The Project is operating in eight districts of Sudur Paschim (Province 7) and two districts of Karnali (Province 6).

The Overall Objective to which RVWRMP III contributes is improved health and reduced multidimensional poverty within the project working area. The Purpose of the Project is to achieve universal access to basic WASH services, and improved livelihoods with establishment of functional planning and implementation frameworks for all water users and livelihoods promotion in the project area. The interventions are grouped under four result areas: 1. Drinking water, sanitation and hygiene, 2. Livelihoods development, 3. Renewable energy and climate change and 4. Governance. More details are provided in Annex 5.

To better understand the project and the Mid-Term Evaluation, the following context information is important:

1. Although the situation is slowly improving, the project area is still one of the poorest and remotest in Nepal, with the lowest level of government services coverage and commercial activity. A trip from the Project Support Unit (PSU) in Dadeldhura to Humla's Rural Municipalities (RMs) may take 2-3 days (including air travel and walking), while a road trip by jeep to the Dailekh RMs takes 14-16 hours.
2. The area does not produce enough food, falling short by around 50%, and since about 100 years already the local economy is propped up by migratory labour, mainly to India. Commercial agriculture, Non-Timber Forest Products (NTFP) and tourism show the most potential to trigger economic development, but progress is slow with a lack of agencies and projects that commit to concerted value chain development efforts for long enough periods.
3. Like the whole of Nepal, the project area has gone through a major change in governmental structure. RM councils are now all elected, and staff is assigned, but only 25% of positions are filled. RM Coordination mechanisms and policies are still being developed. The role of Provinces is to implement larger scale interventions and set provincial policies, and provide oversight and monitoring for RMs, but the policies and mechanisms for the latter are still under development. The project shifted from teams in 10 districts covering 61 core-VDCs to 2 Provinces (Sudur Paschim and Karnali) and teams in 27 core RMs.

4. The project has 73 programme staff, of which 13 are posted at PSU Dadeldhura (including CTA, Deputy Team Leader, M&E, MIS), 19 in district TSUs (9 Water Resources Advisers, 5 Water Resource engineers, 5 livelihoods officers) and 41 in 27 RMs (Technical Facilitators and Livelihoods Facilitators). In 27 RMs also Gaunpalika Water Resource Officers (GWRO) and SO staff are posted, up to five per RM. Including Support Organizations (SO) and administrative staff, about 200 staff are employed for the project.
5. The project is implemented by RMs assisted by project Technical Assistance (TA), under coordination from Department of Local Infrastructure (DOLI), the infrastructure department under the Ministry of Federal Affairs and General Administration (MoFAGA).
6. RVWRMP is the only major project directly working with staff based at RMs, the only major project involved in WASH, irrigation, and one of the very few involved in Improved Water Mills (IWM), Improved Cooking Stoves (ICS), and support to cooperatives. There are or were other aid and government programmes involved in nutrition (MSNP-II/Multisector Nutrition Plan, Suaahara II) and agriculture, value chains and MUS (ASDP-Agriculture Sector Development Project, KISAN, PAHAL, RAP3-Rural Access Programme, PMAMP-Prime Minister Agriculture Modernization Project, Climate Change Adaptation/Disaster Risk Reduction (CCA/DRR) (Anukulan/BRACED- Building Resilience and Adaptation to Climate). All these projects have limited overlap with RVWRMP in terms of geographical area, sector area and project period. No aid projects are actually based in the area, like RVWRMP, although few have technical offices there (PAHAL, BCRWME-Building Climate Resilience of Watersheds in Mountain Eco-Regions)
7. In the Terms of Reference of the evaluation the key issues and questions were clustered and further developed by the evaluation team as:
 - Governance. The RMs are still immature and understaffed. How to do capacity building in such a still fluid situation during an exit phase? And what are the impacts and opportunities resulting from adaptation to the new still immature federal structure?
 - Infrastructure effectiveness and sustainability. Functionality of community infrastructure in rural Nepal is low. It is e.g. 65% for WASH nationally and below 20% for districts like Humla, with higher rates for lower-tech irrigation and lower rates for more complicated technology like MUS and micro-hydro. Can the project ensure better improved levels of sustainability for these technological interventions and if yes, are its approaches and exit strategies adequate?
 - The place and prospects of Livelihoods in the project. The project's livelihood impacts in terms of income have been minimal so far. This is because only livelihoods opportunities based on water use were considered. When the EU funding was added and the importance of income impacts increased, the project developed a new livelihoods concept with a higher emphasis on value chain development. A key question is how internal coherence can be sustained or improved if the biggest market opportunities in some areas are products (like NTFP, ginger) that do not depend on the project's central theme of water, and if value chain development also needs activities outside the core RMs. It is also needed to assess how much the project actually can achieve within the limitations of time and resources.
 - Coherence. The project's coherence is based on the identification, use and management of water resources for drinking water, sanitation, nutrition, energy and income, starting with the Water Use Management Plan (WUMP). This holistic way of planning water resources and their use is now not only under strain from a limited income impact and the subsequent introduction of value chain development approaches, but also from the lack of interconnection between most of the water resource development interventions and a number of technological, management and functionality issues for the non-WASH sectors.

1.3 Approach and Methodology

The evaluation was undertaken by a team of two international and two national consultants. Prior to the evaluation kick-off meeting (March 15), the Team Leader and the Evaluation Management Services Coordinator assisted Ministry for Foreign Affairs of Finland (MFA) with finalisation of the Terms of Reference and mission planning in February-March. On 29 March the team completed the Inception Phase, which consisted of a preliminary review based on a desk study, identifying the key issues, formulating evaluation questions (see the evaluation matrix's main questions in Annex 2) on basis of the ToR and the desk study findings, and finalising the approach, methodology and work plan. Exceptionally, the Inception Meeting took place in Kathmandu on 9 April with the presence of MFA and Embassy of Finland staff. The members of the evaluation team worked together in Nepal from 8 April until debriefing with central stakeholders (and MFA video link) on 23 April.

The team specified for each of the evaluation matrix's 31 questions (and multiple sub-questions) the responsible MTE team member, the information source or interviewee, and the methodology. The team proceeded to review key questions with central level stakeholders, and an extensive visit to the project area.

At central level, the team was able to meet DOLI, MoFAGA (even though key personnel had just been changed), EU, EoF and MFA (which had just completed its own field visit to the area) as well as a number of resource persons/organisations that could reflect on sector specific issues (micro-hydro, livelihoods and nutrition, WASH), and aid effectiveness. Annex 3 provides a schedule and persons and organisations consulted.

During the 9-day field visit, the MTE was able to cover most project activities and most types of local stakeholders, although not all sites could be visited. Phase I/II locations were included to better assess sustainability issues:

1. WASH: 13 water supply schemes (and meet users of 14 more), 2 school toilets
2. Livelihoods: 4 MUS, home gardens in 7 schemes, 5 cooperatives, 2 non-Agri IG activities, 1 nursery
3. CCA/Energy: 1 Microhydro (and meet users of 2 more), 1 Improved Water Mill, many ICS in 1 village
4. Governance: 8 RM councils (also Phase I/II and non-Core), 5 RMSUs, 2 Provincial Ministries

1.4 Limitations



The five days of village visits were not enough to get a detailed idea about each type of intervention, but enough to be able to assess detailed reports and statements by the project. The mission has had adequate opportunities to consult women and Dalits. To maximise the field visit coverage, the team split up in Bajura-Achham-team and a Bajhang-Baitadi team, after one full-team visit in Dadeldhura (see red shaded RMs on map). The RMs of Bhageshwar, Budhiganga, Ramaroshan, Bannigadhi, Bungal, Bhitadchir, Pancheshwar and Shivanath were visited. Two long consultation and verification sessions with the project team in Dadeldhura buffeted the

village visits. As was likely with such a wide range of interventions, the MTE missed out on few interventions and resource persons (e.g. irrigation, value chain entrepreneurs, plumbers) and had to forgo meetings with other projects (PAHAL, BIKRAM) in Dadeldhura and a WUMP session in Chure RM (Kailali) because a planned Nepal-wide strike for 18 April forced it to leave Dadeldhura one day early.



As a result of the project's complexity, the flood of information provided by the project and the time available, the MTE cannot presume that it has understood every fact and situation correctly. It is also clear that the MTE took place in the middle of still incomplete discussions and developments. In both cases, the MTE feels confident that the evaluation results, even if imperfect in detail, will assist the understanding, the discussions and the developments of this very valuable and complex project.

1.5 Outline of the Report

The report covers, subsequently, key findings per result area, overall evaluation, conclusions and recommendations. The result areas chapters include short assessments by evaluation criteria to allow better comprehension of each result area separately. The evaluation of the whole programme (Chapter 3) is based on the result area assessments. Key issues highlighted in the Inception Report (sustainability, livelihoods, coherence, staff budget) or emerging from the evaluation or discussions with MFA (MHP, matching grants) are dealt with more thoroughly and more in detail than other sub-chapters.

2 Key Findings

2.1 Result Area #1 WASH

Output: Institutionalized community capacity to construct and maintain community managed water supply and adopt appropriate technologies and sanitation and hygiene behaviour.

2.1.1 Reported Results and Prospects for Result Area #1

Area #1 WASH	Baseline	Target 2022	Results 2018	
Outcome				
1. % of population using safely managed drinking water services	<82%	90%		
2. No of districts declared ODF, following TS guidelines	5	10	10	
Output				
1.1. % of completed WS schemes that are QARQ functional	0	97%	99%	
1.2.a. Number of beneficiaries of completed WS schemes	0	351,000	123,363	
1.2.b. Number of completed WS schemes	0	900	528	
1.3. % of completed WS schemes w/ CCA/DRR Water Safety Plan	0	98%	85%	
1.4. % of O&M Capable UC (functionality, meeting, VMW, O&M F)	NA	85%	67%	
1.5.a Proportionate share of UC key positions for women	NA	50%	47%	
1.5.b Proportionate share of UC key positions for Dalit+Janajati	NA	24%	25%	
1.6 . No. of schools/institutions with disabled- and gender friendly toilets, hand washing access	0	220	40	
1.7. Completed WS schemes linked to viable cooperative	0	40%	38%	
1.8. % of menstruating women use the toilet in core RMs	59%	80%	80%	

Prospects: The evaluation team’s view is that based on the available information, the project will have difficulty in completing water supply schemes for 351,000 people by 2022. This is because of periods with uncertainties and delays during the early years, and probably because of too high targets. If “completion” includes a period of adequate post-construction (PoCo) support and monitoring, then a number of schemes to be completed just before the project end will also not be formally complete. As a number of schemes will be built in non-core RMs with lower levels of project supervision and support, the quality of all schemes will

probably not be equal. School sanitation targets will also not be met, but more due to selection issues. See details below.

2.1.2 Comments on Indicators and Targets

The results framework has mostly SMART and tested indicators and targets, which the project has improved upon over the years. The results framework can be further improved by reflecting the shift from districts to RMs, and the shift from ODF to Total Sanitation.

O&M capability might be better reflected by a functionality index (score) that is built up of more sub-indicators and uses weights. E.g. whether a scheme is functional should have more weight than whether the UC still meets. As the project keeps track of sustainability of Phase I/II results in the core RMs (ODF, completed schemes), their functionality might be reflected by an indicator, too.

The menstrual hygiene indicator (toilet use) is not reliably measurable because people are reluctant to be open about this sensitive subject. The project should engage with the WASH sector at national level to formulate a national indicator. Until an appropriate national indicator is formulated, a more reliably measurable proxy indicator for behavioural change could be adopted, e.g. “attendance % of high school-age girls during last month” or “the % of women and girls age 15-49 using affordable and hygienic sanitary pads with a private place to wash and change while at home”. The latter is preferred, as many other issues affect school attendance. It should be noted, though, that it does not capture the cultural sensitivities related to menstruation in Nepal and should be further developed.

The indicators monitor participation of women and socially excluded groups in committees, but not their proportion of beneficiaries. For example, benefit indicators for WASH should be disaggregated for Dalits and for schemes with female chairpersons: safely managed drinking water (outcome), WS beneficiaries (output 1.2) and % of Dalits in schemes with a CCA/DRR WSP vs % Others (output 1.3)

2.1.3 Sanitation and Hygiene

Sanitation & Hygiene

The project aims to assist RMs to achieve and sustain 100% ODF status and promote total sanitation.

Past achievements on sanitation coverage in the project area have been considerable, also relatively. The Multi-dimensional Poverty Index¹ 2018 report (NPC) even states that the greatest improvement between 2011-2014 in any poverty indicator of any province has been for Improved sanitation in Province 7 (the bulk of the project area), i.e. a reduction of more than 30% in the percentage of the poor who lack adequate sanitation, and that this achievement may provide useful lessons for other provinces. It is likely that RVWRMP as the main WASH actor in the project area has been instrumental here due to the size of its efforts and because it is working in a much more hands-on style than other aid projects elsewhere. During Phase II (by the end of February 2016), ODF had already been declared in Achham, Bajhang, Bajura, Dadeldhura and Dailekh. At the beginning of Phase III ODF declaration was yet to be achieved in 34 VDCs of the project working area. All six VDCs of Kailali, and Doti, Baitadi, Darchula and Humla were declared ODF in 2016-2017. Although it is clear that the said districts would have declared ODF at some stage anyhow, it is very likely that the project has at least accelerated the process.



¹ The MPI indicators are Nutrition, Mortality, Years of schooling, School attendance, Cooking fuel, Improved sanitation, Improved drinking water, Electricity, Flooring & roofing, and Assets ownership

The project in the meanwhile has moved on from ODF to post-ODF and Total Sanitation, which are more difficult to achieve and sustain. Total Sanitation (TS)² involves a follow-up of a set of customary sanitation and hygiene related activities to be internalized by the residents and institutions (photo of trail-side waste). After the structural reform of the government, the responsibility for local ODF maintenance and TS achievement has shifted from VDCs to RMs; and the district-wise ODF maintenance to the Province.

The project continues to support progress in the sanitation and hygiene sector by actively implementing the TS campaign in collaboration with the working RMs and Province 7 government. This includes participation with Province 7 government to develop the Waste Free Hygiene Campaign. RV follows the so-called 5+1 national indicator for Total Sanitation declaration. There is no official target however. Because the animal waste management aims of total sanitation are not achievable in an area where the animal stables in houses are right below residential dwellings (photo), the project at present prefers to target and count individual households rather than whole communities or RMs and estimates that 25% of all households is feasible.



The project promotes improved menstrual health and hygiene and decreasing the taboos around it through awareness raising campaigns, institutional toilets with adequate facilities for menstruating students, and trainings to make sanitary napkins for safe use. Consulted women girls and officials appreciate the activities very much and confirm that changes take place. For example, women and girls sleep indoors during periods; girls continue attending school ; they use taps and toilets and openly discuss the taboos. Especially for older women, however, the progress is still slow because of religious taboos in the area. These affect especially dominant caste women, many of whom are prevented from sharing living space and facilities like community taps with family and society during menstruation (*chaupadi*). The project estimates that girls getting used to menstrual hygiene provisions at school toilets and coverage of yard connections will accelerate progress towards achieving targets set for menstrual health and hygiene.

Public/School Sanitation & Hygiene

The project aims to increase coverage of child-, gender- and disability-friendly toilets at schools, using government design standards (so-called 3-star standard) and approaches. A recent survey of 879 schools by the project and the Department of Education shows that so far only project-supported schools (6% completed) have toilets which address gender and disability concerns. It also shows that schools do not invest in maintenance so that facilities rapidly deteriorate. The project falls short of the targets because it includes likely sustainability in the selection criteria, e.g. it does not want to replace existing low quality toilets if the school cannot show evidence that it attempts to maintain their present toilets. The project estimates that within the time and budget limitations, it can complete less, i.e. only 100 public toilets. The evaluation team observed two school toilets, which also had menstrual hygiene provisions that were an improvement over the government design (better incineration of used pads). In view of the condition of previously constructed school toilets, proper management and sustainability are questionable. Because both sanitation and maintenance are hampered by lack of school water supply (e.g. 55% surveyed schools have no proper hand washing facilities), the project correctly and increasingly addresses water supply as a key sanitation bottleneck in schools.

² Total Sanitized Post-ODF Situation: a) toilet and hand washing facilities such as soap, washing platform; b) brush, brooms, cleaning agent, etc. at the toilet; c) Covering of food and water; d) Regular cleaning of rooms, yards, and household compound; e) managed animal shed; f) covered waste water pit; g) safe drinking water; g) bins/pits to collect/dispose solid waste, and h) improved cooking stove/bio-gas (optional)

2.1.4 Water Supply Coverage

Water Supply

The project aims to increase Water supply coverage by assisting RMs to implement new and rehabilitate old schemes and to increase service levels by increasing coverage by yard connections.

The project area's figures for overall water supply coverage (around 80%) and functionality (60%) have over time become comparable to other regions (WASH sector review 2016), probably because of aid project efforts, and especially those of RVWRMP, the only major WASH project in the area. The figures need however some qualification as the nationally used functionality indicator is "in good condition or only needing minor repairs". In reality the coverage by adequate water supply (let alone as per full QARQ-Quantity Accessibility Reliability Quality standards) is much lower. The project's documents show that it will not be able to achieve 100% coverage of the area, and discussions in RMs confirm that the need for more water supply support remains high. Even coverage within villages is problematic as there are always households that are technically or financially too hard to reach. The situation is not straightforward and schemes rarely serve all the needs of the whole community. For example, when checked with the user committees of twelve Phase I/II WS user committees in Pancheshwar, Baitadi, that were interviewed jointly during a workshop they attended, it appeared that 8% of all those 12 communities' total 714 households had never been users of the schemes (for various reasons that could not be explored within the given time) and that in 33% of schemes the users were also using other sources due to scheme functionality issues. In view of the rigorous SBS-processes applied by the project it can be assumed that the project achieved what was at maximum possible, but can often not solve all the problems. Table 1 shows how in that one sample of twelve schemes the first signs of decreased functionality start to appear.

Table 1 The Baitadi Twelve (Quick-and-Dirty Review of Phase I/II Schemes, Pancheshwar WN 2)

Schemes (3-11 years old)	%	
Scheme without major repair issues	92%	
UC Had meetings within last year	75%	
No dirty water in monsoon	67%	
Increased Maintenance Fund since completion	58%	
100% Taps with enough water for all daily needs	50%	
UC Did spend money on O&M	33%	
Treasurer had no difficulty to do accounts	17%	
UC Can do 100% of all needed O&M	17%	

The project's efforts to include rehabilitation, to promote RMs investing in increased coverage and to add non-core RMs is therefore relevant to the needs of the area, even if rehabilitation of old schemes is problematic due to technical incompatibility and quality standard issues. The MTE assesses however that even if all staff can be retained, adding non-core RMs will affect result quality levels, because the same number of TSU staff has to cover more RM.s.

Water Supply Functionality

In absolute terms, WS scheme functionality in Nepal is still low (60%), i.e. 40% of all schemes need at least major repairs. The fact that the MTE's review of twelve Phase I/II schemes (called the Baitadi Twelve from here on) showed that 60% of schemes were actually replacing failed schemes built with the help of other projects (see failed tank in Dinnu, Bungal, beside RVWRMP tank in photo) underlines this assessment. The quoted national functionality figures are for all schemes, but the World Bank 2013 review shows that schemes if supported by aid projects like RWSSP-WN score higher than the national average, about 75%. The Baitadi Twelve showed that only one of 3-11 years old schemes needed major repairs (92% score), but that QARQ functionality is lower. E.g. 50% of project-built Phase I/II schemes could not provide sufficient water for all daily needs in all taps anymore due to technical and maintenance problems.



The World Bank's Monitoring study of 2017 showed for its own RWSSIP Project's older schemes (>7 years old), that 80% needed at least major repairs and that most of the user communities felt incapable of addressing those major repairs, not only because of the cost, but also because of the technology. The Nepal situation is comparable to other countries of rural Asia, Africa and Latin America, as per World Bank studies there. The project in its systematic fashion, follows an elaborate Post-Construction Step-By-Step Manual, but this can still be further improved with ideas available in the WASH sector, e.g. PoCo processes as applied by Water Aid, commercialised repair and sanitation (iDE, SNV) and suggestions made during the 2013 and 2017 World Bank studies on where the best improvement opportunities lie:

1. **RM Technical Assistance and funding for repairs.**

Completed Phase III Schemes are linked to RMs through PoCo workshop for UCs (and UC women) at RM level and RMs are ready to fund Water supply, but RMs do not yet have, maintain a scheme database (e.g. starting with WUMP data), or the capacity to use such information planning support to communities and WS schemes.

2. **Adding at least two years of post-construction monitoring and coaching by projects and WASH-CCs.**

The project maintains data on Phase III scheme status and keeps track of schemes that are close to other still ongoing project activities. Such monitoring and coaching will however not be available for schemes that will be completed just before Phase III ends or cover schemes built during Phase I/II schemes or by third parties. There also does not appear to be a system of periodic PoCo scheme visits.

3. **Increasing user communities' access to networks of commercial repair services (mostly plumbers).**

Like for practically all WASH projects in Nepal, RVWRMP's approach is also still based on the assumption that the communities, with occasional support from government can sustain their schemes alone, although sector review findings start to contradict this view. However, the project started a model to link UCs and their maintenance funds to cooperatives, and recently also some ideas are considered to increase access to technicians, materials and spare parts through these cooperatives. This is a promising way to address repair service access issues that needs further elaboration and strengthening.

4. **Adjusting modalities to the community's strengths and limitations (not a one-template-fits-all).**

Like all projects in Nepal, RVWRMP also promotes a one-template-fits-all approach through its elaborate Step-By-Step approaches and the result of its rigorous application is a higher template adoption by UCs than in other projects (e.g. the Baitadi Twelve show high percentages of UCs that still meet and maintain/ use Maintenance Funds) and the creation of a kind of family culture among RVWRMP-built schemes that further enhances its approach adherence. However, there are no specific solutions for schemes that start to deviate from the model, e.g. the 25% UCs of the Baitadi Twelve that do not meet anymore, or a recognition that some villages may be better off managing their resources in different ways. E.g. some of the Baitadi Twelve

maintain their system themselves as the VMW has left. Monitoring how schemes cope would allow the project to better understand what is possible and preferable and adapt its approaches.

HRBA/GESI Concerns.

The project paid much attention to gender and inclusion, following its HRBA/GESI guidelines. The project has realised that functioning of women and disadvantaged groups in committees and as VMWs has had mixed results. It started training for women as decision makers in four RMs, also for social workers, teachers and women leaders. Probably women and Dalits will benefit from more and better coaching, but the project does not seem to have enough staff to increase coaching, monitoring and learning.



Toilets with provisions for small children or (elderly) persons with disabilities, e.g. low door latches and bars for pulling oneself up, are still rare in the project area, although few provisions were seen in a school toilet. The project has developed relevant brochures, but leaves the design to the users. The RVWRMP tap stands with high and low taps for different use and user sizes and abilities (see photo) are copied by others (e.g. PAHAL in Baitadi), too.

2.1.5 Evaluation for Area #1 WASH

Sector and Design Relevance

The project is relevant in content and design to the local priorities, the national and donor policies, and to the capacities of local communities, various social groups, local government and the project itself. Relevance can be increased by working more systematically with RMs and repair service providers on how to increase functionality of existing third-party schemes, rather than to replace non-functional schemes by new ones. The ongoing efforts at improving scheme linkage to Cooperatives and RMs are encouraging. More will be needed in terms of database management, monitoring and coaching of old completed schemes and linking schemes to networks of plumbers and technicians.

Effectiveness & Efficiency is good.

As a well-established WASH project with systematic approaches it achieves a high volume of results, that are gender-oriented and socially inclusive. The result quantity and quality are only possible in such challenging environment because of the relatively high but adequate staff and resources inputs. The project is a regional and national leader in the WASH sector, e.g. through its sanitation efforts and its piloting of management of maintenance funds through cooperatives.

Water supply targets will be hard to meet as a result of delays and a rearranging of the project area in to Rural Municipalities; both reasons outside the project's control. And the quality of results will be different in the added non-core RMs. It would also have better results if the project worked more systematically on scheme functionality and learned from schemes completed under Phase I/II. Sanitation programming needs a review and revision of the result framework after the achievement of ODF and the shift towards working with RMs.

Sustainability is relatively good and absolutely moderate

The strict following of processes and standards have led to relatively good WASH result sustainability compared to national averages. Sustainability in absolute sense will probably never be 100%, but can still be

improved through more efforts on Post-Construction support or services that include monitoring and a better internalisation of national lessons about the key factors affecting functionality.

2.2 Result Area #2: Livelihoods

Output: Improved and sustainable nutrition, food security and sustainable income at community level through water resources-based livelihoods development

2.2.1 Reported Results and Prospects for Result Area #2

Result Area #2 Livelihoods	Baseline	Target 2022	Results 2018	
Outcome				
Household income increase (proxy: vegetable production in district)	X?	X+20%	NA	
% of supported cooperatives with >110% operational self-sufficiency		90%	NA	
Output				
2.1 Number of Home Garden Beneficiaries	?	275 000	147,493	
2.2 % of women trained in livelihood related trainings	NA	50%	78%	
2.3 % of socially excluded groups in home garden training	NA	24%	31%	
2.4. Number of people receiving (with access to) rural advisory services	?	500,000	99,000	
2.5 Families trained in income generating activities	NA	12,000	5,358	
2.6 % of cooperative leadership posts held by women	?	50%	49%	
2.7 % of RVWRMP-schemes is Multiple-Use	NA	10%	9%	
Added: Beneficiaries of supported irrigation schemes	NA	50,000	15,384	
Added: number of supported irrigation schemes, any type	NA			
No. of Shareholders in supported cooperatives	?	25,000	21,021	

The present progress and prospects for the end of the project are both partly above (cooperatives, MUS) and partly below target (home gardens, rural advisory services (RAS) users, irrigation and maybe IG trainings). The home gardens and MUS are lagging as they are directly related to the water supply progress. Data collection on home gardens and nutrition aspects had started, but it had started too late for the MTE to use and review the data. The indicators and targets for IG training and advisory service users will need revision after the new livelihoods concept is fully operationalised, as without operationalization they are too vague to assess.

In the report we distinguish between nutrition (promotion of vegetables, spices and fruit for WS scheme users) and food security (in Nepal often expressed as the months of cereal food sufficiency per year).

2.2.2 Comments on Indicators and Targets

In case the livelihoods component will be further developed, and a new baseline is established, SMART-er indicators might be used as suggested below, which also disaggregate benefits by gender and caste-ethnicity.

Outcome: A district's vegetable production has practically no relation to the efforts by the project:

- % of households (hh) that sold vegetables worth more than e.g. NPR X; disaggregated for socially excluded groups and women (training attendance is inadequate as indicator)

Outcome: Nutrition is an important outcome that needs to be reflected, e.g. through:

- % of beneficiary hh reporting increased consumption of vegetables by at least 10kg/year (disaggregated for caste-ethnicity)

Output: "receiving rural advisory services" needs to be disaggregated by type and media. Actual technology adoption (including weather forecast use and CCA technologies) and value chain participation is however more indicative:

- % of hh adopting promoted technologies X and Y (disaggregated)
- % of hh involved in promoted value chains, with active links to traders, suppliers, services

Inputs/Outputs: Participation of women and disadvantaged groups only tells part of the story:

- Number of disadvantaged group hh that have been supported by adjusted pro-poor approach
- Number of disadvantaged group hh actually involved in commercial agriculture

The target of 500,000 Rural Advisory Services users looks very ambitious and vague at the same time, and needs better specification and a way to monitor. It e.g. lumps occasional listeners to radio programs together with trainees, neither of which are actually using services. A services indicator should be more like "the times that service is asked and given", i.e. limited to direct asked-for advice, inputs, finance, monitoring, provided by service providers (e.g. agrovets, nurseries, cooperatives, RM CAESC staff). E.g. service providers can be asked to note down each day the number of times a service is asked, e.g. in a visitor's book, as part of self-monitoring and business learning. A second indicator could indicate how many people have been reached with extension messages through training, demos, radio, leaflets, hoarding boards, and meetings. The second indicator could indeed concern 500,000 people, while the first will be much lower, maybe even below 100,000 (e.g. 20RMs*10 service providers*250days*average 2 per day). If the 500,000 is to include double counting, it should change to "the number of times people have been reached by extension messages".

2.2.3 Multiple-Use of WS Scheme Water and Multiple Use Systems

The project promotes multiple use in water supply schemes, through use of surplus water for irrigation, as it enhances ownership and sustainability. In about 10% WS schemes the project adds substantive scheme design adjustments making the scheme a so-called MUS scheme. Such a MUS scheme can also include drip and sprinkler irrigation facilities at farm level. The project is very pragmatic about so-called MUS, promoting it where there is a water surplus. It accepts and promotes a wide range of solutions, from a full-blown MUS system, to the addition of a small reservoir for irrigation beside branch water supply tank that regularly overflows (Sobigala, Bhageshwar RM) or just an extra tank for irrigation of cereal crops (Shivanath RM). The visited MUS schemes made clear that the project maximises the scarce opportunities and that people effectively use MUS



for vegetables and in one case for cereals. The field visits showed that effectiveness and sustainability of MUS is affected if management is not strict and inclusive. For example, in Paniut, Bhageshwar, a dominant caste household in Paniut kept the drinking water tap open to fill their plastic pond (see photo), calling it waste water use, but depriving a Dalit family living below from water. In Sobigala, Bhageshwar the low water quantity and reliability discouraged people to invest in commercial vegetable cultivation, and in Shivanath people said that benefit was too low to pay for big repairs. This underlines findings from other MUS and pond irrigation studies (iDE, RAP3) that MUS schemes that cost money to maintain and replace are often only effective and sustained in the context of a vegetable or other cash crop programme that also pays adequate attention to agriculture extension, inclusive water management and maintenance systems.

2.2.4 Home Gardens and Nutrition

Home gardens irrigated by use of surplus of drinking water, sometimes through MUS, is the most visible and widely spread livelihoods impact so far. MTE's village visits to Ramaroshan, Budhiganga and other RMs showed that all villagers, especially women, are aware and appreciative of the possibilities, as home gardens and nutrition are a training subject, and that as a result most WS scheme users eat much more vegetables than before, also in off-season. The project does not monitor nutrition impacts, probably because it was not a results framework indicator. During the MTE a project wide survey was going on about home gardens, and the project informed that the first incoming results indicate that most households have home gardens with vegetables, fodder trees (if needed), spices and fruit trees.

2.2.5 Conventional Irrigation (Canals)

The MTE did not visit or assess any irrigation scheme and did not have any project outcome data, but the subject is important enough to make an assessment. The MTE feels confident for doing that based on project scheme data, documents, formats, remarks made by project staff, observations of irrigated areas during field visits and an MTE team member's visit to a scheme in Ramaroshan in 2014 (in a non-MTE capacity) and years of experience in the same type of farmer-managed irrigation schemes in the Far Western hills and Humla. The remarks made here are therefore not about the exact process, design, construction quality or farmer feedback, but mostly about the likely livelihoods impacts and the place of irrigation in the project (coherence).

Approach

Most conventional canal irrigation systems are for staple food production (often rice-wheat). Project plans, survey formats and other seen documentation for irrigation seem to indicate that the project focuses on canal construction (water resource development) rather than on improving irrigated agriculture. Data or formats do not show a quantification of possible benefits from interventions, e.g. reduced annual maintenance cost, extension of command area, increased water volume needed for production increase, or increased reliability during monsoon enabling a shift from maize towards rice.

Type of interventions

Irrigation interventions can have considerable food security impacts, but really feasible new or greatly improved schemes are generally rare in the hills. This is because in most cases the villagers will have availed of those more beneficial or easy opportunities long ago already, if not in the time of the forefathers then certainly in the last 30 years of irrigation assistance by local government and irrigation programmes. What opportunities most often come up in exercises like WUMPs are schemes that villagers have problems maintaining with local technology, and schemes that the villagers could not build or make work for

themselves (not enough water, too long, difficult intake situation or rock section) but hope the project can manage as yet. There will probably also be few schemes that add irrigated command area. In case the project aims at achieving something the villages cannot manage themselves, it is important to assess beforehand whether they can actually at least maintain it.

Canal irrigation benefits

The project does not monitor or maintain data on benefits, but other projects show that these are normally:

- a) Reduced maintenance cost in nearly all schemes for a number of years, e.g. saving 5 labour days per household per year (repair work) and the costs of skilled labour and materials for a number of years
- b) Increased production in a part of the schemes (through improved efficiency or increased area) for at least a number of years. If food production increases it can be between 5% to 50% on part of a family's land. The effect on income and food security therefore is limited. If we take an optimistic scenario in which a poor 3-month food security household would gain a 25-50% increase on all its land, this would be still only about 1-month extra food. This is welcome in any family, but will not lift them out of the food insecure category. Lower production increases are however a much more common result and often it is the better-off farmers with irrigated land and higher food security who benefit most.

Canal irrigation and cash crops

The effect on cash crops is normally also limited. Except for large cardamom (Dailekh), the selected commodities by the project (vegetables, fruit, garlic, ginger, NTFP) do not need canal irrigation, and the ones that need water, often need precise water quantities at specific times and close by home. The canal is however often located away from the village and follows a rice-wheat oriented irrigation schedule, while vegetables and high value crops need to be grown close to the home (goats, theft, intensive care) and are vulnerable to delays or too large water quantities and can be affected if neighbouring fields are flooded for rice. Pond-and-pipe systems like MUS are normally more suitable for cash crops.

2.2.6 Income effects so far

Although the project includes nutrition and food security in the output formulation, it has not formulated or monitored indicators or targets for those, except for the number of home garden beneficiaries and the impact indicators (see related remarks elsewhere). As income is the main livelihoods outcome indicator, the MTE also focuses on income as livelihoods outcome indicator. Nutrition has been dealt with elsewhere.

The project's assumption has been that increased access to water (MUS, canal irrigation) results in increased agricultural production, and that some of that extra production can be sold, leading to income increases. This is partly correct for surplus water use (MUS, WS schemes) as the MTE observed, but at most to a limited extent.

1. **Non-value chain cash cropping impact is limited.** As seen in e.g. Bhageshwar, Shivanath and Pancheshwar RMs, vegetable sales within the village and to nearby bazaars bring in a very welcome few thousand Rupees per year for many families, but normally not much more for the average family or the poor. If market demand is small, often only a few resourceful farmers benefit, not the poorest. Just before completion of this report, the project informed that the first results from the project's home garden survey seem to indicate that incomes from local vegetables sales might be higher, around NPR 5,000/hh/year on average. Income generation through livelihoods programming only has substantial income impacts if done:

- Near customers: In proximity of large bazaars or e.g. cantonments, government training centres or labour camps for large hydropower project construction sites (e.g. Dinnu, Bungal), or
 - In existing value chains: In proximity of all-weather roads in areas where collection systems already exist or where the project makes a systematic value chain development effort (e.g. vegetables in Alital, ginger in Doti), or
 - With high-value low-weight products: Away from all-weather roads but focusing on products with an optimal weight-perishability-value ratio. E.g. Legumes (dal, beans) for the middle-distance and NTFP for remote areas, or
 - Value chain development: Through value chain development based on value chain assessment and linkage to markets and services, resulting in bulk supply to markets in the right season (e.g. fresh vegetables in the off-season to Dhangadhi, not during the winter season when hill vegetables cannot compete with Indian vegetables in Dhangadhi)
2. **Non-WASH non-agricultural income generation.** The project results in a number of enterprises and jobs through support to cooperatives (staff, productive loans), infrastructure user committees (maintenance workers), IWM (millers) and ICS (ICS promoters), Local Resource Persons (livelihoods) and possibly paid-for infrastructure repair services. Some of the created jobs and enterprises are sustainable. Because not all UCs continue with maintenance workers and normally many borrowers do not succeed in increasing or sustaining their extra incomes, it probably concerns a few hundred of sustained jobs and enterprises that can be ascribed to the project.
 3. **WASH income impacts can still be higher than that of livelihoods action.** International WASH benefit studies³ indicate that health care costs saving (money and time spent on health care and transport, plus absence from productive work due to sickness or care for others) from WASH already amount to €20-30 per year per capita, which would be about €125 (>NPR 12,500) per household. Productive use of newly available surplus water and the saving of time spent on collecting water can add to that benefit. Even if benefits for project area families are less than half the international estimates, it would still be about NPR 5000/hh/yr. This is much higher than the average WASH-beneficiary family earns from vegetables sales.
 4. **Benefit distribution and HRBA/GESI.** The strongest advantage of the WASH-nutrition component is the near equal distribution of benefits. In general the vast majority of all households participate and benefit, including the poor. Although, sometimes poor families in the communities are excluded because they live in technically too difficult corners of the village area, while some powerful families might take more water than the poor, e.g. for vegetable cultivation as they also have the means to build small or large reservoirs.. Benefits for other interventions however do not benefit everyone equally. Irrigation benefits are directly proportionate to land ownership and wealth, and IG activities or enterprises made possible by new access to electricity or cooperative (loan) support are scarce so that households with better education, skills, relations, resources and risk-taking capacities will easily outcompete the poor in accessing the opportunity and making it work.

The total impact of most non-WASH interventions is at present limited in terms of benefit or the number of beneficiaries. According to our very rough estimate (total number of households multiplied by the average benefit) based on experiences in other projects⁴, at present the WASH impact remains

³ Hutton, Guy & Haller, Laurence 2004. Water, Sanitation and Health Protection of the Human Environment, World Health Organization, Geneva. WHO/SDE/WSH/04.04; Water and Sanitation Program 2011. Economic Impacts of Inadequate Sanitation in India. Ed. Marc P. DeFrancis

⁴ E.g. many projects show that only few IG activities are continued and successful (often better-off families, often those doing IG in context of larger effort (e.g. commercial vegetables) . Therefore in absence of data on IG-trained 12,000hh most are lumped under vegetables.

probably higher than the specific livelihoods impacts; even if the estimated number of benefiting households or the income effect is doubled for the non-WASH components.

Table 2 A Very Rough Estimate of Income Results (Prodoc results in 2022)

	Income estimate (NPR/year)	Calculation for a year	Source of income or saving
WASH	NPR 350,000,000	70,000hh * NPR 5000/hh	health cost saving (see WASH)
Canal irrigation	NPR 10,000,000	10,000hh*4d O&M*NPR250	estimated O&M saving
	NPR 15,000,000	5,000hh*30d food*2kg*NPR50	food security increase
Micro-enterprises from MHP, IWM, Coop loans	NPR 20,000,000	200hh*200d/year*NPR 500/d	100 IWM, 10 MHP-SMEs, 90 IG-trained cooperative loan starters
WASH/Livelihoods Services related employment	NPR 30,000,000	600hh*200d/year*NPR 250/d	400 VMW, 50 LRP, 150 agrovets/coops/transport/nursery
Vegetables	NPR 150,000,000	50,000hh*NPR3,000/year ⁵	sales + savings on purchase (+unknown nutrition impact)

2.2.7 Commercial Agriculture and NTFP

Nepal’s food crop areas in the hills, and especially the project area, only produce a fraction of the required food and improving food production through irrigation and extension has traditionally had very disappointing results, with overall food production in Nepal’s hills decreasing. The Agriculture Development Strategy (ADS 2015) therefore outlines that food production in Nepal should rely more on large cropping areas in the plains and on import, and that agriculture and overall economy in the hills will have to shift to cash crops, livestock and NTFP (Non-Timber Forest Products) combined with intensive value chain development, targeting Indian markets. Such approaches have been successful and increasing, also in the project area.

The new livelihoods concept: opting for value chain development

After EU funding was added to MFA’s, in order to “address various key constraints in development like access to energy, irrigation, markets, water and sanitation as well as low agriculture yields”, a new livelihoods concept was developed. In light of the previous chapters, the MTE assesses that for any better income results, the new livelihoods concept is a highly needed step forward. It is based on development of agricultural value chains, which has been proven to be challenging, but is still the foremost feasible local economic development option for the project area, if not for the whole of Nepal’s hills. Other options like tourism and other industry are only feasible for some RMs, while the impact from e.g. cottage industry is limited to only few households, not the tens of thousands of RVWRMP beneficiaries.

The new concept focuses on nutrition and commercial agriculture through value chain development. The latter should lead to a) more households that sell farm produce, and b) more (use of) micro-enterprises,

⁵ At the time of submitting the draft report the project alerted the MTE team that the results were out for a just completed home garden survey, showing vegetable sales incomes of NPR 5000/hh. The MTE in this report prefers to apply caution with regard to that figure because it could not review the survey or the data as it was not aware of this survey during the mission, while the findings from the few villages visited did not indicate such vegetable sales incomes (sustained and average for all the targeted 70,000hh)

cooperatives and other services like nurseries, agrovets, technicians, local resource persons, input suppliers, collectors, traders, transporters and processors. The first hesitant steps have been taken in this improved approach and the project has fielded 20 SO Livelihoods Promoters for home garden and nutrition and 15 Livelihoods Facilitators to support commercial farming, SMEs and cooperatives. Five TSUs now have Livelihood Officers for backstopping, - supervision, and - monitoring and higher-level value chain development activities. The PSU has a Chief Livelihoods Advisor, a Sustainable Livelihood Specialist and a Cooperative Development Officer. As only few of these staff have genuine value chain development experience and skills, the pace of development will remain slow for some time.

Choice of commodities

The concept lists fresh vegetables, fruits, ginger, garlic, large cardamom and collected NTFP (e.g. butternut/chiuri, sea buckthorn). The MTE assesses this list to contain enough commodities that are feasible for poor people with low access to land, water and capital, for less accessible areas, and for the different climatic zones. When farmers in the mid-hills are asked about other options, they often mention soy and other dry beans, too.

The limited time left for the project will further influence the commodity, the approach and target group. E.g. the project can engage newcomers and poor households in vegetables, garlic and NTFP and still achieve results by 2022. However, ginger, large cardamom, dry beans and fruit trees need not only more land, but also a longer start-up period (ginger 2 years, large cardamom 3 years, fruits more than that), so that interventions for those commodities will have to focus more on existing producers and improving existing value chains.

As the concept is still fresh, the evaluation team was not able to observe any commercial agriculture, except for vegetables.

Assessments

RVWRMP is using the detailed Value Chain assessments carried out by other actors in the project area such as USAID, GIZ, ITC and GON. Simple VC assessments are carried out by its own team or by short-term consultants (such as for large cardamom, chiuri and sea buckthorn) for a number of RMs. Besides conducting or using regional value chain assessments, the project will need to identify obstacles to participation in those value chains are regards their intended beneficiaries. Depending on the RM or the type of group, that might be e.g. irrigation, collection centres or agrovets services. The Livelihoods Implementation Plans which are integrated in the WUMP process would be ideal for that purpose but do not provide such assessments.

Livelihood Implementation Plan

The WUMP process is now augmented by a RM Profile and a Livelihoods Implementation Plan (LIP). The format of the LIP does not seem to be already adjusted to the new livelihoods concept. The only recent LIP the MTE could review (Swamikartik, Bajura, the first RM-level WUMP) indicates that RVWRMP will support one-home-one-garden and value chain development, and outlines strengthening cooperatives, irrigation, developing micro and small industries, and establishing e.g. 3 agrovets, 10 nurseries, one agricultural cooperative, 10 Local Resource Persons (LRP), 7 collection centres, one hat bazar and a chilling centre. However, these intentions do not appear to be based on an assessment of value chain obstacles faced by producers (average, poor, women) or other value chain actors. There is also no inventory of present product sales, past attempts, best practices, nor of a selection of the most promising value chains. So, it is possible that the most promising value chain is e.g. NTFP which only needs linkage to a network of collectors and support for drying and grading at home and not the proposed agrovets and collection centre. As proven by the quitting of two agrovets (PAHAL and RVWRMP Phase I) in Pancheshwar, Baitadi, any

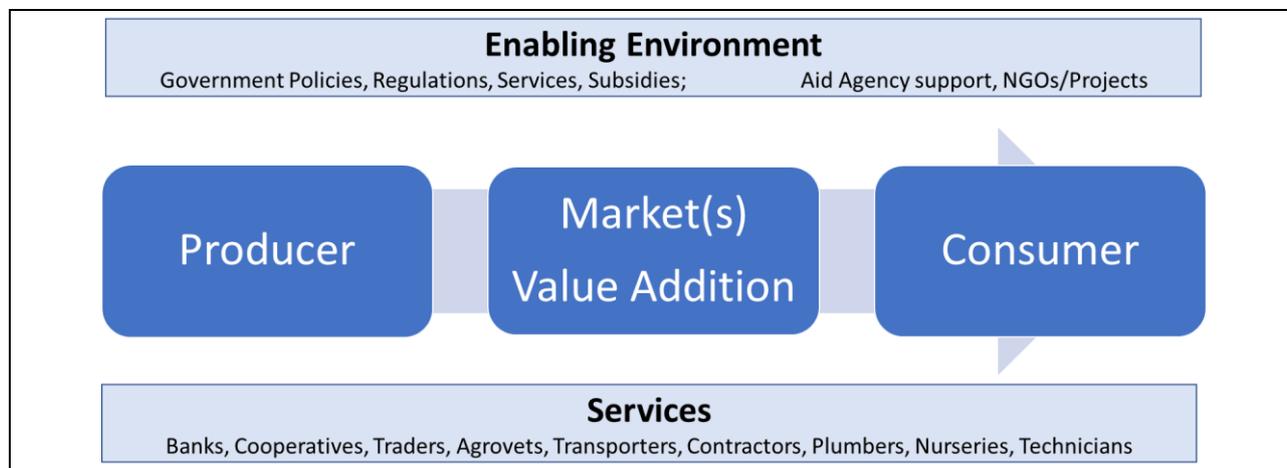
intervention like promotion of agrovets and collection centres should be the product of comprehensive value chain analysis and planning.

Choice of approach and interventions

The concept appears to choose for a) engaging with regional traders and markets, linking them to RVWRMP beneficiaries (producers), b) matching grants and other support for micro-enterprises (trade, value addition and commercial services), c) development of government services (enabling environment), and RVWRMP's present interventions of d) infrastructure, and e) support for producers. These activities appear to cover all the various actors in the value chain development, i.e. value chain actors (the producers and all those involved getting value added products to the consumers), the enabling environment (government, NGOs, aid projects) and the various services that actors rely on for inputs, transport, advice, skills, and finance. See Figure 1.

- A. **Engaging with regional traders and markets.** The project indicated it has already been engaging with regional traders, linking those who represent demand with supply, i.e. the producers. This is a very relevant and essential move. It was not sure whether beside commodity traders, also service and input traders like regional agrovets are engaged to support district-level agrovets and dealers at village level.
- B. **Support to local enterprises and other commercial services.** It is relevant that the project intends to support local enterprises that provide services like inputs (agrovet), finance (cooperative, bank), technical skills (fruit tree grafter), technical advice (agrovet) and enterprises that do produce collection and transport, value addition and marketing. For many capacity building activities will suffice, notably on technical and business skills and planning, while others need linkage support and subsidies to reduce the risks. See the sub-chapter on matching grants further on in this chapter

Figure 1 Value Chain Development Structure



Cooperatives: The project's so far most successful support to commercial services is the establishment and support to cooperatives, either agricultural or multipurpose ones. Their capital comes from shareholders, among which the maintenance funds of infrastructure user committees (WS, MHP, Irrigation). The MTE visited successful cooperatives in Bhageshwar, Ramaroshan, Budhiganga, and Pancheshwar. E.g. the cooperatives of Rupal (Bhageshwar) and Muzzabagar (Ramaroshan) had 610 respectively 1014 shareholders (10% Dalit) and in Rupal issued 124 productive loans (19 for Dalits) in five years, e.g. tailoring, nurseries, poultry, chili



production and grain mills targeting local markets. Loan repayment is good, but it is not known how many of them were actually able to sustainably increase production or income, and how much of the production was for the local market. In one positive development, some cooperatives (plan to) hire technicians for loan assessments and support to borrowers. Cooperatives do not seem affiliated to (networks of) other cooperatives yet, although this might increase their capacity.

The use of Matching Grants to support micro-enterprises: Value chain actors need to take risks when starting and investing in new ventures and the project can reduce those risks through grants and subsidies. Implicitly, matching grants are already applied in the project, as the project's infrastructure aid and revolving funds for cooperatives are basically the same as an 80% matching grant. RVWRMP's present draft Matching Grants Management Handbook is very thorough and includes many best practices from projects using similar approaches (PACT, HIMALI, HVAP, RISMP, etc.). It is not yet approved or in operation.

- **Management.** The proposed type of matching grant system must be run tightly to avoid misuse and delays, and possibly also need co-administration by a local entity. The handbook does not yet elaborate the management system in terms of required staff and administrative systems, and it is not sure whether an inexperienced project can effectively start-up and run such a programme for what is basically 2 years.
- **Grant focus and use of LIP.** The handbook is based on the assumption that the LIP can guide the process adequately, but the MTE assesses that the LIP's way of identifying value chain needs and priorities should improve considerably (see LIP assessment above). It might be considered to limit the grants to a series of identified solutions to value chain bottlenecks. E.g. the project might have identified nurseries (photo: project supported nursery in Pancheshwar), collection centres, and agrovets as solutions to common problems, for which modalities are developed, for which standard subsidies/matching grants can be made available.
- **Grant process.** Often in grant systems, the local proponents are not able to make good business proposals and must be helped by project staff or semi-independent advisers (local SOs), and still many proposals will have to be sent back or are delayed or cancelled. And then still, none of those proposals might address the identified key value chain bottlenecks. In a limited 2-year period it might be better to use a hybrid process where proposals are developed jointly by the project and the applicant based on identified issues, with a shortened process that looks more like e.g. an agreement with a water user committee.
- **Grant size.** The MTE does not assess the grant height (max. NPR 500,000) as a problem. RVWRMP provides many other subsidies/grants that are in the same range of support. Grants are often for entities representing or serving many households and even an NPR 500,000 grant for e.g. a 20-hh cooperative group (i.e. NPR 25,000/hh) will be in the same range as for Water Supply and Irrigation and less than the project grant for e.g. MHP (NPR30,000-130,000 per hh).
- **Focus.** The open grants system might also result in a wide range of activities over a large area, requiring numerous technical assessments, backstopping and quality control, which the project staff will not be able to provide. For a project that only has three years left, it is maybe better to limit the number of value chains and the geographical coverage.
- **Principle.** The principle of a Matching Grants system. The matching grants system is based on demands from people who are ready to co-invest and take risks. The MTE does not assess the matching grants system as a problem in principle, because it is used throughout Nepal. But a hybrid, less open form will probably be more effective use of the limited resources and time left. The project should study carefully how the construction can be used in a development context without creating legal complications.



The MTE agrees with the use of matching grants, but thinks it is better to limit the use in terms of geographic area, value chains, and size, and to slowly build up experience and coverage.

C. Development of enabling environment (government services). The system of District Agricultural Development Offices (DADO) and Agricultural Service Centres is being replaced by extension services at RM level, i.e. Community Agricultural Extension Service Centres (CAESC) and Agricultural Knowledge Centres, which will replace DADOs. This transition is not fully complete yet and many RMs lack adequate agricultural extension staff, policies and plans. The project's efforts to strengthen the RM level services, and augment with Local Resource Persons (trained local technicians that can be hired by



RMs, cooperatives or farmers) is a relevant approach. It is still too early to know results, also because the CAESC modality and resources are not known still. The concept also explores opportunities to synchronise actions with other agriculture-focus projects like KISAN and PAHAL (see PAHAL's Shivanath collection centre in photo), RMs' own initiatives (like the RM demo farm in Pancheshwar) and even projects that focus on nutrition like MSNP-II and Suaahara II, but such efforts are complicated by not matching project

periods (many are phasing out this year), project areas or approaches (MSNP-II/Suaahara II distribute goods for free which can undermine value chain development). But the right attitude and stronger RMs should be able to make the projects work together, e.g. by letting one value chain project lead in each RM, while others support and link their target group to the new opportunities.

2.2.8 The Place of Livelihoods in a Water Resources Project

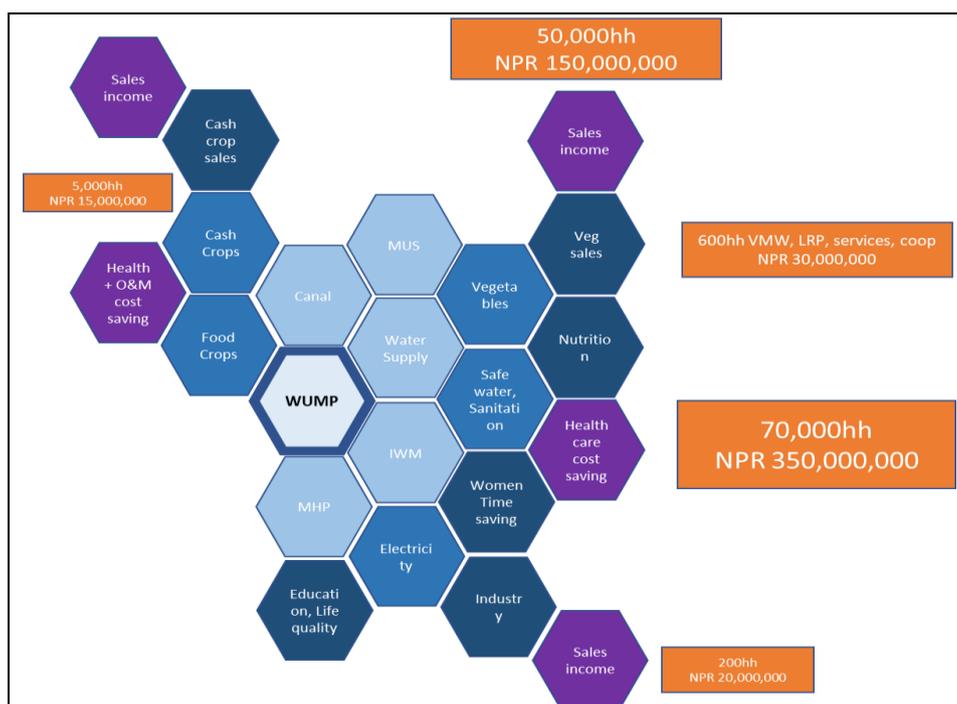
This chapter discusses both findings and possible ways forward, as it is better to discuss both in one chapter.

The project at present identifies areas with high WASH-support needs and conducts a WUMP from which not only WASH interventions but also other water resource development interventions emerge. A Livelihoods Implementation Plan (LIP) is now added. All the WUMP/LIP parts are not interconnected though. E.g. the WUMP/LIP contains inventories of food security, of water resources, and of possible irrigation schemes, but without linking these to each other. Whether and how much an irrigation intervention contributes to improved food security and whether that is the food security of the neediest remains unknown in this process. The coherence among the components, not only livelihoods, is therefore weak. It is of course not needed that they all work for one purpose, but the more the project's components are mutually supportive, the more effective the whole project will be.

The coherence diagram in Figure 3 tries to visualise how WUMP-based planning leads to various interventions (light blue) that lead again to two levels of outcomes (blue and dark blue) which ultimately have impacts (purple). The orange boxes are a quick-and-dirty attempt to quantify the total income impact by multiplying the number of likely beneficiary households by the annual income or savings benefits see Table 2 above).

There are definitely income benefits, but except for WASH-vegetables they are limited, smaller than the WASH impacts, often unequally distributed, and hardly interconnected. It should be noted that income generated through any cooperative support and IG-training that was not related to results from the WUMP (e.g. a loan for poultry farming) is not included here, as the focus is on integration through WUMP.

Figure 2 Phase III Coherence (benefiting hh and total income effect)



The contrast between the WASH-Nutrition component and the other components shows what the efficiency benefits of such integration are. In the present setup all staff, high to low, WASH and non-WASH understand and are able to support the WASH sector through small and big actions. On the other hand, not many appear to understand the benefits, technicalities, issues and solutions of e.g. MHPs, IWMs, or the ginger or NTFP value chains. In such a complex project in a large spread out project area, the success of each individual component often depends on whether junior staff at RM level, administrative staff and various decision makers understand and own that component and can support it.

The project is at a critical juncture. The present coherence centres around the use of areas with high WASH needs, WUMP and water resources. The previous chapters show that an increased emphasis on income results necessitates a value chain development approach, but that a value chain development approach might lead to less water resource interventions and to value chain interventions in areas with less WASH needs. In reviewing the strengths and weaknesses of value chain development in a project like RVWRMP, the MTE feels it can start to envision the way forward towards a project of greater coherence and impact.

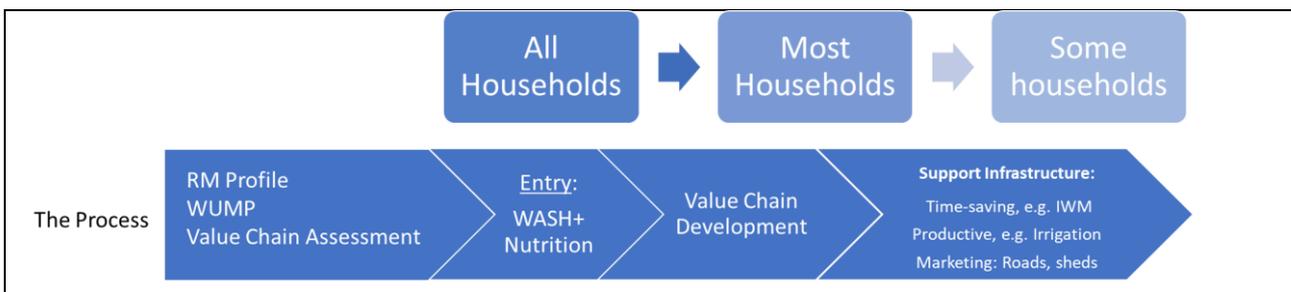
Table 3 RVWRMP and Value Chain Development

Advantages	Disadvantages	Possible Way Forward
Unlike other value chain development programme, RVWRMP starts with many poor hh mobilised by WASH	Not all commodities (value chains) are suitable for poor people Traders might prefer different geographical areas or farmers than the WASH beneficiaries	Use WASH as entry Hybrid approach of empowering poor and supporting entrepreneurs through linkage and risk reduction
Many remote hh mobilised by WASH Water and vegetable benefit as a start Concept aims to develop value chains	Remote areas not feasible for water-based value chains Non-water value chains might change RVWRMP's character	Explore NTFP cultivation needing water Clearly specify conditions for non-water value chains: e.g. only in remote NTFP areas
Resources and staff for infrastructure can address value chain obstacles	Infrastructure not used for value chains Value chain bottlenecks not analysed yet	Value chain assessments first Limit LIP to VC bottleneck analysis/action

Advantages	Disadvantages	Possible Way Forward
		Focus infrastructure to solve VC issues
Well-organised project	Little value chain expertise Infrastructure project setup and culture	Ensure that all staff own and understand value chain development through training
Strong relations with municipalities	Municipality budget largesse and distribution-focused programmes (e.g. Suaahara II) can undermine value chain development Opportunities lost by work in isolation	Ensure that all RMs own value chain development approaches and take right steps to support it Ensure cooperation and synergies with other projects
In the leftover 3 years (maybe more), concrete visible results can be booked if efforts are systematic, but adaptive	Mature value chains evolve over decades of efforts by a variety of actors and RVWRMP's 3 years is not much	Specify clearly the choices and range of possible end results for a 3-year period Choose a process approach that allows to support emerging initiatives through TA and grants/subsidies Focus on short-term opportunities: full vegetables VCD, address VC bottlenecks for e.g. fruit, NTFP, ginger

The MTE recognises that the new value chain-based livelihoods approach has few major limitations, i.e. a short period in which to develop expertise and best practices, limited short-term opportunities (3-year), and the risk that value chain development leads the project away from water resources and its core target group. The MTE therefore sees a possibility to increase coherence and overall livelihoods effectiveness by a) first assessing the area's overall baseline (RM profile), the potential value chains and their bottlenecks, and the water resources development opportunities (WUMP), b) retaining WASH and Nutrition as the entry, ensuring that all poor are also on board, c) supporting producers and entrepreneurs, including empowered poor ones (extra support), to develop priority value chains, d) identify and prioritise other infrastructure on basis of the need to solve value chain bottlenecks at local and regional level (e.g. water, a bridge, one slippery road slope, market sheds, women's time saving) and review who can best finance and implement.

Figure 3 Coherence of WASH + Livelihoods Approach



2.2.9 Evaluation for Area #2 Livelihoods

The previous livelihoods approaches have been good on nutrition and as very first steps in vegetable value chain development, but have been limited in income result. The new concept is an important step in the right direction, but needs to be adjusted and made operational through a comprehensive plan.

Sector relevance is high because livelihoods programming addresses priorities and needs of the government and the local stakeholders.

Design relevance is also high in theory. The new concept follows the ADS and approaches followed by others, e.g. a shift towards pro-poor value chain development approaches, but needs extra focus, review of experiences by others and adjustments to become relevant in view of the 3 years period left, and the challenges posed by the geographical area and the situation of the poor.

Effectiveness is high for vegetables and nutrition, but low for income and food security-oriented activities. A 20% income increase is impossible. Although women and Dalits participate and it appears that they also benefit, there is no disaggregated data available on e.g. technology adoption and actual benefit on home gardens, vegetables sales and other IG.

Efficiency. The effectiveness would have been higher if the project had opted earlier for value chain approaches, more integration between livelihoods and infrastructure components, increased business development staff, value chain training of non-livelihoods staff, and an LIP planning process that is less open, and supported by adequate value chain assessment and led by experts.

Sustainability: value chains, once developed and made resilient, are in principle very sustainable. Resilient value chains take much more persistence and time to develop than the average project can provide, and more attempts to build on what others did and cooperation with other sector actors.

2.3 Result Area #3: Resilience and Climate Change Mitigation

Output: Increased resilience to disasters and climate change and climate change mitigation and adaptation

2.3.1 Reported Results and Prospects for Result Area #3

Result Area #3 Resilience and Climate Change Mitigation	Baseline	Target 2022	Results 2018	
Renewable energy produced from Project interventions	0	TBD		
3.1.a Renewable Energy through micro-hydro power (KW)	0	700	0	
3.1.b. People benefiting from MHP schemes	0	30,000	0	
3.3 %-age O&M-capable MHP-UCs (VMW, Coop-linkage, audit)	0	90%	NA	
3.2 Beneficiaries provided with RET like ICS and IWM	0	170,000	77,000	
3.4 Greenhouse gas reduction by ICS/ IWM (unit: MT CO ₂)	0	250,000	50,269	
3.5 DRR/CCA-trained RM-staff and -members	0	2500	1805	
3.6 % of CCA/DRR standard compliant designs/manuals	0	100%	100%	

The table shows that achievements in Micro-hydro have been zero, but that progress on ICS, IWM and RM training is good.

2.3.2 Comments on the Component, Indicators and Targets

Although this result area as such is a new one (introduced after EU funding was added), it captures themes and activities that have evolved and been addressed already during Phase I and II of the project (e.g. source protection, burying pipes, rainwater harvesting). Evaluation, especially of impacts and relevance, is hampered by the fact that risks, adverse climate change impacts, overall energy needs are not quantified or analysed by the project. There is reference to data (winter rainfall), but no analysis of what that means for project interventions. Therefore, the results framework (or available project data) can also not make it clear how much generated results like energy or greenhouse reductions contribute to the overall needs. Indicators that express coverage of local or regional needs by the project would assist evaluation of relevance.

There are basically five results from this result area, namely:

1. Reduced disaster risks and increased resilience;
2. Reduced greenhouse gas emissions;
3. Energy to be used for household and productive use;
4. Clean air from improved cooking stove; and
5. The workload reduction through time saving (milling, firewood collection) for women.

The overall output is formulated in terms of resilience (1) and greenhouse gas reductions (2), but the output and outcome indicators mostly focus on energy (3). Workload reduction (5) nor clean air (4) are mentioned, while these are possibly the most important results, often the main motivation for women and families to participate and also the ones that contribute to the other RVWRMP components: cleaner air is a part of Total Sanitation and time saving enables women to engage better in livelihoods.

All except one indicator are very straightforward, expressed in KW, number of schemes and installations and number of beneficiaries (implicitly indicating the number of women benefiting from e.g. clean air and saved firewood collection time), and quantity of greenhouse gas emission reduced.

The exception is 3.6, for which the project monitors whether designs include CCA/DRR measures. Because no engineer will ever say that not enough was done in the design to prevent landslides or protection of sources, the result is always 100% and thereby rendered less useful. There also does not seem to exist a standard set of design standard adaptations or DRR measures that each design has to comply with. So, a scheme that includes any source protection measures is already CCA/DDR-compliant, while maybe the scheme's design standards (e.g. overflow or pipe sizes) could still be insufficient to cope with a drier climate, higher storm frequency or higher flood levels. A better indicator would be "design standards are climate change-adjusted and accepted and used by 27 RMs for all their infrastructure".

As per the project's HRBA-GESI intentions, reports should show RET beneficiaries disaggregated by caste-ethnicity.

2.3.3 Micro-hydropower Plants (MHP)

This chapter assesses the MHPs in greater than normal detail, to provide as much detail as possible for decision makers on this complex matter.

Micro-hydropower has been part of the programme as a result of the water focus and WUMP-based planning. In previous phases, the project used, like all actors in the sector, AEPC modalities, procedures and service providers, and the project informed they were not satisfied with the AEPC and its implementation modality. Originally only Phase II carry-over MHPs were included in Phase III, and new MHPs were originally left out, but these were added again after EU-funding materialised, and energy became a more prominent RVWRMP part. The project developed a new modality based on experiences in Western Nepal. The project then screened 88 proposals and ultimately commissioned fourteen feasibility studies of below-

200KW-schemes. The twelve that were considered feasible would generate more than 700KW (for 7000hh+) and be located mostly in remoter areas (Humla-4, Bajhang-4, Bajura-3, Sigas-Baitadi-1), and cost more than €2million. Annex 6 provides a table with details.

The project did not want to continue with the national model (AEPC modality and service providers) and is envisaging higher quality and sustainability by adopting a cooperative model that they studied in districts near Pokhara in West Nepal. They reckon to need 4 years minimum to ensure adequate completion of all scheme construction and post-construction processes. The project suffered a set-back when their only renewable energy specialist (PSU) left.

The relevance of MHP within the context of the project and the area

- **MHPs and CC Mitigation/DRR.** MHPs increase access to energy and replace limited use of energy sources (solar panels, batteries and kerosene. Greenhouse gas reduction benefits are therefore probably small. When compared to the main grid (also hydropower), MHPs do not lead to greenhouse gas reductions and do not contribute to reduced disaster risks.
- **MHPs and Livelihoods.** MHPs constitute opportunities for productive use of water and development of local micro-industries (saw mills, furniture, processing), which will also contribute to tariffs and scheme sustainability. In practice however only a minority of MHPs result in such micro-industries, as the market for the processed products near the usual upstream MHP locations is too small and transport to high demand areas (downstream) is too costly. Opportunities for such micro-industries supporting RVWRMP's efforts in value chain development, through processing with MHP-powered processing plants are even less, as processing is normally done in the Terai or larger hill towns like Dadelhdhura.
- **Cost-Benefits.** Increased access to energy benefits people (health, education, quality of life), but benefits are not quantified and can be affected by maintenance problems (see below). While benefits are uncertain and in terms of livelihoods and CCA/DRR limited, MHP costs are four times as high as e.g. water supply or irrigation, while the costs often further increase during construction, as the new, lined canals are often more vulnerable to damage by the first few monsoons than water supply and irrigation schemes.
- **Main Grid.** RMs state that building MHPs, while the main grid is approaching, is no problem, because then they can sell MHP electricity to the Nepal Electricity Authority (NEA). There are few issues: a) NEA cannot guarantee to buy from the MHP, b) There is evidence from other areas that most MHPs are abandoned once the main grid reaches the villages, c) RVWRMP is about village-managed schemes for poor communities and the MTE questions whether a cooperative or company that sells use of local resources to the main grid (with sometimes unclear benefits to the local poor) should have priority.
- **Location.** Five of the ten considered MHPs would be in non-core RMs. Bithadchir-1 and Durgathali-2 (Bajhang), Khaptad-1 and Himali-1 (Bajura).

Can the project effectively implement MHPs?

There are three major implementation problems:

- **Not enough time to complete.** MHPs in the project area take 3-11 years to complete. With a minimum 2 years of adequate PoCo support therefore 5-13 years are needed. A streamlined operation might bring down the time to 4 years, but it is very likely that a number of schemes will not be completed during Phase III. Even if the project decides to reduce risks by constructing only few schemes, it will not be possible to foresee which schemes will be problematic.

- **Specialist Staff shortage.** The project has staff shortage issues and has not been able to find a replacement of its only engineer with micro-hydropower expertise. Even if such person is found, the project is still very vulnerable to departures and absences. Even for technically less complicated sectors like WASH, livelihoods and irrigation discussed above, success depends on expertise, understanding, belief and systems existing at all levels, among all the staff. For a complicated sector like MHPs, one person is not enough. Hiring a company that provides short-termers might be a solution, but can be more expensive and create other issues if they change staff frequently.
- **MHP problems affect other components.** RVWRMP is actually not equipped for such a risky and complex subsector and any problem will require extra management time and budget. The chance is too big that the MHP problems suck in a lot of management time while the project is also struggling with reduced staff and a number of other high priority issue to tackle. In this way the component will also affect indirectly the other components as well as relation with municipalities and beneficiaries which will most likely expect and demand that RVWRMP will do whatever is needed to make completion and operation a success. On the other hand, discontinuation of MHPs might also affect the relation with and goodwill in concerned RMs.

What is the likely MHP functionality?

There are more than 200 MHP schemes implemented in the project area, but there is no assessment or data on how many are completed and how many functional. Circumstantial evidence suggests problems with MHP functionality, also in the proposed districts. The MTE only has knowledge of two MHPs, one in Ramaroshan that was temporarily out of order and one in Bungal that was functioning, but for which details and functionality issues were not discussed with users, as the main topics were water supply and inclusion topics, leaving too little time to discuss the MHP in meaningful ways. Both the project and AEPC acknowledged problems.. Study findings (AEPC, RAP3, World Bank) for more easy areas (Dailekh and west-central Nepal) indicate that about 25% MHPs are fully functional, 40% are just managing, and 35% are (nearly) non-functional. Functionality figures can be expected to be much lower for Bajura and Humla, where e.g. functionality figures for other infrastructure, notably water supply schemes, are below 30% (NMIDP, SEIU database), far below the national figures (60-70%). Even functional schemes might still be out of power for months if e.g. a broken turbine needs to be repaired in Butwal, like in the Kailash 5th Microhydro Project in Ramaroshan, that had been out of power for two weeks when the MTE visited there. During the monsoon, when most damage occurs, transport of machinery to Butwal is in most proposed areas not possible.

AEPC studies identify that the following factors enhance the chance of sustainability:

Construction and design: adequate knowledge and consideration of geological and hydrological situation, good construction and material quality (including wooden poles), communities avoiding to economise on quality to stay within their budget

O&M: AEPC and Worldbank studies conclude that the non-technical prerequisites for functionality are:

- strong local entrepreneurial leadership in the committee
- effective community mobilisation and cohesion in diverse societies
- a tariff structure and collection system that timely and effectively covers the actual O&M costs; and to a slightly lesser degree:
 - a culture of repair and maintenance
 - absence of landslides and floods
 - no exposure of turbines to sand

- d. proximity to Butwal⁶ or other hydropower repair centres,
- e. overall accessibility, and
- f. attractiveness to qualified O&M personnel to stay

Use: proximity of a bazaar (to sell power) and industrial energy demand

Compared to other areas of Nepal schemes in Humla, Bajhang and Bajura do not score high on most of these factors.

Two type of efforts to address these issues are noteworthy. 1. An earlier trend towards private sector ownership has subsided as the private sector lost interest because most MHP are not commercially viable. 2. RVWRMP developed their own modality and SBS manual based on the cooperative model used successfully in Baglung and some districts near Pokhara. In this modality not a user committee, but a cooperative (not necessarily the ones already supported by RVWRMP so far) will manage the MHP. The MTE assesses that the project area compares unfavourably with Baglung and those areas, which have much higher levels of access, education, enterprise development and most of all, proximity to Butwal. Those areas are for those same reasons also e.g. the only in Nepal where community ropeways (comparable in technological complexity and maintenance needs to MHPs) are successful, while in the Far- and Mid-West none of the installed ropeways are functional.

Alternatives

The proposed areas are very deserving of better access to energy, but just like with many other developments (e.g. roads, internet), the balance between need and feasibility need to be carefully assessed. Even if some of the above listed issues appear less severe in more detailed and more thorough expert analysis, or if solutions can be found for some issues, the MTE's assessment is that the overall risks remain unacceptably high for a project like RVWRMP, and the MTE therefore does not see justification to continue with MHPs.

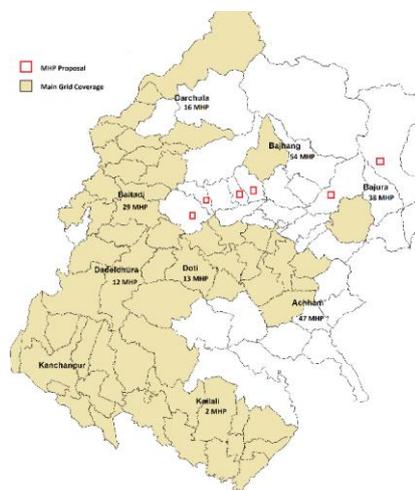
The MTE acknowledges that implementing the project as per the results framework should have first priority, including the MHP, but at the same time assesses that (i) it is unlikely that the RVWRMP will be able to mobilise the required staff expertise and numbers for MHP implementation, (ii) the risks of failure and cost-overruns for a scattered and risky set of schemes are very high, and (iii) the project has actually many other high priority challenges to solve. However, in case MHP is still considered, the MTE sees five alternatives:

6. **Continuation of all planned MHPs.** The project and development partners will have to accept the risks of non-completion, of cost over-runs, of distractions to the rest of the project, and of low functionality and sustainability.

⁶ Butwal is not only important for the skills and repair capacity, but also because of better access to the required imported materials, parts and equipment

7. **Pilot 2-3 MHPs, preferably in one cluster.** This reduces the level of exposure to risks and allows the project to pilot its new cooperative implementation model. As it is a pilot, the project may decide to still hire a full-time expert for high levels of support, supervision, monitoring and learning. It should however avoid support and supervisions that projects in the future will not be able to replicate. A balance should be found between high levels of support by few staff and learning how such a model will work in normal projects that have lower levels of such support.

Figure 4 Sudur Paschim MHPs and the main grid



1. **Main Grid Extension.** For some RMs, the main grid is relatively close by (see map). The project can assist communities and RMs to access the main grid. The GiZ and others are supporting the NEA through e.g. the Community Rural Electrification Programme (Grid Extension Fund), which assists communities to apply for extension to their area. This will cost communities or RMs 10% of overall cost (often about NPR 10 million, i.e. €90,000) for which they can take loans at 3% interest, but for which RVWRMP can also support. NEA will do all procurement and installation as per their standards, while the community will manage distribution and tariff collection. The project could support RMs, cooperatives or communities in accessing the opportunity, although it is still up to NEA to select which community is selected first and when. The project might hire a short-term consultant to assist the process.

2. **Solar and Long-shaft IWMs.** Although it will not likely produce the targeted 700KW, the project can consider helping out individual villages or bazaars with electricity access through long-shaft IWMs (3-5KW) and solar panels. It might prioritise e.g. communities that need such energy for productive uses or communities that for one reason or another have been left out of the main grid or an MHP-grid.

3. **Study and Postponement.** The region would highly benefit from a thorough study of the functionality of the more than 200 existing schemes that have been implemented through AEPC-support in the project area. This could be a basis for projects of the area, including a possible follow-up to RVWRMP, to decide whether they should include MHP and how.

The MTE has also considered outsourcing a small cluster of more feasible, i.e. more accessible, schemes (e.g. in Bajhang) to a company that works with local cooperatives, as this might reduce the burden on the rest of the project, but the MTE assesses that the implementation and sustainability issues will remain the same and that the project will still be responsible.

The MTE concludes that purely on basis of evaluation criteria, continuation with MHPs will be unwise and that the project better shifts to a combination of alternatives 3 (main grid), 4 (solar, LS-IWM) and 5 (study & postpone), but that other factors may force the development partners to continue with either 1 (all MHPs) or 2 (pilot).

2.3.4 ICS and IWM

ICS

The project installed 10,904 ICS (2,169 Metal ICS, 6,496 Mud ICS and 2,157 Rocket ICS, benefiting 60,759 people in 63 communities) and will probably achieve the intended 17,000 ICS (85,000 beneficiaries) by 2022. The project estimates that all these ICS would result in a reduction of 54,000 MT CO2 emission each year, or the equivalent of about 12,000 passenger cars. The ICS also contributes to reduced deforestation and environmental degradation, and reduced women's firewood collection time. In Pancheshwar ICS users stated that one load of firewood lasts 7 days in traditional stoves and 2-3 days in ICS. A wider study by RVWRMP

found firewood use reductions of around 40% and an ongoing wider ICS survey on ICS should give more detailed information.. These numbers are similar to studies by Winrock/RAP3, which found firewood use reductions of 33% (Mud ICS) to 67% (Rocket Stove). They found some women saved 15-30 days of firewood collection per year. The Pancheshwar ICS users (mostly Dalit) said they all used their ICS, although at least one stove looked unused, while some people also used other stoves. They have the name and telephone number of the ICS promoter in case they cannot repair themselves. The main issues for ICS are:

- Families don't always get the model that fits their needs. Winrock found in other projects that about 10-20% of people who paid for subsidised stoves did not actually use it often because they needed other stoves that could heat faster or larger vessels (e.g. buffalo food). Families with less space that could not afford two stoves, often would opt for the old stove.
- Families do not always have easy access to repair services and materials once their ICS starts to get its first problems (normally after 5 years) as ICS promoters are not always staying in the area. The project is assessing the situation at present.

IWM

The project installed 82 IWMs (partly replaced Traditional Water Mills) benefiting 10,479 people, with IWMs having on average 25 customer families. In 70% of cases women come to the mill. The project does not have data on benefits, but IWMs increase energy outputs. Winrock-RAP3 findings for 26 IWMs in Doti (2015) suggest that milling times for wheat and maize are halved (20-40 minutes time saved per week per family), that flour quality is better. Families may use more than one IWM, depending on the location and season. The main issues for ICS are:

- IWM are often located at the stream and the distance between IWMs and the village can be far, i.e. up to 30 minutes, and the path might not always be safe. E.g. the path to Dinnu IWM seen in Bungul, Bajhang, was vulnerable to landslides during the monsoon. The project now intends to focus on IWMs that can be built in the village, although this requires longer canals which can result in extra maintenance and sustainability problems.
- The project only supports short-shaft IWMs, which are used mainly for grinding. Long-shaft IWMs have the potential of generating electricity (often around 5KW, enough for a small village). Other end uses are husking, saw-milling or chiura flattening if the local market is big enough. Not all sites are suitable for long-shaft IWMs.
- IWM Turbine repair (often needed from 5 years onwards) needs to be done by well-equipped workshops, but such services are at best only available in few places of the Far West, necessitating more transport. The project is not yet actively linking IWM to repair centres, but is at present reviewing the situation through surveys.
- IWMs normally replace hand milling. Rarely can an IWM reduce greenhouse gases, e.g. by replacing a diesel generator mill, which are normally seen away from streams and in bazaars where their higher output fulfils a higher local demand.

2.3.5 CCA and DRR Mainstreaming

DRR-CCA awareness raising and mainstreaming DRR-CCA in planning and design. The project rightly is mainstreaming CCA-DRR in all project interventions. The CCA and DRR mainstreaming has resulted in various design adaptations in the WASH systems. The main difference with older phases and projects which also did source protection and land slide control is probably that in this project phase there is more emphasis than in other projects on e.g. a) Recharge, Retain, Reuse, b) source protection and contamination reduction. CCA-DDR is also mainstreamed in WSPs, although random checks in four UCs of

Bajura and Achham showed that only the two Phase II UCs had WSPs, and the two completed Phase III schemes (2017, 2018) did not.

The data and insights generated by the WUMP also enable to optimise and minimise water use. The project's effectiveness would benefit from a more detailed and scientific analysis on the trends (including a regional stakeholder consensus on trends) and their effect on water sources and uses. Such analysis could also prevent the tendency among RMs and staff to blame CC for most of the dried-up water sources. As climate change takes a much longer time than the 3-10 years within which these changes had occurred, the project should help the RMs to more critically study whether and how much roads or other causes are to blame for drying up of sources in the last years. The MTE noted that some of the issues might come from increased water use by others and frequent damage by the RMs' bulldozer road construction to slope stability, affecting water sources, and water supply pipes and infrastructure.

The sustainability of all livelihoods results and resilience of beneficiaries and systems are very vulnerable to CC and disasters. Increased frequency of floods, hail storms, landslides, droughts, forest fires, pest/disease outbreaks will all affect the viability of improved livelihoods systems. The Livelihoods component uses a Climate-Smart Agriculture (CSA) approach to the CCA. Many of the technologies that the project promotes (crop diversification, crop rotation, seed varieties, composting, organic home gardens, drip-irrigation systems, MUS, waste water use, water harvesting ponds and pits, propagation and planting of fodder trees, grasses and fruit trees) save water and some make crops less vulnerable to disastrous weather. As these technologies have been promoted since before CCA and DRR became a focus for projects in Nepal, the MTE would have benefited from studying an outline of an approach for the use of these technologies explaining the why, when, where, and how much. The project can improve its approach by analysing the actual risks, identifying the technologies that can address those risks and providing farmers, officials and leaders with knowledge to assess the risks and the most feasible technological options. Farmers and others should also be able to assess or find out from third party sources whether a drought or a bad year is a one-time event or a long term trend to which they have to adapt through e.g. different crops, seed varieties, crop technologies, and cropping seasons.

2.3.6 Environmental Protection

WUMPs results also in environmental protection measures like forest tree plantation, source protection, landslide or stream control. These can be very relevant if designed well. The MTE was not able to assess overall performance of such measures. The only instance of observed source protection was done well.

2.3.7 HRBA/GESI in Resilience and CCA

The main focus of manuals and guidelines is on proportionate representation in meetings, trainings and committees. Of this Result Area's subcomponents, the IWM and ICS interventions naturally target women and benefit mostly women through time saving and it is also evident that Dalit are benefiting. The HRBA/GESI strategy/guideline, which focuses on WASH and general capacity building, could be improved by also identifying and addressing women's or poor excluded groups' issues that are specific to the CCA/DRR and energy sectors. . E.g., the relation between MHPs and poor excluded people can be problematic as they are sometimes excluded because they cannot pay the initial contribution (NPR 5000-10,000 plus voluntary labour) or the tariffs. Also, the MHP SBS and HRBA/GESI manuals do not deal with ability and willingness to pay issues that are essential for MHP O&M, although the project confirms that they are actually and properly dealt with during the mass meetings.

2.3.8 Evaluation for Area #3 Resilience and CCA

“Sector” **relevance** is high as energy, disaster risk reduction and climate change adaptation are all high priorities for the government and the project area. Clean air and reduced women’s workloads are relevant within the project context, too. Integration with other components can further enhance relevance. E.g. if and where RVWRMP’s livelihoods activities lead to increased women’s workloads, ICS and IWM can address those problems.

Effectiveness is good in IWM and ICS, but can be improved by adjusting the location and design to the local situation, and by targeting areas where e.g. the livelihoods component results in increased women’s workloads. Effectiveness needs some improvements in CCA-DRR mainstreaming, and is unsatisfactory in MHP.

Efficiency: The efficiency and effectiveness would have been higher if the project had based its approaches on more comprehensive analysis of problems (CC trends and risks), needs (others’ action, livelihoods and governance) and sector lessons. MHP does not seem to be very compatible with the limitations of the project, is very costly and risky, and contributes little to DRR or CCA. It should probably have been left out of Phase III.

Sustainability: ICS and IWM sustainability is moderate to high, but can probably be improved by better linkage to a strengthened network of repair service micro-entrepreneurs like ICS promoters, spare parts suppliers and turbine repair centres (whose capacity and skills can be improved with project support). Sustainability of RM staff training results and MHPs is problematic.

2.4 Result Area #4: IWRM Institutional Capacity

Output: GoN institutional capacity to continue integrated water resources planning and support communities in implementing and maintaining and wash and livelihood activities

2.4.1 Reported Results and Prospects for Result Area #4

Result Area #3 Resilience and Climate Change Mitigation	Baseline	Target 2022	Results 2018	
Outcome				
WUMPs for 27 RMs	0	27	1	
Output				
4.1 Provincial roadmap for multi-sector cohesion creation	0	1	0	
4.2a. Documents and seminars to inform National or Provincial authorities	0	6 +6	0	
4.3 RM contribution to the RM Water Resources Development Fund	0	>7%	16%	
4.4 Trained RM staff on energy, irrigation, WASH and market services	27	X RM	27	
4.5 RM use own agriculture and cottage industries fund for joint action	0	27	NA?	
4.6 RM-WRDF budget used and spent	0	> 85%	87%	

4.7 Core RMs hold 10 PMC meetings/year for timely adequate support	0	>10	9.3	
4.9 Community contribution in cash and kind	0	20%	28%	

The results table shows that the progress and prospects have generally been good, but that some proposed actions have to be reviewed against the present priorities.

2.4.2 Comments on Indicators and Targets

Drafting a results framework for governance with meaningful and SMART indicators and targets is near impossible, as the situation is still very fluid and goal posts are continuously shifting. That is why the project already had to add new and omit old un-SMART indicators. The result is that the results framework cannot tell the whole story of intentions and results. E.g., RM cost sharing (indicator 4.3) is a good indicator, but while it reflects commitment of the RMs to RVWRMP systems and interventions, it also reflects the lack of own plans and policies and the staff and capacity to successfully implement plans by themselves. The best indicators are those that reflect the RM willingness and ability to adopt the priorities, approaches, systems and staffing intensities agreed with the project, e.g.:

- The % of RMs that develop and resource their own policies and plans, and ask RVWRMP to support plan components where their priorities and approaches match
- The % of RMs that directly through one mechanism like technical sub-committees (e.g. water, livelihoods, roads, education) coordinate and direct all relevant stakeholders and aid actors.
- The % of RMs that have at least once demanded third party aid projects to adjust plans and processes to better match the RM's own plans, WUMP, LIP and regulations.
- The % of RM that start a CAESC by their own or hire a LRP (livelihoods) from its own budget and actively monitor and support that staff.

2.4.3 RM institutional capacities

The new RMs are equipped with mandates and ample budget, e.g. they have resources for commissioning livelihoods and gender action plans, also to consultants from Kathmandu (e.g. Tourism Management Plan in Ramaroshan RM, Agriculture Management Plan being commissioned in Bannigadhi RM), but lack staff, expertise, data, policies and plans, and formal linkages to the provincial government, which might be of more assistance than the far away federal government. But while there is a lot of energy and opportunity, there is also a lot of uncertainty and vulnerability. Therefore, it is highly relevant that the project works with RMs on all these issues, even though at present the uncertainty and fluidity of the still ongoing federalisation process and parallel interactions by third party projects complicate those efforts.



RM Profile, WUMP and LIP

Formulating a RM profile, WUMP and LIP through a participatory process, or compiling such from previous VDC-level WUMPs is highly relevant, as RMs need such tools, in spite of the WUMP and LIP relevance issues for use by RVWRMP itself (see discussion under Result Area #2). These exercises are completed for one RM and on the way for 26 more. Previous experiences in VDCs elsewhere often showed that the use of

WUMPs and project-aided VDC plans was limited to the concerned aid project, but RMs have the councils, staff and budget to make better use of such tools and plans than VDCs. It is however not sure whether RMs will ever update them or whether other projects (e.g. the upcoming Provincial and Local Government Support Programme) will use or follow them. For that, the RMs might lack the capacity and third-party projects often need different data and plans that fit in with their national planning and monitoring formats, and prefer to do their own exercises. Relevance will increase if all three tools are made as multi-purpose as possible, adjusted to the needs of government monitoring and the needs of various possible aid projects. Because such documents get easily lost and forgotten, it might be advisable to convert the plan also in to one-pagers, leaflets or signboards that many stakeholders can read and internalise.

RM Staff training

483 participants (with some duplications) from all 27 Core-RMs attended trainings and workshops on the project approach (161), Water Supply design software (35), finance systems and SUTRA account system (2*44) and disaster risk management (199). The project is accepting the inefficiencies of trained staff that have left the RMs, and the need to do trainings again before the end of the project. The evaluation learned that persons appointed by the Public Service Commission to posts in remote RMs often depart as quickly as they have arrived. RMs have the provision (and funds) for hiring temporary staff on contract basis, but those contracts would be terminated as soon as a permanent incumbent would assume the respective post.

RM Policies, Planning and Coordination

No other project works so closely with RMs and is so much appreciated by local stakeholders for its cooperation as RVWRMP. RMs rely on RVWRMP for expertise and systematic processes, and the project is uniquely placed to help RMs develop their policies and plans and ensure higher sustainability of such efforts than the average project.

After two years of support and three years before Phase III ends, it is becoming time to develop an exit strategy that establishes a baseline, envisions a future, formulates what is achievable by 2022 and lay out steps to achieve those results. E.g. the project supported RMSUs should be replaced by MWASH Units and MWASH CCs. The present WASH emergency fund to which disaster damaged schemes can apply for help, is a good start. Ideally, an exit strategy should not be a large RVWRMP-written plan, but a very short document with the RM's key institutional capacity, WASH and livelihoods baseline, priorities and policies, with concrete decisions that refer to the WUMP and LIP, outlining mechanisms on how WASH and livelihoods by RM and aid projects are planned and coordinated, and role divisions for different staff and budget scenarios.

Once the provincial and central level systems, mandates and policies are clear, the project should review its relations with provincial ministries and DOLI, and see whether it's effectiveness will improve if its PSU is based in a provincial ministry. Provincial Ministries should also ideally form part of the Supervisory Board.



2.4.4 Evaluation for Area #4 Governance

Government capacity to plan WRM and to support WASH & livelihoods

Sector and project design relevance

Relevance is good as the area and the local government need support in this crucial first phase of the new federal structure and Rural Municipalities. There is moreover a lot of energy and ideas, as well as funds in

the municipalities. The close cooperation and flexible nature of support are relevant to the fluid and still uncertain situation.

Effectiveness and Efficiency

Targets are still changing regularly, but overall the results are reasonable, given the situation and the available staff and resources, and the project probably could not have acted and supported much otherwise. Capacity building can be improved further by adjusting WUMP+LIP to generic needs of the RMs, national monitoring indicators and formats and needs of other projects, by helping RMs to manage databases of schemes and by helping RMs to synchronise the various aid projects through policies and coordination mechanisms. The original plan to phase out TSU and capacity building staff from year 3 onwards would have led to results loss and unacceptable inefficiencies (unsupported interventions, transparency, incomplete capacity building), so the project's plan to retain staff even if the budget was already running out, was appropriate.

Because of the fluidity and staff turnover, the project has to maintain a hands-on approach in terms of financial management, with the RMs reporting online via the government's SUTRA software, but with ample support and regular checks by RVWRMP accountants.

Aid Efficiency

The MTE found that no one works better with and through RMs than RVWRMP. It is probably time that RVWRMP assists RMs to build effective aid coordination policies and mechanisms that avoid that every actor deal with issues in different and sometimes contradicting ways. Opportunities also lie in e.g. linking up with the Provincial level where the EU's ADS Support programme will also have a provincial office.

Sustainability

It is unlikely that RMs will already have adequate capacity for IWRM planning & support to UCs of water resource projects. The project should phase out support timely and monitor and coach for at least one year, or two if an extension materializes.

2.5 Overall Relevance

This chapter covering the project as a whole also incorporates result area-specific reviews found under the previous chapters.

2.5.1 Policies of Nepal, EU and Finland

RVWRMP Phase III is well aligned to the goals and policies of the two partner countries and the EU. Documents and field visits show that the project contributes – directly or indirectly – to the achievement of several Sustainable Development Goals (SDGs). As the subchapters on relevance per result area below show, the project design and activities have addressed the key Government of Nepal, Government of Finland and EU policies and priorities.

The key policies of Government of Nepal that the project contributes consist of the new Constitution of Nepal (2015), Sustainable Development Goals (SDG) in Nepal, Sanitation and Hygiene Master Plan (2011); the Draft WASH Sector Development Plan (SDP 2016) and the Agricultural Development Strategy (ADS 2015). With respect to devolution of powers to provincial and municipal governments, the legislative reform is still ongoing. Some initial rules and regulations have been enacted (most notably the Local Government

Operations Act, 2017 (LGOA) while others are still at various stages of preparation, drafting or legislation. Organizational structures are still evolving and stabilizing. Some concern has been raised that there is a risk of repeating past structures and maintaining the status quo.

The Finnish Government Report on Development Policy (2016) states that the development policy and development cooperation are guided by the 2030 Agenda for Sustainable Development. Finland will pursue its development policy coherently to ensure that the individual policy goals listed in the Government Programme should support the achievement of sustainable development. The core goal of the policy is to eradicate extreme poverty and to reduce poverty and inequality. The development policy incorporates four priority areas: i) enhancing the rights and status of women and girls, ii) improving the economies of developing countries to ensure more jobs, livelihood opportunities and well-being, iii) democratic and better-functioning societies; and iv) increased food security and better access to water and energy; and the sustainability of natural resources. Gender equality, reduction of inequalities and climate sustainability are cross-cutting objectives in Finland's development cooperation. Emphasis is on Human Rights Based Approach (HRBA Guidelines 2015) and on Results Based Management (RBM Guidelines 2015) is prominent. The updated Finnish international water sector policy (Finnish Water Way 2018) has a vision of water-secure world by 2030 describing Finland's commitment to do its part to reach SDG 6 for water supply and sanitation. In the current Country Strategy for Finland' Development Cooperation in Nepal 2015-19 water/WASH is one of the priority sectors of cooperation with HRBA/GESI being cross-cutting issues in all interventions.

The project makes important contributions to the **Multiannual Indicative Programme 2014-2020** of the EU. EU's Strategic interest in Nepal is in investment in the socio-economic development of the country through development aid, including focus on support to democratisation, human rights, rule of law and domestic accountability of state and non-state actors, in order to respond to the preoccupations of Nepal's citizens for sustained long term economic development and enhanced employment opportunities. Two support sectors are relevant for RVWRMP: Sustainable Rural Development (emphasis on nutrition, agriculture, safe drinking water and sanitation, renewable energy, adaptation to climate risks), and Strengthening Democracy and Decentralization (capacity building, decentralization, state restructuring).

Overall, the evaluation team rates RVWRMP as a **human rights progressive project**. With respect to Human Rights Based Approach (HBRA) the project has many merits. At the outcome level, the project aims at "universal access to basic WASH services and improved livelihoods" which implies that principles of human rights are inbuilt at the outcome and impact level. It is addressing the basic needs and rights of poor people in remote parts of the country. The project has in place a GESI/HRBA guideline (jointly developed with the sister project RWSSP-WN during Phase 2) that guides it to concentrate its support to most hardship and socially and economically-deprived areas. Remoteness, hardship and proportion of socially and economically-deprived communities are among the selection criteria. The project applies proportionate representation criteria in the User Committees (minimum of 50% women, 24% Dalit and Janajati, based on data of the Census 2011). The criteria are applied systematically – for example trainings are cancelled if there is no sufficient attendance from all groups of the village. The project has enabled the poorest of the poor to access resources and learn new skills, for example in home gardening, as Village Maintenance Workers, Local Resource Persons and agrovets. Activities are systematically planned together with the communities and all groups are represented. The project invests also in building the capacities of women and Dalit to participate in the planning of Water Use Management Plans, water supply schemes, irrigations schemes and other activities. The HRBA/GESI guideline focuses on WASH, infrastructure implementation and capacity building. It can be improved by identifying and dealing with HRBA/GESI issues which are specific to e.g. irrigation, micro-hydro, ICS, IWM, and agriculture.

The project has targeted **Gender and Social Inclusion (GESI)** in a systematic manner. As a result of the systematic adoption of the HRBA and GESI principles men have gradually started recognizing the right of women and some women are emerging as influential members or leaders of User Committees and cooperatives. The Women as Decision Makers-workshops that the project has started to organize to support capacities of elected members of Rural Municipality Councils, staff of Rural Municipalities, Water Use

Committee members, Female Community Health Volunteers and other community leaders are a significant activity to facilitate gender responsive planning in the Rural Municipalities in project area. The workshops have empowered women to take part in decision making processes and involved them in formulating gender responsive plans of the Rural Municipalities. The project has systematically worked towards eradicating the Chaupadi practice in project area and has also made important headway in improving menstruation hygiene management, e.g. by developing a template for RM-level policy on Dignified Menstruation Management. The project has also provided inputs to the formulation of the national policy and action plan on Menstruation Hygiene Management.

However, the MTE observed some issues and practices that can only be rated as human rights sensitive. There are however discrepancies in how the project manages monitoring data and presents it in the Results Matrix. The Result Framework contains several indicators that explicitly address participation of women or minority groups in certain types of activities, particularly in relation to access to training. However, reporting on some of the other key indicators that reflect actual access to improved services or adoption of new skills, such as number of water supply beneficiaries or number of home garden beneficiaries has not been disaggregated by gender (women / men) or by caste/ethnicity (Dalit / Janajati/ Others).

2.5.2 Relevance to the Project Area's Situation and Priorities

For all indicators related to water supply, sanitation, hygiene, nutrition, food sufficiency, income, agricultural production, energy, vulnerability to disasters and climate change, gender and social inclusion, and government services and coordination, the project area lags behind most of the rest of the country, and, in the absence of other major actors working on these indicators, the project's presence and focus is assessed as highly relevant.

The design and approaches of the project are also mostly relevant to the area and its people in their elaborate step-by-step processes, strict application of criteria and input of resources and TA. All the consulted RM councils agreed that in such remote areas, where other projects are often unable to enforce transparency and consistency, the approach is highly relevant and are actually backing that up by providing higher matching funds than originally proposed..

In two areas, governance and energy, the situation and the needs are continuously changing due to respectively the ongoing government restructuring and the expansion of the main power grid, and therefore the project needs to have a flexible focus and approach.

The relevance of the project design in relation to its food sufficiency and income increase objectives has been low. Lessons from numerous projects in the hills of Nepal have already shown that livelihoods programming which limits itself to training, micro-finance and input support (water, seed, etc.) only rarely results in income increases for large numbers of beneficiaries and that the only successful approach for specific products so far has been to address all production, processing, services, and marketing issues in an integrated way, i.e. through value chain development. Therefore, the inclusion of value chain approaches in the new livelihoods concept is very relevant.

The WUMP is a relevant planning tool, because it combines all water resource development in one exercise and facilitates integrated water resource management. It would be highly relevant if not only the planning process was integrated but also the resulting plans and interventions. The recent addition to WUMPs of Livelihoods Implementation Plan could be relevant, but only if they would be based on regional and local value chain assessments and a list of priority value chain bottlenecks (for average and poor beneficiaries, for women and men) to address.

Women and poor excluded groups need opportunities for empowerment (skills, influence) and the project offers such opportunities. Although the project is less relevant in terms of new income opportunities for poor people and women, increased hygiene and nutrition lead to decreased health care costs. The project's

approach to menstrual hygiene issues and related discriminatory practices is relevant, but progress and behavioural change can only be as slow as believe systems can change.

An important relevance indicator is the likelihood that the design will lead to sustained results. This depends on the capacities and approaches of the project in combination with the willingness and ability of beneficiaries and governments to ensure that project results (e.g. infrastructure, policies, taboos on chaupadi, WUMP use, Dalit benefit sharing) will be sustained. The MTE looked at two things:

1. Are the design and the effort good enough to achieve higher sustainability rates than are usual in the project area? E.g., will functionality of water supply schemes be higher than average for specialist projects in the area?

The evaluation team assesses that the design will be good enough for higher than average result sustainability for WASH, nutrition, WASH-GESI, cooperatives and governance, lower than average for commercial agriculture and MHP, and average or slightly lower than average for IWM, ICS, MUS, irrigation, non-agricultural IG. The “average or slightly lower” list could be higher if the project had had more expertise and implementation capacity (MHP), more PoCo efforts (WS, irrigation, IWM), or a more complete approach design (commercial agriculture). Of course, the livelihoods concept might address the issues if adequately elaborated into a plan and approach. It is logical that the more sectors a multi-sector project has, the more difficult it will be to score higher than specialist projects for each particular sector.

2. Are the likely sustainability rates good enough to justify the efforts and investments?

The likely sustainability rates are good enough to justify all the interventions, except MHP, which has unacceptably high sustainability risks.

2.6 Overall Effectiveness

Outcome: WASH & Livelihoods Access plus Water use and livelihoods frameworks

Effectiveness is still suboptimal, partly due to delays and complications outside the control of the project, and partly due to in-built issues like unsatisfactory conceptual clarity and coherence.

Figure 5 Beneficiaries and Result Areas

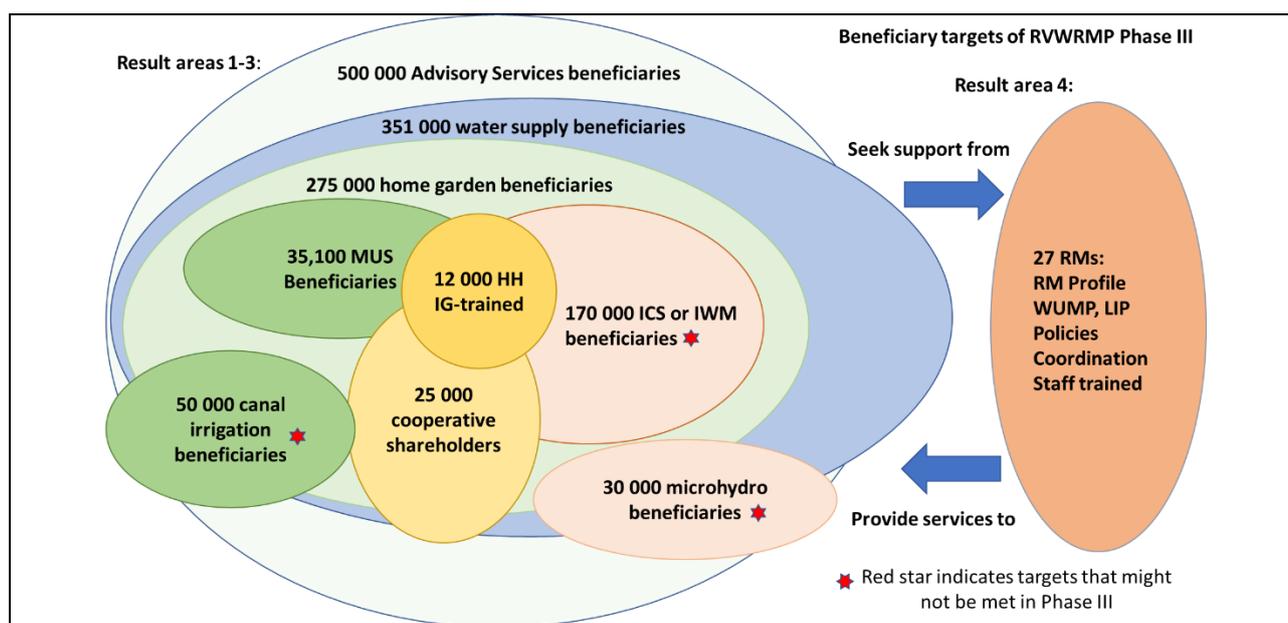


Figure 5 provides an overview of all the results areas, beneficiaries and their relations, as per the project's intentions. The evaluation team assesses the overall effectiveness of the results areas as follows:

1. **WASH. Good.** Sanitation relevance is good, but not monitored since shift from ODF to Total Sanitation. Access to water supply outcome is assessed as potentially good, but the project must make up for the delays resulting from the government's federal restructuring, while quality will get affected by addition of non-core RMs. Prospects will be unsatisfactory if staff have to phase out as per plan.
2. **Nutrition: Good.** Most households eat more vegetables due to the project, although no quantities are known, because outcome nutrition is not included in outcome indicators. An ongoing livelihoods survey might shed new light on this.
3. **Income and Food Security: Unsatisfactory (vis-à-vis the intended 20% income increase),** also if a better indicator (e.g. sales income by hh) is used. There are no project data, but all indications are that still only a small part of the target population earns substantial extra income from selling vegetables, services or other products. This might increase but there was no evidence yet to assess. Value chain development has only just begun, and efforts are still of a scattered nature. Income or food security effects from irrigation or cooperative development are not quantified or monitored by the project, but probably small as they appear to benefit relatively few people and are not done in a context of solving value chain bottlenecks that could benefit larger numbers of people. Cooperatives are effective as provider of saving and loan services and as manager of maintenance funds for schemes in a number of areas. Prospects will be unsatisfactory if the project staff will be phased out as per plan and if value chain efforts remain scant and scattered, but could be improved to moderate by allocating adequate staff and resources (incl. infrastructure), by using value chain assessments, and by limiting to few value chains and areas.
4. **CCA/DDR and Energy: Unsatisfactory to Moderate.** For MHPs, only feasibility studies have been completed and implementation might be delayed or cancelled. The outcomes for ICS and IWMs are good, although better tweaking of designs and approaches to the local needs, and strengthening repair services would certainly further improve the results. Common engineering measures like source protection, landslide control, and economising of water use lead to more resilient infrastructure and reduced exposure to climate change and disaster risks, but as risks have not been specified or quantified, it is not sure whether more could have been done or needed, e.g. adjustments of the design standards. Prospects for this result area will be unsatisfactory if the focus remains on MHPs, and moderate if it shifts more to ICS, IWMs and other energy sources and more systematic CCA/DDR.
5. **RM Governance: Moderate.** The project cannot do much more than working as closely as possible with the new RMs. Results so far consist mostly of practices and intentions, which must be converted to policies, plans, tools and mechanisms. WUMP- and LIP- formats have to be adjusted to become more useful for value chain development and for non-RVWRMP users. Prospects will be moderate if the project can continue capacity building and get cooperation from province level and problematic if staff has to phase out as per the present plans and if the government partner agency is not present in the project area.

HRBA/GESI. It appears from observations and consultations that women, socially excluded and poor people participate as per the project guidelines and also benefit from the project. However, the project cannot quantify any benefit, as it only monitors participation by women, Dalit and Janajati, not adoption rates or water use, nor ultimate benefits like saved time, income, and nutrition.

Influence. For a project as rich as RVWRMP in experiences influence on national level policy discussions is limited. It is hampered by three factors: a) the distance and the high workloads prevent regular visits or attendance at national sector events, b) the project is well-known in the WASH sector and the Embassy of Finland is a main actor in donor coordination, but has little exchange with other relevant sectors, e.g. renewable energy, irrigation, agriculture and municipality governance, c) learnt lessons for the non-WASH sectors do not find their way automatically from the project to national level or vice versa, because the

project is linked to DOLI, not to sector ministries or departments that could include the project better in national discussions and learning events.

Preparedness and adaptability. The project has made adjustments in its strategies and results, notably because of extra funding by EU, and changed government structure and changing operating environment. Targets were increased, energy interventions became more prominent, and the livelihoods concept redirected towards value chain development. The project was and probably could not have been well-prepared for the delays and changes resulting from the changes in government structure and the changes affecting the staffing situation, resulting in human resource issues. In 2015, the project and donors had expected that the new Rural Municipalities would still fall under the DDCs and its project TSUs. It was not possible for the MTE to assess whether project, donors and Nepal government could have effectively addressed the issues earlier, i.e. once the extent of the challenges had become clear.

Coherence. Coherence has traditionally centred around water resource development and the WUMP. This has resulted in better WASH results; but results in other infrastructure and livelihoods could have been better if interconnectedness of interventions had been a more important selection criterion and if the respective theories of change had been better thought through (see Impacts). Coherence can be greatly improved by giving livelihoods a more central place and grafting it on the WASH component, which engages all beneficiaries equally, an asset hardly any other livelihoods programme has. The need for non-WASH infrastructure can be made dependent on whether it solves identified livelihoods bottlenecks, notably those faced by women and poor groups.

2.7 Overall Efficiency

Efficiency is moderate. The staff and operation costs might be high, but are the main reason for a project like this to be so successful, especially when operating in such a challenging environment. Efficiency could have been higher, if:

- a) the results framework had included more appropriate and measurable indicators and targets for the non-WASH components;
- b) project document had included a risk management plan that addressed any risk of a delay of the federalisation process and a possible shift from 10 districts to having to support 46 RMs (66 including all presently considered RMs), and the consequences that this shift would have on progress, focus and the relation between DOLI(DAR) and local governments;
- c) HR budget issues resulting from introduction of the Labour Act and the planned TA staff phase out had been addressed at the time they first emerged (see further section 2.7.1);
- d) coherence among the different components had been higher and the non-WASH components had received the same application of expertise and learning as WASH. Such application would have probably resulted in an earlier shift, e.g.:
 - from generic livelihoods to value chain development approaches
 - from irrigation canal construction to irrigation for value chain development
 - from attempting complicated and risky MHPs towards focus on doable technologies.
- e) the project had allowed itself to learn more by e.g. consistent post-implementation and benefit monitoring: 1. benefits for women, socially excluded and poor groups, 2. nutrition and income benefits, 3. benefits from irrigation and IWM, 4. functionality of Phase I/II schemes, and 5. experiences with third party schemes and interventions (MHPs, value chain interventions)

Adjustments on those factors can still be made. Other opportunities to increase efficiency lie in

- f) adjustment of the project structure once mandates/policies of Province, MOFAGA and DOLI have become clear,
- g) translating the livelihoods concept in to a clear and focused, but modest plan, and
- h) adjusting the project document and its targets and indicators, for improved focus and monitoring.

2.7.1 Staffing

Because staff budget issues threaten to put results and sustainability at risk, and need to be urgently dealt with, they are covered separately in this chapter.

High targets compared to staff resources

The project started with very high targets compared to previous phases, without comparably higher TA staff inputs. On average the targets for Phase III were double those for Phase II (see Table 4). The MTE assumes these higher targets were based on the assumption that over the years, the project had become more efficient by learning and improving its modalities, mechanisms and processes, with ever more experienced staff embedded in district government systems. These would have been valid assumptions at the time of project design in 2015 when the federal structure of Nepal was not known to anyone. The MTE cannot assess whether those targets were too high to begin with, but they certainly became too high when the project was set back by having to adjust to a completely new government structure, and a lot of the learning, capacities, mechanisms had to be reviewed and adjusted.

Table 4 Comparison of Beneficiary Targets and Technical Assistance Budgets for Phase I, II and III

Type of intervention	Phase I	Phase II	Phase III
Beneficiaries:			
Beneficiaries of water supply	98,962	143,942	351 000
Beneficiaries of Institutional toilets		27,249	40 000
Beneficiaries of household sanitation	104,335	358,417	110 000
Beneficiaries of home gardens		164,546	275 000
Beneficiaries trained in income generating			60 000
Beneficiaries of rural advisory services			500 000
Beneficiaries of renewable energy (MHP)	9,176	41,084	30 000
Beneficiaries of ICS, IWM		81,381	170 000
Beneficiaries of irrigation systems	9,329	27,980	50 000
Shareholders of the cooperatives		10,935	20 000
Technical Assistance:			
TA fees, total (expenditures for Phase I and II and budget for Phase III, ProDoc Nov. 2017)	EUR 2 351 905	EUR 3 880 482	EUR 4 600 000
National TA Budget	EUR 886 500	EUR 1 954 200	EUR 2 489 900
National TA Budget (% of total budget)	7.6%	7.5%	4.1%

Investment Budget (% of total budget)	45.6%	68.4%	71.4%
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Source: Inception Report 2016, RVWRMP I and II Completion Reports and RVWRMP III ProDoc.

Technical Assistance budget issues

Within the given time and mandate, the MTE could not assess all staff issues in detail, as the consultants' concept paper had requested. This includes the Technical Assistance /staff budget issue. It is the opinion of the MTE team that such issues should be solved by the competent parties and project partners together with the project and the company providing TA services. Information about TA fee budget issues that were discussed when the TA service contract bid was open in late 2015 were brought to the attention to the MTE. The MTE, however, is not in a position to look into those details for lack of access to bidding and contract documents.

The team, however, has conducted an assessment based on the budget figures available in the project document (see comparison in Table 4) and on the responses provided by the PSU and the TA Consultant to the MTE queries. The MTE understands the following:

6. The project document provided a total of € 4.6 million for TA staff (International, national/PSU and national/district) on the assumption that after three years staff could be phased out and implementation handed over to the Nepal government. Compared to the achievement targets set in the latest approved project document (November 2017), the ratio TA budget / number of beneficiaries is much lower than it was during Phase II. For those first 3 years, the expected results per input staff-unit was much higher than for previous phases (see table above).
7. The ProDoc did not plan for a scenario in which the local level institutions under the federal structure would be entirely new and once in place, would require new capacity building activities and extra staff. Extra staff needs emerged through the decisions made at the Supervisory Board meeting in 16th of June, 2017 when the working area of the project was redefined to consist of 27 core Rural Municipalities. Subsequently, the project developed a human resource strategy. The Supervisory Board approved the strategy and “instructed the project to start recruitment process of national TSU and RM level ensuring its uninterrupted implementation at local level” in its meeting on 15th of September 2017. However, Embassy of Finland approved the main outlines of the strategy (the staffing structure and the amount of positions), but commented that the budget does not comply with the consultancy agreement. Therefore, the budgetary issues of the Human Resource Strategy were to be further negotiated between MFA and the consultant.
8. The introduction of the GoN Labour Act in 2017 (for non-government employees) and acceptance by MFA of its applicability to MFA-supported projects increased staff budget requirement.
9. Further evidence of budget shortage, particularly with respect to National Long-Term staff is available in the Annual Financial Progress Report for 2017-2018 of the project (date: 25/10/2018). In July 2018 (i.e. when four full years of project implementation were left), the expenditure on National Long-term experts in districts was 56% of the total available budget (i.e. only 44% available for the remaining 4 years) and expenditure on National Long-Term Experts at PSU was 85% of the total available budget (only 15% of the budget remaining for the 4 years).
10. The progress of the project was slower because of three major reasons. First one is the need to adjust to the new structures and reorient the project (from 10 districts to 27 core RMs initially, non-core RMs added subsequently). Secondly, although the EU commitment to co-finance the project was known when the project started in 2016, it became formally available only in late 2017. Although the EU contribution provided a very welcome injection of additional resources, the prolonged period its preparations too caused further uncertainty about project directions and targets. Thirdly, the project was also struggling with some internal management issues resulting from frequent changes of the CTA (third CTA in Phase III was appointed in autumn 2018).

11. The change in federal structure in 2017 meant the following: Previous results from district- and VDC-level capacity building were mostly lost. Capacity building for 27 core-RMs had to be planned and started from scratch. Intensive capacity building would be required for at least three years for the RMs. Staff that was planned to be phased out from Year 3 had to be retained. Extra staff in the districts was needed because the target units increased from 10 to 27. Extra PSU staff was also needed to cope with the increased number of administrative units to monitor and support.
12. The project's attempts to cope with changing PSU staff needs and an uncertain budget situation has included the non-replacement of two PSU specialists who left and proposing short-term consultant inputs and dividing their tasks among other PSU staff. Short-term inputs did not seem to be allowed within the contract framework, however.
13. Adjustments of budgets and contracts were postponed until the MTE. The project was allowed to retain and increase staff as per the changed needs in the meanwhile.

The MTE really sees two alternative scenarios out of which Scenario 1 is preferred:

14. **Scenario 0: Phase Out as Planned** and close the project in August 2022. If staff needs to be phased out as per the project document, there will be many activities and processes that cannot be completed well. Such activities would need to be discontinued and preparations for phasing out started already during Fiscal Year 2020-2021. Many results would remain incomplete and low in terms of quality and sustainability. Also, in terms of available budgets from GoF and EU, it is likely that the funds for investments and capacity building would not be used fully.
15. **Scenario 1: Increase & Retain Staff and Extend One Year.** If the project duration can be increased with one year (closing in August 2023) and staff budgets adjusted accordingly, it is very likely that the result quality and quantity levels could then be the same as in previous RVWRMP phases and desired levels of sustainability would be achieved.

Staff composition issues

A number of staff issues emerging from previous chapters should be summarised here:

1. **WASH.** The WASH target population was about 100,000 higher than what could be covered in the core RMs. The project decided therefore to add non-core RMs, only for Water supply schemes (the process of inviting proposals for non-core RMs was included in the Annual Work Plan for FY 04 that the SVB approved in 20th of September, 2018). Implementation will be done by hired SOs. TSUs and PSU will have extra work and more travel resulting from more RMs being added to their responsibilities, which means that the levels of their support per scheme will be diluted.
2. **Women and Dalits.** Women staff (11% Project, 23% SO) and Dalit staff (6% Project, 4% SO) is scarce. It is not uncommon for projects in challenging areas to have problems in recruiting qualified women and Dalits, but still it is likely the project would have been more effective if they had been better represented, also at PSU and TSU levels.
3. **Expertise, Understanding and Ownership.** As chapters on e.g. irrigation and micro-hydropower above showed, the MTE considers the expertise and understanding levels for non-WASH components too low for interventions that are relatively complicated. E.g. a technically complex subcomponent like MHPs to be run in four districts depended on just one MHP-specialist (now none). The MTE also thinks that more time needs to be invested soonest to train all staff on new or unknown subjects like value chain development to ensure that everyone has understanding and the same message towards stakeholders.
4. **Value Chain development.** Value chain development is often seen as one of the most efficient development models, because it engages key players of the private sector which gradually increases its network of dealers and its role in input supply, advice and training, until a project is not needed anymore. In other words, you need less staff because most interactions with the target group is done through the

private sector. A very first small step in that direction is being made by gradually shifting the home garden programme to Local Resource Persons and Lead Farmers, freeing the hands of livelihoods staff for other activities.

5. **Recruitment for PSU (staff changes).** The MTE is not in position to assess to what extent, , but the project must have been affected by the turn-over of CTAs (three so far) and the shift of the PSU from Dhangadhi to Dadeldhura, which complicated retention and recruitment of staff with families outside the project area. Not only external, but also internal factors have affected the project performance and delays occurred.
6. **Short-term inputs.** The concept paper reports limitation to recruitment of short-term consultants. In a project with so many different needs, the efficiency will be positively affected by allowing short-term inputs, so that the project remains flexible and effective, able to respond to needs of the coming three years: exit strategy, value chain development, energy, monitoring, impacts and learning.

2.8 Overall Impact

Theories of change are underdeveloped and a number of hoped for outcomes and changes will not materialize because the implicit assumptions are partly incorrect, notably about how WUMPs and water resource development lead to income and integrated development. Interventions resulting from WUMPs often have weak interconnections and many do not lead to better nutrition and income for large groups of intended beneficiaries. The new livelihoods concept is an improvement in terms of logic within the livelihoods concept and, if adequately linked to the WASH component, can form the central WASH and Livelihoods theory of change to which other interventions can be tied.

Impacts are still unsure. Data on the result framework's indicators will only be available from 2021 onwards. The project's contribution to any positive change for the chosen indicators (HDI, income poverty, stunting) will also be impossible to prove because of the numerous other influencing factors and the changed local government units by which the indicators are measured. That makes these indicators less useful for use for learning-based improvement by the project itself.

The alternative would be to add simple income, health, nutrition, and quality of life indicators and measure through participatory monitoring and impact studies by the project itself, e.g. synchronising with the NPC's Multi-dimensional Poverty Index, notably cooking fuel use, improved sanitation, improved drinking water, electricity, flooring and roofing, and asset ownership.

The evaluation team thinks it is likely that measurable and attributable impacts on MPI indicators can be established for cooking fuel use, improved sanitation, improved drinking water, while more effective value chain development could, in the medium term, also result in visible improvements in flooring and roofing, and asset ownership.

2.9 Overall Sustainability and Exit Strategy

2.9.1 Sustainability

The likelihood of sustainability is assessed through what the project will probably leave behind: the facilities and mechanisms established or improved, the capacities and ownership of those charged with sustaining the benefits, and the preparedness for regular and emergency maintenance.

After completion of the implementation process, the project leaves behind relatively strong infrastructure user committees, which should (except in the case of MHPs probably) be able to do most regular maintenance. However, the one-template-fits-all approach does not suit all communities, and not all

committees that start to lapse from the standard template might be able to adjust and still remain effective in O&M. In due time when major repairs are needed, most user committees will have to turn to cooperatives, municipalities and repair services, but these are not strong enough yet. Most cooperatives can be expected to do well, but capacity building for rural municipalities has only just started, and the project does not have an approach yet to develop paid-for repair services. Because the project does not monitor Phase I/II schemes, it deprives itself of important lessons and opportunities to improve its approaches for better sustainability.

Sustainability at higher government levels is problematic. The future relation between DOLI and the project is uncertain. The focus and expertise of DoLI is in rural roads and not in WASH and community infrastructure, which are only a minimal part of the DOLI portfolio, only consisting of the MFA-supported projects. Since the government restructuring its role in the project has become uncertain as it does not have a support, supervision or monitoring relation anymore with the institutions responsible for implementation, i.e. the municipalities. The provincial government is not yet involved, but is likely to play a role in coordination, policy and monitoring, and therefore provides an opportunity for improved institutional sustainability.

If water access is sustained, the sustainability of sanitation, nutrition and some vegetable sales results will be high as these depend less on external factors and actors and are part of national development trends to which people show a lot of commitment. Income results beyond some vegetable sales to local markets, still have to be generated and their sustainability will depend on whether the project will be able to improve the functioning of value chains, the private sector, the services and the enabling environment.

The MTE assesses that under an unchanged situation (Scenario 0) the risk for sustainability as

- Very high risk for the governance, commercial agriculture and MHP results;
- High risk for total sanitation, all other infrastructure and renewable energy technologies, cooperatives and nutrition;
- Low risk for ODF.

Though prospects for long-term sustainability for most of the present results will be on the low side, they can be turned into moderate if the project completes ongoing processes (including 2-year exit phase monitoring and coaching (e.g. PoCo)) and makes approach adjustments as per the MTE recommendations, and ensures that adequate staff, resources and time are made available (see elsewhere for discussions on staff, budget and project extension).

2.9.2 Exit Strategy

The project document outlines the intentions of the exit strategy:

1. The Rural Municipality has an overall WASH and livelihoods Plan, reflecting the baseline situation of water supply and sanitation coverage as well as poverty and food security situation.
2. The RVWRMP-supported interventions are integral part of the RMs planning and budgeting system
3. The RM has adequate staff with capabilities to offer services to the users' committees, cooperatives, agribusiness operators and households.

The exit strategy appears focused on the rural municipalities, but should also include the intentions for households, UCs, services, enterprises, cooperatives as well as the linkages and coordination mechanisms between all of them. Such linkages and mechanism could for example be a network of agrovets led by large agrovets from Dhangadhi or a value chain coordination mechanism (forum, committee) led by the chamber of commerce. An exit strategy should outline what is still needed for the sustainability of each.

The project document indicates that a detailed phase out plan is to be developed by end of 2018. The project has not yet been able to make such detailed plan, because the situation of RMs is still not settled and the project is still learning about what is possible. In view of the approaching project end, the plan needs to be

formulated soonest, even if parts could remain tentative. Such plan can also be made more comprehensive in ways suggested in the previous paragraph.

3 Conclusions

3.1 Overall

The project implements highly relevant interventions in a very challenging environment. It has achieved important results in WASH, nutrition and governance, while results in livelihoods and energy are moderate (e.g. income) to inadequate (MHPs) or only known in terms of beneficiaries but not in terms of benefit. Effectiveness has been affected by the complexity of the project, government restructuring, internal management issues (CTA changes) delays due to EU co-financing and its focus on input (water resources) rather than on possible outcome (health, income).

The MTE assesses that the intended results or equivalents thereof can still be achieved if the HR budget problems are solved in an effective way. The coming period is required to ensure sustainability of results through extra efforts and additional time. The governance situation is still fluid and the approach must remain flexible, seeking synergies.

3.2 Planning, Budget and Staff Affairs

A combination of high targets, low staff budget, planned phasing out of staff by year 3, and from 2017 a completely changed government setup and added EU funding got the project in problems.

Delays and progress shortfall

The project is behind on a number of targets and will not be able to satisfactorily achieve all targets within the left-over project period. The main reasons for lack of progress were mostly outside control of the project team. The project started with very high targets, probably relying on the available district capacity and years of experience in getting things done, when two things happened, namely a completely new implementation situation resulting from the federalisation process, and revision of the project and adding extra targets resulting from the added EU funding. The project has adjusted work modalities (hiring more SOs), approaches and processes. The MTE assesses that there is a high likelihood that quality of results would be affected.. This is because more activities need to be implemented in a larger geographical area while working with an increased number of local partners (27 core-RMs and 38 non-core RMs). For example, this is putting stress on the Technical Support Units who will not be able to visit sites needing extra attention as often as need be.

HR Budget shortage

The project design envisaged a phasing out of TA staff after 3 years, assuming that the districts would be able to continue alone. When the set up with ten districts was abolished and the project had to start work with 27 completely new core-RMs and when the project has further selected water supply schemes to support in 38 non-core RMs (implementation to start from FY 05 from July 2019 onwards), support and capacity building needs dramatically increased. This implies that the national TA staff budget will not be sufficient even for the present duration of the project (closing in August 2022). The project is planning to cluster TSUs to address staff shortages, although that increases travel distances, but also has requested to retain National TA staff till the project end.

WASH in Non-core RMs

When the government structure changed the project estimated that its targets could be met by targeting 27 core-RMs, but subsequent WUMPs and planning exercises showed that the high target could not be met within those 27 RMs. The project has therefore started to expand into 38 non-core RMs through the so-called proposal-based WASH programme, which would be implemented through SOs. The quality of the WASH outputs (adherence to criteria, processes, engineering standards, GESI) is the result of the project's well established SBS and hands-on approach. The MTE is concerned about the implications: Reducing staff and increasing the number of covered RMs (proposal based RMs) brings about a risk of quality reduction in water supply schemes. It also means that PSU and TSU staff will have less time available for non-WASH interventions in core-RMs.

Effect on Project Results

The events affecting the project have been mostly beyond the project's control. If the issues are not addressed, intended results will not be fully achieved, quality standards in terms of processes, engineering, GESI and integration with other components may not be met. The MTE is also concerned that one of the strengths of the project, namely transparency may be diluted, and subsequently result sustainability not ensured.

To address the new challenges and avoid unacceptable lowering of quality and transparency standards, the MTE argues that the project needs to have adequate staff till the project end. If the project is also to complete its targets and ensure adequate sustainability (e.g. by completing PoCo processes in all investment schemes) for all its results, at least one extra project year is required. Part of the cost can be covered by using contingencies and other parts will probably involve shifting some unused programme funds.

3.3 Overall Coherence

The project has always centred around WASH plus other water resource development, using WUMP as a start and assuming that the other interventions would lead to a variety of livelihoods improvements. In practice, the WASH interventions (water access, sanitation) and surplus water use for vegetables have benefited many villagers. The livelihoods impact from the other infrastructure interventions, even if much desired by beneficiaries, has been limited. This has affected the overall effectiveness and efficiency of the project. Livelihood interventions were not based on an analysis of the best income opportunities in the concerned area. They were implemented in isolation and in single locations, while often concerted efforts on multiple fronts in multiple locations are required to trigger economic development. The start of value chain development approaches in the project addresses these concerns. This, however, might render some of the non-WASH interventions less relevant, as the biggest livelihoods opportunities in the area or for a group might not need water.

More coherence among the components will be needed to increase overall efficiency and effectiveness. WASH naturally remains the core of the project, because it addresses felt needs and is the core priority and expertise of the project and the donor. It is also an excellent entry and basis for livelihoods and further activities, because it mobilises all villagers, rich and poor, which other value chain development projects often struggle to do. The increase coherence, the other infrastructure should be integrated with WASH and livelihoods, using them to solve identified value chain/livelihoods bottlenecks, which will increase their effect and relevance for poor people.

3.4 WASH

Functionality of WASH schemes is higher than the national average, but deterioration is inevitable, due to internal (skills, conflict, money) or external reasons (available repair services and spare parts, bulldozer roads, earthquakes). Post-construction support is still minimal and data to learn from are lacking as monitoring is limited to newly completed Phase III schemes. The project deprives itself from the main information source for learning and improvement, i.e. monitoring Phase I/II schemes as well as schemes built by others. It also does not adequately follow national WASH sector recommendations to improve post-construction support by municipalities and (networks of) paid-for repair services.

3.5 Livelihoods

Livelihoods Concept. The project has developed a draft Livelihoods Concept, which creates much needed clarity about the direction and place of livelihoods in RVWRMP. The concept did not yet clarify the possible Phase III results, RM-coverage per value chain, infrastructure needs, staff and expertise needs, and whether and how poor people will be empowered to participate/benefit. The level of awareness and knowledge about livelihoods, especially value chain development, and its potential, among project staff and stakeholders is low, because most are from the engineering or social sciences fields, and because most have only seen projects and NGOs that conducted livelihoods interventions in ineffective ways (e.g. no value chain assessment, free or loan-based input distribution, no business development, no development of linkages or of markets and services, no expert staff).

The new livelihoods concept is a good first step, but any subsequent plan has to be clearer on Phase III results (type, quantity, coverage), its relevance to the poor, staff and skills requirements.

3.6 DRR, CCA & Energy

Resilience and CCA Concept Clarity. The shift towards a separate result area for resilience and Climate Change Adaptation has not created concept clarity. To begin with, there was no analysis of trends and risks related to livelihoods, beneficiaries or project results as underpinning of interventions. Further, it is confusing that the outcome is formulated as energy, the output text emphasises resilience, the output indicators are again more about energy and green-house gas reduction, while two important results (time saving and sanitation) are not mentioned. Overall, the subcomponents do not seem to be well integrated with the rest of the project, e.g. DRR/CCA are not being applied to livelihoods (crop choice, chemical use, energy) and governance (watershed protection, WASH damage by municipality-hired bulldozers).

The MTE concludes that the component would need a shake-up, starting with a short CCA/DRR analysis using existing data, formulation of risks and hazards to be addressed, reformulation of priorities, and reformulation of plans for the left-over years of Phase III.

Within the context of the whole project, the component's actions might become more effective if both CCA/DRR and energy could be mainstreamed in WASH, livelihoods and governance, thereby also recognising their non-DRR/CCA impacts (e.g. sanitation, time, livelihoods).

Micro-hydropower. Many RMs are very interested in MHPs. But the planned MHPs are four times as expensive than water supply and irrigation with only limited livelihoods results for beneficiaries. Based on sector experiences, risks are considered extremely high. The MTE is concerned that not all schemes will be completed within Phase III and that PoCo stage which would be very important for sustainability cannot be completed. There is also a risk that the scheme costs will exceed the present estimates due to unforeseen problems (monsoon landslides), that the number of schemes will break down too early and that the communities have to outsource management to companies/ cooperatives. The plan to move ahead with the

MPH investments is also risky because the project may not be able muster the required expertise among all involved staff to ensure a quality and sustainability that is comparable to e.g. its WASH results.

The MHP costs and risks are relatively high, and the benefits relatively low. The MTE considers the efficiency, effectiveness, impact and sustainability all too problematic.. For most areas accessing the main grid will be a better alternative, while MHPs in remote areas should be probably left to specialist micro-hydro development programmes. The project might still decide to contribute to overall MHP development in its working area by a detailed study of MHP functionality and a well-designed and monitored pilot project for the cooperative approach in a few MHPs.

3.7 Governance

Although supporting and working closely with the new government structure is at times inefficient because of the uncertainties, ongoing changes and staff transfers/deficiencies, it is still the best option to capitalise on the need for support, their energy and new ideas. The results are tangible in terms of ownership, joint plans, policies, staffing and higher than planned matching funds for RVWRMP interventions. Improvements are still possible in the synchronisation with other programmes, the coordination of different programmes by the RMs can still be improved, the system (database, monitoring mechanism) for support to total sanitation, water resource schemes planning and maintenance, and value chain-oriented baseline and LIPs. The project has, however, just started with such support and will need time achieve sustainable results.

At present the project's position in the government system is affected by the uncertainties related to the government restructuring. The NPD is a DOLI official posted in Kathmandu, while NPC in Dadeldhura is an official of a provincial ministry with an as yet vague relation with DOLI and the RMs . This affects operations of the project. A review of the options is needed, in which a stronger role and representation in the SVB for provincial ministries seems a logical step in view of the aims of the federalisation process and the project's government capacity building.

3.8 HRBA/GESI

Since previous phases, the project has worked systematically on HRBA/GESI issues. The MTE found ample evidence that women and socially excluded groups benefit in terms of empowerment, status and employment (cooperatives). Women play a major role as target group and implementers related to sanitation, menstrual hygiene taboo discrimination, water supply and nutrition, ICS, and IWM. Benefits of Dalits are higher than in other programmes (e.g. vegetable sales, water access, cooperative loans), but still less than for others because of their status in the community. Social inclusion issues in the non-WASH/nutrition sectors, notably irrigation and agriculture, need more assessment and improved guidelines. The lack of benefit distribution monitoring, the present drive in the project to catch up with the physical targets and the absence of a designated full-time GESI expert risks a lack of attention for the time-consuming tasks of ensuring that women and excluded groups not only participate, but also benefit equally.

3.9 Results Framework and Monitoring

The result framework has several issues, e.g.:

1. Indicators (impact, income) that the project cannot monitor thereby being deprived it of learning
2. Indicators that do not capture anymore what the project is doing (ODF instead of Total Sanitation). This will soon also apply to livelihoods.
3. WUMPs as an outcome indicator while WUMPs are actually an input, managed by the project

4. The CCA/DRR/resilience result area is monitored at outcome level through an energy indicator
5. Absence of indicators for nutrition, irrigation, crop technology adoption and workload reduction (particularly for women)
6. Absence of benefit indicators that are disaggregated for women and socially excluded groups
7. Inconsistency in the use of units: beneficiaries or households, percentages or numbers

4 Recommendations

4.1 Planning, Budget and Staffing

Recommendation 1: The MFA together with the EU and Government of Nepal should urgently solve issues related to the project targets and corresponding human resource (staffing) budget issues. To achieve the ambitious targets of the project document, a one year no cost extension is recommended together with a revision of the project budget. The project would benefit from access to some short-term consultant inputs to effectively address the issues of the exit years.

One year no cost extension with Staff Retention: If the project is to achieve the Prodoc targets at reasonable quality and sustainability levels, the project should be able to retain the National TA staff that was planned for phase out as well as extend the project period by one year at no extra cost.

If the project is extended, a detailed implementation plan and budget need to be prepared to ensure the optimum combination of result quantity, quality and sustainability in line with the Prodoc.

Any other accepted MTE recommendations may result in adjustments of the budget, what can be achieved (targets) and staff planning.

4.2 Overall Coherence

Recommendation 2: Consider adopting an enhanced coherence model that centres around WASH as entry and livelihoods as follow-on, with the use of other infrastructure and interventions limited to solving bottlenecks that prevent intended beneficiaries, especially women, poor and excluded groups, to effectively participate in WASH and livelihoods.

Entry through WASH and continuing with livelihoods would result in a process looking like this:

A. Select few pro-poor value chains⁷ based on (available) regional value chain assessments.

The present livelihoods concept is based on reviews of existing value chains and sufficient data is available for selection and short assessments.

B. Conduct a RM baseline, incl. WUMP+LIP as basis for WASH, value chain bottleneck assessment and identification of value chain solutions (e.g. reducing women's workloads through IWM/ICS, cash crop irrigation, collection centres), including value chain support infrastructure

The present LIP can be easily converted to a Value chain LIP starting with i) RM decision to participate in the programme for one or two VCs, ii) A stakeholder meeting that makes inventories of bottlenecks that prevent local people from effectively participating in those value chains and identified solutions, iii) if experts cannot attend, the format should be adjusted to keep the non-experts focused, to give (regional) value chain actors prominent roles in the consultations (e.g. traders, agrovets) and avoid domination by choosing actors who understand value chain, and the concerns of local people, women and poor people.

C. Year 1: i) WASH and nutrition, ii) preparatory Value Chain Development (VCD) steps.

D. Years 2-4: i) WASH completion, ii) full VCD and iii) value chain support infrastructure

⁷ Pro-poor means "suitable for poor and socially excluded groups": needing little or no land, water, capital or social acceptance, but needing relatively more labour. E.g. buffalo milk is not pro-poor because buffaloes are a too big investment for poor people and Dalits are still often not allowed to sell milk by many milk cooperatives across Nepal.

At present, steps from a. to d. are only partly implemented.

The MTE realises that such a restructuring can only be applied partially as many activities and staff inputs have already been planned and committed, but thinks the project can start with it in the areas selected for systematic value chain development.

4.3 WASH

Recommendation 3: Increase Post Construction efforts for WASH schemes

- A. To help RMs conducting a status update for all schemes in the RM, including Phase I/II schemes
- B. To establish and support an RM WASH database and monitoring system (e.g. app-based, NWASH-linked, national and SDG indicators) including capacity building and linkage to national and provincial systems and support to actual monitoring
- C. To conduct an inventory of repair services supply and demand (technicians, plumbers, coops)
- D. To build capacities of repair services through technical and business skills training, coaching and linkage
- E. To conduct PoCo review and linkage workshops for Phase I/II schemes in core RMs, if possible, including third-party schemes. These workshops should focus on linkage between repair services (including cooperatives), RMs and UCs.

Recommendation 4: The MFA together with competent parties and project partners should ensure that the project has adequate staff resources for supporting waters supply investments also in non-core RMs. It is also recommends that the project ensures that the addition of non-core RMs will not lead to reduced support and supervision levels in the core RMs. The project should systematically monitor processes and results for learning about exit strategies and Post Construction support, and to disaggregate results for core and non-core RMs while reporting.

- A. Systematic monitoring and documenting of processes and results for water supply schemes in the already started non-core RMs should generate lessons about the relation between scheme quality, sustainability and project support that can be used by RMs, the government, future projects and by the project itself while developing and implementing exit strategies.
- B. Support to non-core RMs should not result in the existing TSU and PSU staff reducing the number of days that they support the work in core-RMs as that would lead to reduced result quantity and quality across all result areas of the project.

Recommendation 5: The project should review and revise its sanitation priorities to provide clear and monitorable outputs and indicators for Total Sanitation

4.4 Livelihoods

Recommendation 6: The MFA, together with concerned authorities should approve the livelihood concept, if such has not been done yet, and the project to convert the concept into a streamlined Livelihoods Plan.

The new Livelihoods Concept still has to be developed into a detailed plan with clearly outlined results and indicators. Because value chain development should be done through a process approach, those clearly

outlined results will be provided in output/outcome ranges. What it will achieve depends on a number of assumptions, factors and choices. The MTE advises to consider:

- A. **2 Years:** focus on a 3-year programme (2019-2022), even though there might be a 4th year. The possible 4th year can be used for monitoring and learning and addressing post-intervention problems.
- B. **3 Value chains:** trying too many value chains in such short period is too risky. It is advisable to focus on one value chain for each zone: e.g. vegetable for most accessible RMs, ginger or 53hiura (butternut) for mid-hill medium access areas and few NTFP for remote and mountain areas. Interventions in support of other analysed value chains can still be done, but only if clear local opportunities arise that do not divert resources and staff from the key value chains.
- C. **4 Districts:** trying to develop value chains in too many districts might affect results and it is probably wise to go all out in only few districts at first, e.g. four adjoining ones including Dadeldhura.
- D. **Capitalise on what others did.** By assessing what others (e.g. PAHAL, KISAN, RAP3) developed before and building on those results, the project can optimise its results. Coaching and linking an existing, put perhaps struggling PAHAL-initiated collection centre to new producers and traders is more effective than trying to establish a new one, which could risk the failure of both.
- E. **RM Coordination.** RVWRMP's close relation with RMs enables it to ensure effective coordination of the livelihoods sector. An RM might for example develop a policy that regulates subsidies, distribution and attendance support for Suaahara II, MSNP-II and other such projects so as not to undermine value chain development. The project will need an advocate at central level (ideally MoFAGA) to complement that with donor/agency coordination
- F. **Infrastructure to address value chain bottlenecks.** Infrastructure planning should prioritise: a) any value chain bottleneck identified during the LIP value chain assessment (including non-water works like small bridges, dangerous trail sections, collection centres, market sheds), b) water resource development that is otherwise supportive of value chain development, c) other water resource development prioritised by stakeholders.
- G. **Matching Grants/Subsidies to address value chain bottlenecks.** Value chain actors need to take risks when starting and investing in new ventures. The project can reduce those risks through grants and subsidies. A hybrid form of grant and subsidy can reduce the process time and risks.
- H. **Initial steps** would:
 - Establish a summary analysis of value chains, markets, key regional and local traders and services, other actors and SWOT, based on own or third-party assessments;
 - Adjust the LIP and WUMP format to focus on the analysis of value chains and value chain obstacles for average and for poor villagers;
 - Identify during the LIP exercise steps to address the identified obstacles (e.g. business skills, technical services, linkages (local, regional, national), farming skills, infrastructure, regulations);
 - Develop steps for empowerment of average and for poor farmers (linkage, confidence building, skills) for effective participation in value chains;
 - Identify the traders, services and RMs on which work on each Value Chain will focus initially;
 - Provide adequate staff quantity & skills, and budget;
 - Take steps to ensure that also all non-livelihoods staff understand, own and promote value chain development;
 - Establish the range of possible Phase III end results and develop SMART matching targets and indicators;

- Develop a plan for gradual build-up, e.g. by starting in 2-3 districts, ensuring that results can be achieved with the available time, staff and resources and systematic lesson learning will keep informing the direction of the project.

4.5 DRR, CCA & Energy

Recommendation 7: The project should improve its Resilience and CCA-concept(s) and results framework by reviewing and revising data, risks and priorities in a systematic way:

- To quantify/estimate the risks (CCA/DRR) to the project's results to provide a sound basis for planning, using (and extrapolating) nationally agreed figures
- To prioritise the identified risks (CCA/DRR) for each result area on basis of relevance to the project activities and the project area
- To prioritise risk reduction and CCA actions for each result area
- To use the results of the analysis as an input in reformulating the results framework and planned actions (see recommendation number 4.8 below)

Recommendation 8: With respect to proposed micro-hydro schemes, the position of the MTE is not to proceed with implementation. However, if decided that they will be implemented, the MTE recommends to consider to pilot the cooperative model approach but only for a cluster of few MHPs. It is also recommended that the project would still review other alternatives (e.g. main grid access and linking RMs to third-party projects like CREP which help communities to link to the main grid) to provide access to energy to the communities and RMs interested in MHPs.

Recommendation 9: The project should better integrate all renewable energy solutions with the needs of beneficiaries in other components through e.g. improving indoor air quality by ICS (sanitation), reducing women's workload by ICS and IWM (livelihoods), providing power to processing (livelihoods).

4.6 Governance

Recommendation 10: The MTE recommends the project to continue RM capacity building

- To continue to work closely during the transition period and keep adjusting to a changing situation
- To conduct assessments of each RM and to develop RM-specific exit plans that include database management, PoCo support and coordination mechanisms and resources, capacity building, monitoring, and a plan for phasing out project support.
- To adjust WUMP+LIP formats to be more of use for other aid actors and for government monitoring
- To assist RMs to start managing databases of water resource schemes to aid planning and interventions by others
- To assist RMs to build better relations with NGOs and the private sector (value chains, repair services)
- To support and facilitate any role of the Provincial Government as per the upcoming policies, and to review, if necessary, the formal relation and the need for representation in the SVB

4.7 HRBA/GESI

Recommendation 11: The MTE recommends the project to ensure that in the drive to catch up with lagging progress with investments and activities HRBA/GESI standards are maintained to continue ensuring that women and excluded groups will not only participate but also benefit proportionately in each of the project's components. An important tool will be to use the disaggregated information on all benefit/outcome indicators (sanitation, water access, nutrition, surplus water use, irrigation, income, energy, workload, etc.) for Dalit and women (or female-headed households) systematically in project plans, reports and studies.

4.8 Result framework and Monitoring

Recommendation 12: The MTE recommends revision of the result framework and its indicators in line with any accepted changes to the project and the specific MTE result framework recommendations to ensure that the project can monitor itself and improve itself through continuous learning. A theory of change for each component and the programme as a whole should be developed to provide a basis for the improved results framework. The project needs to review for the non-WASH components, which national level indicators (e.g. the ADS has a long list of relevant livelihoods indicators) will be relevant and feasible for the project to include.

Recommendation 13: The MTE recommends continuation of the good practice of providing resources for simple studies that inform the project and the respective sectors about what works and what doesn't in the project area. These studies could include e.g. functionality of schemes of Phase I/II (WS, Irrigation, MUS, ICS, IWM), ways to assist third-party schemes, repair services and supply of spare parts and materials, and functionality of value chain development results from third parties. Also, the project might be tasked with commissioning an extensive impact study assessing the results of all three RVWRMP phases in 2021. The Governments of Nepal and Finland and the EU would benefit from such study for future planning.

Annex 1: Terms of Reference Mid-Term Evaluation

RVWRMP Phase III Mid-term evaluation March 2019

1. Background to the evaluation

1.1. Programme context (policy, country, regional, global, thematic context)

Nepal has been ranked the 39th most fragile state in the world among 178 nations and grouped among the least developed countries (LDCs). Nepal has made significant progress in poverty reduction in recent years, and it took a great step forward in its democratic transition by promulgating a new and progressive Constitution in 2015. However, Nepal's democratic and economic development remains undermined by unequal access to decision-making, basic services and economic opportunities.

Nepal is in course of transforming the country's old unitary system to a federal system. The reform will bring along new risks and challenges but can potentially improve the local governance capacity to provide effective service delivery and decrease the disparity between the geographical areas.

Finland has supported a range of sectors in Nepal through the years, most notably education, environment, sustainable forestry, the Nepalese peace process, human rights and rule of law, and water and sanitation. The Finnish Country Strategy for Nepal (2016-2019) aims to address the most marginalized and vulnerable people in the society by enhancing their livelihoods and improving their access to basic services. Human rights, gender and other cross-cutting objectives are systematically mainstreamed into programming and planning of the Finnish development cooperation. Water is the other of the two main sectors of present Finnish development cooperation in Nepal.

The main Finnish supported programmes in the water sector are:

1. Rural Village Water Resources Management Project (RVWRMP, phase III, 2016-2022) working in ten districts of the Sudur Paschim and Karnali Provinces of Nepal. European Union co-finances RVWRMP III through delegated agreement to Finland.
2. Rural Water Supply and Sanitation Project in Western Nepal (RWSSP-WN, phase II, 2013-2019) works in fourteen districts of No 5 and Gandaki Provinces.

Access to both drinking water and sanitation in Nepal has significantly improved in the last decade. Nepal achieved its MDG target on water accessibility (73%), and the estimated coverage of improved drinking water supply in Nepal is 90-93%. However, water supply coverage is considerably lower when Sustainable Development Goal (SDG) definition of "safely managed" is considered and with this the national coverage is estimated to be 27% only. In addition, the functionality of the schemes must be taken into account; World Bank funded Modality Study (2013) mentioned that out of people covered by water supply some 18% are served with well-functioning schemes, 39% would need minor repair and remaining 43% need major repair, rehabilitation, reconstruction or are non-repairable. This situation has not changed in five years in significant way.

Very encouraging and internationally recognized progress in sanitation coverage has been achieved since National Hygiene and Sanitation Master Plan of 2011 started the national social movement. The present estimate of coverage of sanitation (98%) is already higher than water supply coverage. As per the statistics the sanitation coverage is still higher in urban than in rural areas but in practice it is the district capitals and bigger cities that are the last ones to be declared as open defecation free (ODF). In particularly eight districts in the East-central Terai (Province 2), is recognized as an area where intensified inputs are still been needed. 62 out of 77 districts of Nepal have been declared ODF by December 2018 and GoN aims to reach ODF Nepal in mid-2019. However, many challenges remain in making the universal coverage on sanitation possible and providing safe drinking water.

Nepal's historical legal provisions to promote water supply and sanitation include the Rural Water Supply and Sanitation National Policy 2004, Rural Water Supply and Sanitation National Strategy and Action Plan 2004, and the Local Self-Governance Act 1999. GON set a national target to reach drinking water and sanitation for all by 2017. Nepal's Constitution (2015) states water supply and sanitation as human rights.

The GoN has a Three-Year Interim Plan TYIP, 2016-2019 (“14th Plan”) which is the fourth interim plan as the country continues the protracted political transition and federalization process. Similar to 13th Plan, it reconfirms the vision of graduating Nepal from LDC category to a low-income country status by 2022 and attain a middle-income country status by 2030.

First Joint Sector Review (JSR) on WASH was carried out in 2011 and second on 2014. Sector Efficiency Improvement Unit (SEIU) under Ministry of Water Supply (MoWS) used to be active but has been less visible over the last two years. Latest Sector Status Report (SSR) is from year 2016 and its preparation was supported by a consultant recruited by the Embassy of Finland. Sector Development Plan (2016-2030) has been under final finalisation for a delayed period of time.

1.2. Description of the programme to be evaluated

The Rural Village Water Resources Management Project (RVWRMP) is supported by the Government of Nepal (GoN), the European Union (EU) and the Government of Finland (GoF). It is a continuation of financial and technical support that GoF has provided to water sector in Nepal since 1989. Phase I (2006-2010) and Phase II (2010-2016), are now followed by Phase III (2016-2022). The European Union started financing the Project in November 2017, through an arrangement of delegated management to Ministry for Foreign Affairs of Finland. The Project is operating in Sudur Paschim and Karnali Provinces.

RVWRMP is a water resources management project, which, in addition to water supply and sanitation, supports water-based livelihood activities. The implementing partners of the Project are the newly elected local level governments, Municipalities (M) and Rural Municipalities (RM), as well as the residents of these areas through users’ committees, cooperatives and other groups formed by the beneficiaries.

The Overall Objective, to which RVWRMP III contributes, is improved health and reduced multidimensional poverty within the project working area. The Purpose of the Project is to achieve universal access to basic WASH services, and improved livelihoods with establishment of functional planning and implementation frameworks for all water users and livelihoods promotion in the project area. The interventions are grouped under four result areas: 1. Drinking water, sanitation and hygiene, 2. Livelihoods development, 3. Renewable energy and climate change and 4. Governance.

The core interventions of RVWRMP III will provide the population of Sudur Paschim and Karnali Provinces access to water supply, energy, improve the food security and improve the management of their water resources. In terms of the main targets, the Project will support Government’s SDG target of open defecation free (ODF) status of Nepal latest by 2030. The whole working area of RVWRMP is already declared as ODF. It is further estimated that 351,000 people will have basic water supply services with improved system, 50,000 people will benefit from irrigation systems and 30,000 people will be connected to household electricity from micro-hydropower. Over 170,000 people will benefit from changing their cooking stoves to an improved smokeless and energy saving model. 275,000 people will benefit from home gardens, hence providing their families with better nutrition. Some 12,000 families will participate in trainings on income generation, improving their opportunities in commercial agriculture, agribusiness and small business ventures.

1.3. Results of previous evaluations

Supported by the GoN and the GoF, Phase I of the RVWRMP started in October 2006 and continued until the end of August 2010. Phase II continued from September 2010 and was completed on February 2016. RVWRMP I and II covered nine hill and mountain districts of Far- and Mid-Western Nepal. Additionally, arsenic mitigation and sanitation activities have been carried out in one district in Terai. In total the ten districts covered by Phases I and II include: Achham, Baitadi, Bajhang, Bajura, Dadeldhura, Dailekh, Darchula, Doti, Humla and Kailali. Dailekh and Humla are located in the Mid-Western Region (now in Karnali Province). By the end of Phase II, a total of 114 Village Development Committees (VDC) were covered in these ten districts of which investments were fully completed in 46 hill and 6 Terai VDCs. Water Use Master Plans (WUMP) were prepared in 62 hilly VDCs.

A mid-term review concerning RVWRMP II was made in 2013. It stated that the project had achieved initial progress on indicators of the overall objective of the Project. RVWRMP II had developed strategies, approach, modalities, capacity and momentum of decentralized, human rights based, inclusive implementation – with rural communities and a number of partners. Coordination and joint planning at district level functioned well in general and most partners appreciated working in/through the District Management Committee (DMC), and many have expressed interest in wider cooperation with the Project. Project Support Unit (PSU) and Project Coordination Office (PCO) provided coordination

and support to districts, having a joint decision-making team (PMT) for day-to-day management. PSU/PCO was well organized and managed systematically, e.g. having bi-monthly planning and reporting of activities from every expert, systematic monitoring was carried out and database (RVWRMP MIS) provides updated information about the program and the progress. There was no need to make any major changes in the Project approach or working modality in the remaining two years of the program.

2. Rationale, purpose and objectives of the evaluation

This MTE will look at the implementation of RVWRMP III in order to give advice and suggestions on what changes might be needed to achieve the goals of the project. The overall objective of the MTE is to provide an independent analysis for the decision making with regard to continued validity of the impact, outcome and outputs as set out in the project document (ProDoc). In the MTE report, the Team shall justify and propose possible changes and revisions in the approach, objectives, organization, management systems, activities and/or expected results of the project taking into consideration the objectives of Finland, Nepal and EU. Each recommendation should be clearly directed to a specific actor responsible for its implementation.

The mid-term evaluation on RVWRMP Phase III should assess the impacts of the changes in the operating environment of the Project, particularly in terms of the administrative structure and the Project's integration into the new structure. The MTE team should especially assess the operational set up of the project including TA, human resources and related financial aspects to propose strategies for ensuring achievement of the project objectives and their sustainability. In addition, the MTE team should analyse the chosen implementation approaches for each result area and measurement of the related outcomes. The MTE will also assess the need to redirect the Project and adopt new modalities and/or approaches, based on the Project's prepared Concept Paper for the remaining period of Phase III, lessons learned from other projects (e.g. RWSSP-WN), programmes and initiatives, etc. The issues raised in the Concept paper include impacts from a changed legal and government structure on project approaches, exit strategies, planning processes, quantitative physical progress, budget and time requirements, as well as expertise and institution building needs. Also, the logframe needs review, especially the indicators. A Concept Paper has been prepared before the MTE by the project team indicating their concerns and recommendations. It is a stand-alone document so that there is no need to refer to several other documents, and still be brief.

3. Scope of the evaluation

The evaluation will cover the RVWRMP, Phase III since the beginning of its implementation period, March 2016. Consideration and assessment of the current local governmental and political scene and geographical focus should be included in the analysis. Furthermore, the analysis should assess how the project has adapted to the changes in the operating environment particularly in terms of the administrative structure, and whether the chosen approaches considering e.g. the funding mechanism and steering committee have been on a sustainable basis and whether they support the federalization, low-level decision-making and Project's integration into the new federal structure. The key issues and subjects can be clustered:

- Governance, especially the impacts and opportunities resulting from adaptation to the federal structure
- Effectiveness, sustainability and exit strategies for Water supply, Irrigation and Microhydro facilities
- Livelihoods interventions, their place in the project and the chosen approaches
- Effectiveness and added value of chosen approach to support holistic way of planning water resources and their use

4. Issues to be addressed and evaluation questions

The MTE team will apply the OECD/DAC evaluation criteria, relevance, effectiveness, efficiency, sustainability and impact. As appropriate, they will also consider the three EU criteria of cooperation, complementarity and coherence. The MTE team should use their specific expertise in addressing the following issues. Yet, the MTE team should not feel restricted to the following issues, should it happen that in the course of the process the necessity of addressing some additional tasks or issues becomes, according to the expert judgment of the MTE team, necessary and adding value to the MTE as a whole.

Relevance refers to the extent to which the programme's objectives, approaches and promoted technologies are consistent with different beneficiary groups' requirements and absorption capacities, country priorities, global priorities and partners' and Finland's policies. This includes an evaluation of how the promotion of human rights and gender

equality, reduction of inequalities and promotion of climate sustainability as defined by international and regional conventions, national policies and strategies have been integrated into programme design and implementation.

- How is the cross-cutting objectives of Gender and reduction of inequality as well as climate change addressed in project implementation?
- What indicators do we have to show that HRBA has been applied?
- Who are the primary beneficiaries of the project? Are there any groups who have not benefitted? If yes, why not?
- In which way or through which mechanisms the needs of the beneficiaries at all levels are taken into consideration?
- In which way or through which mechanisms the absorption capacities of the various beneficiary and institutional stakeholders are taken into consideration?
- Are the project's efforts towards result sustainability mutually supportive and compatible with the efforts and systems by the government and other sector actors
- How has the state restructuring of Nepalese administration affected the project implementation and project implementation strategy?
- How does the present area coverage in terms of WASH coverage, livelihoods and maintenance relate the whole area's needs

Impact describes how the programme has succeeded in contributing to its wider impact level for its final beneficiaries, including promotion of human rights and gender equality, reduction of inequalities and promotion of climate sustainability. The evaluation of impact covers intended and unintended, short- and long-term, positive and negative impacts. The evaluation will be made using the related indicators.

- Assess the extent to which RVWRMP III implementation policy has influenced the national agenda.
- Assess the performance of RVWRMP III against its objectives as set out in the ProDoc and make recommendations to assist its implementation over the remaining term.
- Have best practices been identified? What is the plan to scale them up? How and with what resources would the scaling up take place?
- Assess the appropriateness of the present result and impact indicators and the way they are being used, and recommend improvements considering the thrive to harmonize Nepal's WASH and agriculture sectors across the programs and projects with the national level indicators.
- Are the rural development activities leading to the expected outcomes in each result area? Are the approach and assumptions accurate?
- Assess the sustainability of the institutional strengthening.

Effectiveness describes if the results have furthered the achievement of the programme purpose (i.e. the immediate objective) or are expected to do so in the future. Evaluation of promotion of human rights and gender equality, reduction of inequalities and promotion of climate sustainability is integrated in the analysis. The evaluation will be made using the related indicators.

- Assess the overall performance of RVWRMP III within the context of local and national development challenges.
- What major changes have been made in the original strategies, results and outputs? Why were those changes made? What have been the structural and financial implications of the changes? Is the Project following the status of safely managed water in an appropriate manner?
- How prepared was the project for risks and unforeseen events and how effective in dealing with them
- Has the project been able to influence to relevant policies and strategies at different levels (national, provincial and local) and how that could be improved in the new governance context?

Efficiency is defined by how well the various activities have transformed the available resources into the intended results in terms of quantity, quality and timeliness. Use of resources to promote human rights and gender equality, reduction of inequalities and promotion of climate sustainability is integrated in the analysis. Comparison should be made against what was planned. Furthermore, the management and administrative arrangements are analysed.

- Major factors influencing the achievement or non-achievement of the objectives?
- Is the resourcing, both human and financial, used in cost-efficient manner? Have the changes in TA-personnel affected to the efficiency and if yes, how?

- Are sufficient resources allocated for systematic skill/knowledge transfer in terms of the set objectives for skills/knowledge transfer in the Project?
- Is resource allocation well balanced between technical capacity and institutional capacity?
- What is the monitoring, reporting and accountability practices? Do they facilitate learning and accountability?
- How efficient has the project management structure been in supporting the achievement of the project results? How have the project management and human resources structure adjusted to federalization?
- Could the same results be achieved through other means? If yes, what would be the pros and cons?
- In how far did the interventions and approaches suit the absorption capacity of beneficiaries and institutional stakeholders?
- What is the absorption capacity of the project? Is it able to use all funds allocated to it?

Aid effectiveness (Effectiveness of aid management and delivery) refers to how the programme has implemented the commitments to promote ownership, alignment, harmonisation, management for development results and mutual accountability.

- Does RVWRMP III systematically coordinate and/or harmonize its work with other relevant actors in Nepal?
- What is the level and specific mechanisms of donor coordination and communication in the project working area? Are these mechanisms contributing to complementarity of activities?
- How has the project promoted ownership, alignment, management for development results and mutual accountability? Who are involved in critical decisions making?
- How to improve the annual planning and budgeting of project activities in the new governance context?
- How do the RVWRMP III stakeholders perceive the TA support, and what do they think is the appropriate role of donors in future technical assistance?

Sustainability refers to the likely continuation of programme achievements when external support comes to an end. This includes an analysis on the likely continuation of achievements in human rights and gender equality, reduction of inequalities and climate sustainability. Evaluation of phasing out plans is part of this sustainability analysis.

- How has operational capacity of the implementing agencies been strengthened? Are the indicators used appropriate for measuring the result?
- Are investments conducted in a (institutional, environmental, technical) sustainable manner?
- How is operation and maintenance been planned to be taken care of (training, repair, financing) after the external funding ceases? Is there a mutually agreed exit strategic plan? What are the roles of community and government institutions and the private sector and how have they been capacitated for those roles?
- What are the major factors influencing the sustainability in this particular project? What are the threats and what are the enhancing factors?
- By which concrete measures does the Government demonstrate ownership of the project? Does the Government have plans to continue the activities of the Project independently and if yes, what kind?
- Will the RM, district/LGs, WUSC and cooperatives be able to continue with RVWRMP-initiated interventions even after the project is phased out?
- What are the key recommendations for the project phase out for ensuring sustainability and gradual handing over?

Coherence, complementarity and coordination:

- How does RVWRMP III coordinate with other interventions and with development partners, including other interventions supported by Finland? Are complementarity issues identified?
- How has the Project utilized the opportunities to cooperate with other programmes operating at the area?

5. Methodology

The consultant will apply a mix of qualitative and quantitative methodologies to gather information and evidence that is representative, verifiable and justified in order to carry out the assignment successfully. The methodology will be further detailed during the inception phase.

The assignment will begin with kick-off briefing meetings at the Ministry for Foreign Affairs (MFA) in Helsinki (via skype) and at the Embassy of Finland in Kathmandu. During these meetings, additional support materials, combined with sector

and program-specific briefings will be given. The consultants will further assess during the inception phase whether and how the project can be adequately evaluated by reviewing targets, indicators, availability of data on results against those targets and indicators and the ability of the MTE team to verify those results during fieldwork. The consultants are expected to make revisions or adjustments in their approach and methodology on the basis of these discussions.

The evaluation is expected to summarize the evidence-based findings of the overall performance of the project under each OECD evaluation criteria using a four-level grading system: (4/green =very good), (3/yellow = good), (2/orange = problems) and (1/red = serious deficiencies). The overall performance grading must reflect the findings of all evaluation questions under each evaluation criteria.

The Annual Progress Report FY2074-75 (2017-18) and the project's Management Information System (MIS) will provide the results data, and the MTE will verify those data through targeted and random assessments. The results will be reviewed against the aims, indicators and plans outlined in the Phase III Project Document, notably its logical framework, and the Phase III Inception Report. Reviews of WASH and other facilities' sustainability will be also assessed in Phase I and Phase II areas where the project has existed before Phase III. Because of the limited time for the field mission, the evaluation team be able to collect primary data only in a scattered manner.

6. The evaluation process and time schedule

The evaluation process includes the following steps:

I) Desk Review: Prior to the fieldwork documentation review is to be undertaken by the MTE Team. In addition to the Project Document, MFA and the Embassy of Finland in Kathmandu will assist the team by providing materials relevant to the project. The desk review will include an assessment through communication with the project team of data availability for each indicator and any other aspect to be evaluated.

II) Inception report: The desk review results are included in the inception report as a concise analysis of the policies, guidelines, and other documents studied. The desk study report shall contain a description of work methodologies, a detailed/updated work plan for the rest of the assignment, division of labor within the evaluation team, list of major meetings and interviews (this can be done in consultation with the Embassy of Finland in Kathmandu) as well as detailed evaluation questions linked to the evaluation criteria. In addition to the narrative part the inception report should include an evaluation matrix in which the tasks and issues of the MTE are presented in a table format. The work plan may be presented in the form of an activity schedule/Gantt chart.

III) Joint interviews and field visits: The work in the Sudur Paschim and Karnali Provinces will be based on discussions in Kathmandu and substantive in-depth interviews in project area in districts, municipalities and communities. The interviews should be extended to major donors in the water sector as well as donors working in the project area. In-depth discussions, observation and use of participatory methods should be utilized in the work in the project areas. The field work should include visits to selected municipalities as seen appropriate, including exited Phase I/Phase II areas. The meeting arrangement and logistics shall be done in close cooperation between the MTE Team and the implementing agencies. The mission will be carried out in close cooperation with the Embassy of Finland in Kathmandu and the competent Nepalese authorities at the national, district and local levels.

IV) Drafting the first version of the report: On the basis of the desk and field research, the Team shall put its findings in a draft report. Depending on the time available in the field, this may be a synthesised list of findings, presented in tables or bullets. This is to be presented and to guide the discussions at a debriefing meeting on the key findings and recommendations.

V) Debriefings: At the end of the field mission, the Team shall prepare and organise a presentation of the draft report to key stakeholders. A follow-up debriefing will be organized at the MFA in Helsinki.

VI) Drafting the final report: The final MTE report presents findings, conclusions, lessons learned, and numbered recommendations separately and with a clear logical distinction between them. It shall make specific recommendations for the Project. The final report should be a maximum of 25 pages long, excluding annexes.

The draft report will be submitted to the relevant authorities for comments and correction of factual data presented. After receiving the comments, the draft final will be completed and submitted to the Embassy of Finland in Kathmandu

and MFA HQ in Helsinki. The report will include a table of recommended actions indicating responsible institutions and timelines.

VII) Revising the Programme Document: After endorsement by, EU, GoN and GoF of the final MTE report and agreement to what extent changes should be made the MTE Team may be invited to revise the ProDoc.

The evaluation will tentatively start in February 2019 and end in June 2019. The evaluation consists of five phases (presented below) and will produce the respective deliverables. During the process, attention should be paid to strong inter-team coordination and information sharing within the team. Communication between the MFA and the Team Leader and Evaluation Management Service (EMS) Coordinator is crucial. A new phase can only be initiated when the deliverables of the previous phase have been approved. The revised reports have to be accompanied by a table of received comments and responses to them.

The duration of the assignment is estimated to be maximum of five weeks, foreseeing one week for desk review and preparations, at least one week in the field, one week in Kathmandu and one week for finalizing the report. If necessary, some working days may be awarded for the project document revision. The assignment is expected to take place during February 2019 – June 2019. The Team may propose a work plan for the field period.

The evaluation is divided into five phases. A summary of the deliverables defining each phase is listed here, with more details below:

- Phase A: Planning phase (02/2019): Finalization of the ToR and discussion with the MFA (SO1)
- Phase B: Start-up phase (03/2019): Start up meeting in Helsinki and contracting of the experts
- Phase C: Inception phase (03/2019): Submission of draft (29/3/2019), comments by MFA by 3/4/2019 and final Inception Reports by 8/04/2019
- Phase D: Implementation phase (4/2019): Implementation of field visits (starting 15/04/2019) and interviews.
- Phase E: Reporting/Dissemination Phase (05-06/2019): submittal of draft Final Report by 22/05/2019, comments by MFA by 31/05/2019 and revised Final Report by 07/06 2019; Presentation of main findings on [15.6.2019].

It is important to keep the overall time frame. MTE need to be incorporated in the Annual Work Plan for the Fiscal Year starting on 16 of July 2019.

The language of all reports and possible other documents is English. Time needed for the commenting of different reports is 3 weeks. The timetables are tentative, except for the final reports.

A. Planning Phase

The MFA will finalize the ToR of the evaluation in consultation with the evaluation team leader, who will be made available already in planning phase. Service Order 1 describes the required services of the EMS for the planning phase in detail. During the planning phase, the following meetings will be organized, either face-to-face or through video conference:

- A planning meeting with the EMS coordinator on required services, especially the qualifications and skills of the team leader.
- A planning meeting with the team leader on evaluation approach and methodological requirements (with TL and EMS coordinator)
- A meeting for finalizing the ToR and identifying the skills and qualifications of the rest of the team (with TL and EMS Coordinator, liaison with the reference group)

Deliverable: draft ToRs

B. Start-up Phase

Service Order 2 will describe the required EMS services in detail.

The following meetings will be organized during the start-up phase:

1. The administrative meeting will be held with the EMS consultant in Helsinki. The purpose of the meeting is to go through the evaluation process, related practicalities and to build common understanding on the ToR and administrative arrangements. Agreed minutes will be prepared by the consultant.

Participants in the administrative meeting in Helsinki: MFA and the Team Leader and the EMS coordinator of the Consultant in person. Other Team Members can participate in person or via electronic means.

2. The start-up meeting with the reference group will be held right before the administrative meeting and its purpose is to establish a community to enable dialogue and learning together as well as to get to know the evaluation team and the reference group. The purpose is also to provide the evaluation team with a general picture of the subject of the evaluation. The Team Leader/evaluation team will present its understanding of the evaluation, the initial approach of the evaluation and the evaluation questions.

Participants in the start-up meeting: The Department for Americas and Asia (responsible for inviting and chairing the session), reference group, Team Leader and EMS coordinator of the Consultant in person.

Deliverables: Presentation of the approach and methodology by the Team Leader, Agreed minutes of the two meetings by the consultant.

C. Inception phase

The inception phase includes in-depth desk analysis and preparation of detailed evaluation plan (see the current evaluation manual p. 56 and 96; New manual in 2018.). The desk study includes a comprehensive context and document analysis based on existing evaluations, studies and other material as well as project documentation of the field case countries/regions and relevant influencing plans for multilateral organizations.

The inception report consists of the evaluation desk study and evaluation plan which includes the following:

- context analysis
- initial findings and conclusions of the desk study, including hypotheses
- constructed theory of change
- finalization of the methodology and summarized in an evaluation matrix including evaluation questions, indicators, methods for data collection and analysis
- final work plan and division of work between team members
- tentative table of contents of final report
- data gaps
- detailed implementation plan for field visits with clear division of work (participation, interview questions/guides/notes, preliminary list of stakeholders and organizations to be contacted)
- budget.

The inception report will be presented, discussed and the needed changes agreed in the inception meeting. The inception report must be submitted to the MFA two weeks prior to the inception meeting.

Plans for the field work, a preliminary list of people and organizations to be contacted, participatory methods, interviews, workshops, group interviews, questions, quantitative data to be collected etc. must be approved by the MFA at least two weeks before going to the field.

Participants to the inception meeting: MFA, reference group and the Team Leader (responsible for chairing the session), and the EMS Coordinator in person. Other team members may participate in person or via electronic means.

Venue: MFA, Kirkkokatu 12, Helsinki.

Deliverables: Inception report including the evaluation plan, desk study and the minutes of the inception meeting by the Consultant

D. Implementation phase

The implementation phase will take place between March and April 2019. It includes field visit to Far West and Kathmandu (two weeks in total). During the field work, attention should be paid to the human rights-based approach, and to ensuring that women, girls, children and easily marginalised groups will also participate (see UNEG guidelines). Attention has to be paid also to the adequate length of the field visits to enable the sufficient collection of information, including from sources outside the immediate stakeholders (e.g. statistics and comparison material). The team is encouraged to use statistical evidence whenever possible.

Direct quotes from interviewees and stakeholders may be used in the reports, but only anonymously ensuring that the interviewee cannot be identified from the quote.

The evaluation team is responsible for identifying relevant stakeholders to be interviewed and organizing the interviews. The MFA and embassies will not organize these interviews or meetings on behalf of the evaluation team, but will assist in identification of people and organizations to be included in the evaluation.

Deliverables/meetings: Debriefing meeting on initial findings in Helsinki.

E. Reporting and dissemination phase

The reporting and dissemination phase will produce the Final report. Dissemination of the results is organized during this phase.

The report should be kept clear, concise and consistent. The Team Leader shall suggest the content and structure of the final report in line with the writing instructions and standard template provided by MFA and it should contain inter alia

the evaluation findings, conclusions and recommendations. The logic between those should be clear and based on evidence. The reporting template will be agreed during the Inception Phase.

The final draft report will be sent for a round of comments by the parties concerned. The purpose of the comments is only to correct any misunderstandings or factual errors. The time needed for commenting is up to two weeks.

The final draft report must include an abstract and summaries (including the table on main findings, conclusions and recommendations). It must be of high and publishable quality. It must be ensured that the translations use commonly used terms in development cooperation. The consultant is responsible for the editing, proof-reading and quality control of the content and language.

The report will be finalised based on comments received and must be ready by x June 2019. The final report must include abstract and summaries (including the table on main findings, conclusions and recommendations) in Finnish, Swedish and English. The Finnish speaking senior evaluator will be responsible for Finnish translations of good quality. The final report will be delivered in Word-format (Microsoft Word 2010) with all the tables and pictures also separately in their original formats.

As part of reporting process, the Consultant will submit a methodological note explaining how the quality control has been addressed during the evaluation.

In addition, the MFA requires access to the evaluation team's interim evidence documents, e.g. completed matrices, although it is not expected that these should be of publishable quality. The MFA treats these documents as confidential if needed.

Deliverables: Final report (draft final report and final report) and methodological note by the quality assurance expert.

A presentation on the results will be organized. It is expected that at least the Team Leader or the Deputy TL is present. It will be agreed later which other team members will participate.

The MFA will prepare a management response to the recommendations.

7. Reporting

- Inception report to be submitted at the end of the desk work for comments.
- Draft MTE Report in English language for comments
- Final MTE Report should include executive summary in English and Finnish.

Annexes can be used for additional information. The terms of reference will appear as Annex 1 and the people interviewed Annex 2. Other annexes can be used if required. The findings, conclusions, lessons learned and recommendations must be clearly based on evidence collected. In other words there will be a clear evidence trail discernible in the report. The number of recommendations should be restricted to the minimum necessary and their formulation must be clear and unambiguous so as to deliver explicit message to the decision-makers.

All reporting shall be in English. The reports will be written in clear, unambiguous and explicit language. The reference material and sources of information must be clearly stated and carefully checked, and a list of referenced document material added to the report. Abbreviations and acronyms must be clearly explained.

8. Quality assurance

The Team Leader and the EMS Coordinator, with support from the representative of the consortium, play a key role in making sure that the internal Quality Assurance system is adequately applied, especially for each deliverable prepared by the team. The quality assurance encompasses both ensuring that the evaluation process follows evaluation principles as well as the high quality of the final reports. If required, corrective measures will be initiated by the EMS Coordinator at an earliest possible stage to avoid the accumulation of quality deficiencies that may be hard to remedy at a later stage. As a standard measure, the EMS Coordinator will carry out the first QA to all evaluation deliverables. The inception report must specify the quality assurance process, methodology and tools.

9. Expertise required

The evaluation team is expected to contain both international and Nepalese experts (2+2). The team shall demonstrate solid experience and knowledge at least in the following fields:

- **Technical expertise relevant to the project**, including: water supply, sanitation, watershed, water resource management, rural livelihoods and micro-hydropower.

- **Programme/project evaluation and planning:** Project cycle management and Result Framework and their usage in planning, implementation, monitoring, and evaluation (M&E). Thorough understanding of key elements of results-based programme management. Also, experience in managing EU-funded projects.
- **Institutional and human resources development, organizational change management:** The team is required to thoroughly assess the current capacity levels of the implementing agency and make recommendations on capacity building plans and sustainability strategies to ensure maintained use of the systems, including financial sustainability.
- **Experience and knowledge should also be demonstrated in the fields of:** Human rights; Paris Declaration principles on aid effectiveness, cross-cutting objectives in the Finnish development policy and cooperation (gender equality, non-discrimination and climate resilience) in project planning, implementation and monitoring.
- **Working languages:** Fluency in English both in speaking and writing. Nepali and Finnish knowledge are essential in the Team.

Quality assurance of the Consultant

The Team Leader and the EMS Coordinator play a key role in making sure that the internal Quality Assurance system is adequately applied, especially for each deliverable prepared by the team. If required, corrective measures will be initiated by the EMS Coordinator at an earliest possible stage to avoid the accumulation of quality deficiencies that may be hard to remedy at a later stage. As a standard measure, the EMS Coordinator will carry out the first QA to all evaluation deliverables. The Consultant provides also internal QA by senior evaluators, if deemed necessary by the EMS Coordinator.

10. Budget

The total available budget for this evaluation is 120 000 Euros, excluding VAT, which cannot be exceeded.

11. Mandate

The evaluation team is entitled and expected to discuss matters relevant to this evaluation with pertinent persons and organizations. However, it is not authorized to make any commitments on the behalf of the Government of Finland.

ToR Annexes 1: Link to the MFA evaluation manual

<http://formin.finland.fi/public/default.aspx?contentid=288455&contentlan=2&culture=en-US>

https://um.fi/documents/35732/48132/evaluation_manual

Annex 2: Main Evaluation Questions

Main evaluation question
Relevance
Relevance ⇔ beneficiaries. How relevant are the project's aims, approach and technology to the intended beneficiaries
What are the main gender, inclusion and equality issues and how does the project design address these?
Climate Change. What are the main climate change issues and how does the project design address these?
Livelihoods. In what way is the new livelihoods concept more relevant than the old one for beneficiaries, women, minorities, GoN, RMs, other projects
Relevance ⇔ Government and Other actors. What is the added value of the project for each component vis-à-vis what is done by others in the area
Are the project's efforts mutually supportive and compatible with the efforts and systems by the government and other sector actors, e.g. towards result sustainability
Impact
How comprehensive are the ToCs for each component?
How appropriate are the present result and impact indicators and the way they are being used and how can they be improved
What is the performance of RVWRMP III against its objectives as set out in the ProDoc
Are the explicit and implicit Impact and outcome level assumptions correct?
What recommendations to assist its implementation over the remaining term
Effectiveness
Are the project activities leading to the expected outcomes in each result area?
Based on the component performances, what was the overall performance of RVWRMP III?
What are the GESI disaggregated outcomes for each outcome?
What was the effectiveness of the institutional strengthening efforts that are not included in the outcome list (RM, Province, National)
What is the context of local and national development challenges
Has the project been able to influence to relevant policies and strategies at different levels (national, provincial and local) and how that could be improved in the new governance context?
What major changes have been made in the original strategies, results and outputs?
How prepared was the project for risks and unforeseen events and how effective in dealing with them
How will the project adjust the overall framework to the livelihoods concept
Can coherence among components be improved
Efficiency
Major factors influencing the achievement or non-achievement of the objectives?
Resource allocation. Is the resourcing, both human and financial, used in cost-efficient manner?
What is the absorption capacity of the project, the RMs, the beneficiaries?

Main evaluation question
Monitoring & Learning. What is the monitoring, reporting and accountability practices? Do they facilitate learning and accountability?
Aid Effectiveness
How has the project promoted ownership, alignment, management for development results and mutual accountability?
Sustainability
Are investments conducted in a (institutional, environmental, technical) sustainable manner?
Institutional sustainability. How has operational capacity of the implementing agencies been strengthened?
Infrastructure sustainability. How is operation and maintenance planned to be taken care of after the external funding ceases?
How is sustainability of Livelihoods results ensured
How is sustainability of DRR/CCA results ensured

Annex 3: MTE Itinerary and People Consulted

Date	Activity	
Sunday 7/04/2019	Arrival team member from Finland	
Monday 8/04/2019	Team methodology and planning session Meet Maheshwor Ghimire, NPD at DOLI Meet Krishna Rana, DTL, and team, RWSSIP-Component-2, MWSS (unable to meet MoFAGA, other central stakeholders)	
Tuesday 9/04	Meet Stephane David, Attaché, EU Delegation Meet Sanna Takala, Elina Levaniemi (MFA), Jari Laukka and Chudamani Joshi (EoF)	
Wednesday 10/04	Plane travel KTM-DHI, Jeep drive to Dadeldhura (arrival 5pm)	
Thursday 11/04	Day-long sessions with full RVWRMP Project team and individual sub-teams	
Friday 12/04	Team 1&2 (Dadeldhura) (Drive to Bhageshwar RM) RM1: Bhageshwar, Dadeldhura Meet Lekbesi Cooperative, Rupal Bhageshwar-2 Paniut WS + home gardens, Bhageshwar-1 Sobigala WS/part MUS, Bhageshwar Meet Ghattakhola WS Users (under construction, no visit) Meet RM Council and RM staff, Bhageshwar (Drive Bhageshwar to Dadeldhura)	
	Team 1 (Bajhang, Baitadi)	Team 2 (Achham, Bajura)
Saturday 13/04	(Drive Dadeldhura to Bajhang) RM2: Bungal, Bajhang Municipality Council, Bungal Mahendra LSS School sanitation Dinnu WS/HG, Bungal-6 Dinnu IWM Dinnu School sanitation Kafalseri HSS School sanitation Meet Tolichaur WS UC (Dalit) Meet Kaphalseri MHP users	(Drive Dadeldhura to Bajura) RM6: Budhiganga, Bajura Budhiganga Municipality Council TSU Bajura and SO team Budhiganga Jana Kalyan Multi-Purpose Cooperative, Kuldevmandu (Phase II) Observation Phase II MUS/micro-IT Bhanodaya WS Scheme (Phase III)
Sunday 14/04	(Drive Bungal to Bithadchir) RM3: Bithadchir, Bajhang Meet RM Council Bithadchir (Drive 6hr to Pancheshwar RM) RM4: Pancheshwar, Baitadi	RM6: Budhiganga, Bajura DugadiBada WS & Sanitation (Phase III) (Drive Bajura to Ramaroshan, Achham) RM7: Ramaroshan, Achham Meet TSU Achham, SO team Ramaroshan

Date	Activity	
	Meet SO staff Pancheshwar Patanlek ICS users (Dalit)	
Monday 15/04	RM4: Pancheshwar RM, Baitadi Meet RM Pancheshwar Amrot WS (Phase I), WN2 Jai Mahakali Agriculture Cooperative, WN2 Meet 12 Phase I/II WS UC, WN2 Srijan Seva Agriculture Cooperative, WN3 Katol Lek WS/Source Protection RM own demo farm, WN6 (too far, only discussion, binoculars) Simar Solar WS, WN3 Kalina Multipurpose Nursery	RM7: Ramaroshan, Achham Ramaroshan RM Council Simkhet WS UC Simkhet IG activity (Phase II) Panimul Kulibandh WS UC (Phase II) Gatishil Agricultural Cooperative, Bhatakati (Phase I) Kailash 5th Microhydro project (Ph. I) Cheuradhara WS UC (Phase III) Cheuradhara IG (Phase III)
Tuesday 16/04	(Drive to Shivanath RM, Baitadi) RM5: Shivanath, Baitadi Sharmali WS, Shivanath Sharmali MUS, Shivanath Sharmali vegetable growers (PAHAL) Shivanath Collection centre (PAHAL) Meet Shivanath RM Council (Drive to Melauli RM, Baitadi) (RM Melauli meet cancelled) (Drive Baitadi to Dadeldhura)	(Drive Ramaroshan to Bannigadhi) RM8: Bannigadhi, Achham Chhadikhola Chhinekhola WS UC (Ph. III) Chhadikhola users about Darna Khola Microhydro scheme (AEPC) Meet Bannigadhi RM Council (Drive Achham to Silgadhi, Doti) Meet Doti TSU and SO teams (Drive Doti to Dadeldhura)
Wednesday 17/04	Findings and data review meeting with RVWRMP Project team Drive to Dhangadhi (one day ahead of schedule due to Dhangadhi strike on 18th)	
Thursday 18/04	Meet Gagan B. Hamal, Secretary of Provincial Ministry of Social Development Meet Indra Dev Bhatta, Secretary, and officials, Provincial Ministry of Infrastructure Plane travel to Kathmandu	
Friday 19/04	Meet Ram Chandra Shrestha, DG, & Maheshwor Ghimire, NPD, at DOLI Meet Jay Narayan Acharya, new Joint Secretary, MoFAGA Data analysis: drafting answers to questions in the evaluation matrix	
Saturday 20/04	Off	
Sunday 21/04	Data analysis; filling in the evaluation matrix	
Monday 22/04	MTE team sessions	
Tuesday 23/04	Debriefing of central level stakeholders and MFA (videolink) at EoF	

Date	Activity
Wednesday 24/04	Departure MTE team member to Finland
23-30/4/2019	Meetings, calls and email exchanges with Embassy of Finland (Jari Laukka, Chudamani Joshi), RWSSP-WN (Sanna-Leena Rautanen), SNV (Peter Newsum), Winrock (Pashupati Khatri), CREP (Rijan Shrestha), RVWRMP, MSNP-II-UNICEF (Anirudra Sharma), BCRWMER (Indra Raj Badu)

Annex 4: Documents Consulted

All documents that are not directly referred to in the text, but have been reviewed, are listed here. They include data and documents analysed.

ADB, Nepal Energy Sector Assessment, Strategy And Road Map , 2017

AusAID, Diagnostic-Study-of-Local-Governance-in-Federal-Nepal-07112018, by Asia Foundation

GoN, Dignified Menstruation_Policy

IWMI, Climate Change Impacts and Adaptation in Nepal (Working Paper 139), 2010

MFA, Field Visit Report, Joint Monitoring RVWRMP_21-23.08.2018

MFA, Joint Monitoring Report, RVWRMP_NPD

MFA, Evaluation Manual 2017

MoA, Agriculture Development Strategy, 2013

MoALMC, Status Report on Food and Nutrition Security in Nepal, 2018

MOFAGA, Provincial and Local Governance Support Programme (PLGSP), Programme Document, 2018

MUD (present MWSS), WASH Sector Status Report 2014

MUD, Economic and Urban Development Vision for Far Western Terai Region, 2015

MWSS-SEIU, WASH Sector Review 2016

MWSS, Menstrual Health Nepal-Policy-Workshop-proceedings-2017

NPC, MSNP II Plan 2018 2022, 2017

NPC, Nepal Multidimensional Poverty Index 2018

RAP3 (SED), Post-Construction Services of Selected Renewable Energy Technologies , Situation Analysis, by Suman Basnet, 2015

Uprety, G.K. (GWS Nepal), Assessment of Non-Functioning Micro-Hydro Projects, 2013

RAP3 (SED), Pond Irrigation and MUS Functionality Study, by Deepak Adhikari, 2015

Noga, J & Wolbring, G., The Economic and Social Benefits and the Barriers of Providing People with Disabilities Accessible Clean Water and Sanitation, in Sustainability 2012, 4

World Bank, Nepal RWSS Study Modality Analysis Report and WASH Options Review, 2013

World Bank, RWSSIP Monitoring and Evaluation Study, 2017

World Bank-CBS, Small Area Estimation of Poverty Nepal, 2003

World Food Programme et al, Climate Risk and Food Security in Nepal, 2013

MFA and EU Documents

MFA 2018 Evaluation Manual

MFA 2015 Human Rights Based Approach in Finland's Development Cooperation, Guidance Note 2015

MFA 2015 Results Based Management (RBM) in Finland's Development Cooperation – Concepts and Guiding Principles

MFA 2016 Finland's Development Policy: One World, Common Future - Toward sustainable development. Government report to Parliament, 4 February 2016

MFA 2016 Country Strategy for Development Cooperation Nepal, 2016-2019

EC, WAVE EC ProDoc aap-financing-nepal-commission, 2016

RVWRMP Documents

RVWRMP Concept Paper for MTE 18122018

Project Documents Phase I, II, III

Completion Reports Phase I and II

Progress Reports 2073-74 and 2074-75, and semi-annual 2075-2076

All the manuals and research papers from the RVWRMP website have been consulted by at least one of the team members,

The team also had access to the project's management information system for infrastructure interventions

Draft HR Policy RVWRMP III, August 2018

Draft Livelihoods Concept RVWRMP III, Feb 2019

Draft Step-by-Step Manual for Micro Hydro Scheme Implementation, February 2019

Draft Matching Grants Management Handbook, February 2019

RM cooperation analysis (internal), Feb 2018

Annex 5: An Introduction to the Project Area and the Project

The project area is considered the least developed region of Nepal, characterised by remoteness, lack of access, social exclusion issues, high food insecurity due to the unfavourable terrain and lack of access to water, heavy dependence on labour migration, outmigration of youth, relative weak administrative capacity at the local level, and considerable coverage by aid projects (as per various project related documents, government documents). Social discrimination based on gender, caste and ethnicity continues to play a role in keeping people poor and marginalized. Women are increasingly heading households (due to migration of men to India for labour) and taking the burden on sustaining livelihoods. Aid efforts by the government and donor-supported projects often focus on road access, agriculture and governance. E.g. in 2015 foreign aid per capita was twice as high in the Mid- and Far-West than in the other three regions (€27/capita vs €14/capita (Development Cooperation Reports released by the Finance Ministry in 2015).

The project area's opportunities lie in strengthening economic links with India (notably agriculture, tourism), as it has traditionally had strong links through migratory labour and a higher geographic proximity than to e.g. Kathmandu and the rest of Nepal. Government and donor documents (periodic plans, ADS, ADB, World Bank) stress the importance of expanding of coverage by roads, power, and education.

The Rural Village Water Resources Management Project (RVWRMP) is a water resources management project, which, in addition to water supply and sanitation, supports water-based livelihood activities. The project is supported by the Government of Nepal (GoN), the European Union (EU) and the Government of Finland (GoF). It is a continuation of financial and technical support that GoF has provided to water sector in Nepal since 1989. Phase I (2006-2010) and Phase II (2010-2016) are now followed by Phase III (2016-2022). The European Union started financing the Project in November 2017, through an arrangement of delegated management to Ministry for Foreign Affairs of Finland. The Project is operating in Sudur Paschim (Far-West) (Province 7, eight districts) and Karnali (Province 6, two districts).

The project competent authorities are the Ministry for Foreign Affairs Finland (MFA) and the Ministry of Finance of Nepal (MoF). The executing authorities are the Ministry of Federal Affairs and General Administration (MoFAGA) / Department of Local Infrastructure (DOLI), Nepal together with participating Local Governments. The implementing partners of the Project are the newly elected local governments, Rural Municipalities (RM), as well as the residents of these areas through users' committees, cooperatives and other groups formed by the beneficiaries. The new Rural Municipalities are responsible for project implementation. Also involved in the project is the Ministry of Agriculture and Livestock Development and its Departments. FCG International, Finland provides Technical Assistance services to the project. The Supervisory Board (SB) is the highest decision-making mechanism of the project. The Supervisory Board consists of Ministry for Federal Affairs and General Administration (chair, Planning and Coordination Division of MOFAGA (vice chair), Ministry of Finance (member), National Planning Commission (member), Ministry for Foreign Affairs, Finland (member), Delegation of EU (member) and DOLI (member secretary).

There is a Project Management Team (PMT) consisting of the National Project Coordinator (NPC) and senior members of the Technical Assistance team. Rural Municipality Project Management Committees (RM-PMC) are responsible for planning, coordination, administration and management of all the project activities within a Rural Municipality (RM).

The Overall Objective, to which RVWRMP III contributes, is improved health and reduced multidimensional poverty within the project working area. The Purpose of the Project is to achieve universal access to basic WASH services, and improved livelihoods with establishment of functional planning and implementation frameworks for all water users and livelihoods promotion in the project area. The interventions are grouped under four result areas: 1. Drinking water, sanitation and hygiene, 2. Livelihoods development, 3. Renewable energy and climate change and 4. Governance

The Project Document has gone through a number of revisions, reflecting the addition of EU funding and the restructuring of the government following the local elections in 2017. The latest revision of the Project Document was approved by the Supervisory Board in March 2018 (version dated November 2017) and is now the ProDoc formally guiding the implementation of the project. The main throughst of Phase III is now to enhance the local level government's capacity to implement, maintain and further advance the objectives the project.

The revised results framework contains four result areas, namely:

1. **WASH:** Institutionalized community capacity to construct and maintain community managed water supply and adopt appropriate WASH technologies and sanitation and hygiene behaviour,
2. **Livelihoods:** Improved and sustainable nutrition, food security and sustainable income at community level through water resources-based livelihoods development,
3. **Resilience and Adaptation:** Increased resilience to disasters and climate change as well as promotion of climate change mitigation and adaptation, and
4. **Governance:** GoN institutionalized capacity to continue integrated water resources planning and support to communities in implementing and maintaining WASH and livelihood activities.

Annex 6: Micro-hydro Power Scheme Details and Rough Preliminary Costs

S.N.	Name of Scheme		Details						Investment					Cost Sharing				
			KW	hh	KW/hh	kind/hh	cash/hh	Core	Construction	SO Cost	CB Cost	Adm/Mon	Total Cost	WRDF	RM	Users (Kind)	Users (cash)	
						NPR'000	NPR'000		NPR '000	NPR '000	NPR '000	NPR '000	NPR '000	NPR '000	NPR '000	NPR '000	NPR '000	NPR '000
1	Gothikhola MHP, Sarkegad	Humla	95	740	0.13	20,270	8,108	yes	60,000	1,500	1,000	285	62,785	32,785	9,000	15,000	6,000	
2	Karpukhola MHP, Tanjakot	Humla	75	800	0.09	20,313	8,125	no	65,000	1,500	1,000	225	67,725	35,225	9,750	16,250	6,500	
3	Yanchukhola MHP, Kharpunath	Humla	95	350	0.27	46,429	18,571	yes	65,000	1,500	1,000	285	67,785	35,285	9,750	16,250	6,500	
4	Jarikhola MHP, Namkha	Humla	100	400	0.25	43,750	17,500	yes	70,000	1,500	1,000	300	72,800	37,800	10,500	17,500	7,000	
5	Baisekh MHP, Durgathali	Bajhang	30	350	0.09	12,143	4,857	no	17,000	700	500	90	18,290	9,790	2,550	4,250	1,700	
6	Tallo Chuwaban, Durgathali	Bajhang	30	300	0.1	14,167	5,667	no	17,000	700	500	90	18,290	8,940	3,400	4,250	1,700	
7	Dhamigad II, Cheer Bitthad	Bajhang	30	350	0.09	10,714	4,286	no	15,000	700	500	90	16,290	8,040	3,000	3,750	1,500	
8	Bichchya MHP, Himali	Bajura	100	540	0.19	30,093	12,037	no	65,000	1,500	1,000	300	67,800	32,050	13,000	16,250	6,500	
9	Anardi MHP, Gaumul	Bajura	100	380	0.26	35,526	14,211	yes	54,000	1,500	1,000	300	56,800	27,100	10,800	13,500	5,400	
10	Shivlinggad MHP, Sigash	Baitadi	80	800	0.1	20,313	8,125	yes	65,000	1,500	1,000	300	67,800	32,050	13,000	16,250	6,500	
11	Tarugad SHP Chhabis Pathivera	Bajhang	700					yes	-	-	-	-	-	10,000	-	-	-	
	Total								493,000	12,600	8,500	2,265	516,365	269,065	84,750	123,250	49,300	
									493,000,000	12,600,000	8,500,000	2,265,000	516,365,000	269,065,000	84,750,000	123,250,000	49,300,000	
								Euro	4,108,333	105,000	70,833	18,875	4,303,042	2,242,208	706,250	1,027,083	410,833	

RVWRMP response to Mid-Term Evaluation 2019

21 July 2019

Recommendations Mid-term Evaluation	RVWRMP response & actions:	Deliverables/ deadlines/responsible
<p>Recommendation 1: The MFA together with the EU and Government of Nepal should urgently solve issues related to the project targets and corresponding human resource (staffing) budget issues. To achieve the ambitious targets of the project document, a one year no cost extension is recommended together with a revision of the project budget. The project would benefit from access to some short-term consultant inputs to effectively address the issues of the exit years</p>	<p>RVWRMP will draft a proposal for financing the TA gap; and MHP implementation proposal with the DFS of the MHP schemes, and will prepare other support documentation for the MFA, EU and GoN so they can take informed decisions regarding staffing and MHP implementation. RVWRMP will specify the needs for multiple short-term International Staff and lobby for change of contract (more flexibility regarding international consultants) with MFA.</p>	
	<p>1) RVWRMP will elaborated a document with scenarios to cover the cost for additional TA needs. The scenarios are based on budget neutral solutions. The funds will come from internal savings, and reshuffling of project budget lines. Whether or not an extra year will be necessary to achieve the WASH goals will be decided end of FY5 based on progress. The scenario including MHP construction will also be initially planned to be accomplished within the original project time.</p>	<p>Proposal TA Gap funding to be drafted before end of October (Juho, Michiel)</p>
	<p>2) Feedback and a decision of the Embassy of Finland and of Ministry of Foreign Affairs regarding financing the TA gap.</p>	<p>Feedback from EoF & MFA before end 2019</p>
	<p>3) The DFS, summary table, and MHP proposal from RVWRMP send to EoF for decision.</p>	<p>DFS package to EoF July 22nd (Wagle, Michiel)</p>
	<p>4) Awaiting decision regarding implementation of MHP from MFA and EoF. In case MHP is approved RVWRMP will possibly need one extra year of implementation to guarantee the post construction support.</p>	<p>Action: approval by MFA (DL 15 August)</p>
<p>5) Targets to be adapted per result area.</p>	<p>July 25th (Wagle, Parikshit, Edwin, Raju)</p>	

	6) After the decision about the go-no go of MHP, the RVWRMP team will elaborate a final proposal for additional TA funding to be approved in the SVB.	Proposal TA gap funding. October 31 th Michiel, Juho, Wagle.
	7) Request for international TA short term consultants will be based on the needs in the result areas and in coordination with FCG. Will require contractual changes with the MFA-FCG	August 30 th (Request per result area) all PSU. Seek approval by MFA Oct 31 st (Michiel)
<p>Recommendation 2: Consider adopting an enhanced coherence model that centres around WASH as entry and livelihoods as follow-on, with the use of other infrastructure and interventions limited to solving bottlenecks that prevent intended beneficiaries, especially women, poor and excluded groups, to effectively participate in WASH and livelihoods.</p> <p>An enhanced coherence process:</p> <ul style="list-style-type: none"> • RM baseline+ WUMP+LIP: • Year 1: i) WASH and nutrition, ii) 1st VC Development steps • Years 2-4: i) WASH completion, ii) full VC Dev and iii) VC support infrastructure • Value chain assessments • Select few pro-poor VC 	WASH will remain at the core of the RVWRMP strategy claiming the majority of the funds and staff inputs. The WASH governance concept around the RM Water Board will be developed and tested. Home-gardens (basic livelihood) will be up-scaled to all WASH schemes. Business plans for advanced livelihood will be developed in relation to selected MUS and irrigation schemes.	
	1) Scheme based → basic integrated activities. The standard integrated approach of water supply plus sanitation plus home garden will be up-scaled to all proposal based schemes. Measuring of the actual implementation of the home-gardens will be included.	Integrated approach to be implemented FY5 (Wagle, Parikshit Krishna)
	2) MUS and irrigation schemes will be selected for advanced livelihood (agri-business plans) and market linkages. MUS / Irrigation → Income Generation.	16 th of September (Edwin, Krishna)
	3) Integrated initial scheme level planning will be conducted considering all relevant RVWRMP activities – WASH, HG, IG, ICS, IWM, ME, Coop, GESI, MHM, Schools, MHP, etc. All activities for implementation will be agreed with RMs, and aligned to RM planning	FY5, All staff
	4) Concept note on the WASH Governance concept and testing of the Water Board in at least one RM. The concept will be tested in FY5 to be replicated in FY6.	Sept 30 th . (Pallab, Raju, Wagle)
	5) Finalizing improved livelihood concept note with the approach for advanced livelihood including action plan.	July 27 th (Edwin)
	6) Promote/support RMs to develop baselines with more focus on livelihoods. → part of LIP / RM Profile	During FY5 (Krishna)

	7) Livelihood staff and WASH staff during the design phase will jointly explore and identify potential for Income Generation and value chain development.	During FY5 (Krishna)
	8) Update the PoCo package and make it more integrated (including hygiene, and menstrual hygiene CCA/DRR, ICS, School).	Oct 15 th (Raju)
	9) Enhanced focus on coherence in revised SbS guidelines and monitoring system.	Oct. 15 (Wagle, Raju, Pallab)
	10) Improve reporting and communicate about coherence in the project	During FY 5 (Michiel, PSU)
<p>Recommendation 3: Increase Post Construction efforts for WASH schemes:</p> <ul style="list-style-type: none"> • Status update for all schemes • Phase I/II PoCo workshops • RM monitoring system • Survey of repair services • Build repair services capacity • Link repair service, RMs & UC • RM Post Construction monitoring 	<p>PoCo is oriented towards sustainability of WASH interventions and will be the stepping stone for the phasing out and handing over of WASH services to the RMs.</p> <p>RMs will be supported to develop a PoCo/O&M policies. PoCo is linked with the institution of the Water Board and cooperatives.</p>	
	1) Supporting RMs for PoCo policy development. Plus coordination with Provincial level.	During FY5 (Raju)
	2) RV to develop institutional governance structure for sustainability including tasks and responsibilities. Capacity building for these new institutions such as Water Boards. Concept includes the financial management (cooperative, MFI). Also non-RV schemes included.	Proposal development. September 30 th (Wagle, Raju)
	3) Post construction monitoring to be strengthened with one person from planning and monitoring.	During FY5 (Kamal)
	4) Ownership card will be handed over to the UC.	FY5 (Parikshit)
	5) Post construction manual will be up-dated and complemented with other components (see under bullet 2.8)	Oct 31 st (Raju)
<p>Recommendation 4: The MFA together with competent parties and project partners should en-sure that the project has adequate staff resources for supporting waters supply investments also in non-core RMs. It is also recommends that the project ensures that the addition of</p>	<p>Approval of one extra year PSU-TSU staff is essential to guarantee monitoring, quality of the works and sustainability of the schemes. WASH and basic livelihood (home gardens) will be up-scaled in 38 non-core RMs. The Project will create a system Training of Trainers by PSU and replication by experienced local staff at RM and SO level. The TF, WRA and WRE will concentrate on supporting the more challenging projects. This included promotion and training in the use of the SbS and other guidelines so they can be used in non-core RMs.</p>	

non-core RMs will not lead to reduced support and supervision levels in the core RMs. The project should systematically monitor processes and results for learning about exit strategies and Post Construction support, and to disaggregate results for core and non-core RMs while reporting.	1) Develop simple monitoring sheet to involve PSU/TSU more in monitoring.	Monitoring sheet. August 15 th (Pallab, Juho)
	2) Phasing out strategy. The RMs will need to manage the WASH sector without the RV project. The work in 38 non-core RMs with proposal-based schemes will up-scale the spreading of RV methodologies in WASH and livelihood.	Phasing out strategy Oct 31 st (Michiel)
	3) RVWRMP will train people (ToT) and promote SbS and other guidelines so they can be used in non-core RMs.	During FY5 (PSU)
Recommendation 5: The project should review and revise its sanitation priorities to provide clear and monitorable outputs and indicators for Total Sanitation	Progress in Total Sanitation is measured through a number of sub indicators for three levels: household, schools and Ward. These data are collected in a online monitoring system. After achieving the total sanitation targets the Wards will be declared as “Total sanitation Wards”.	
	1) Some of the indicators in the result framework at household, community and school level will be replaced or added, such as the “3 star” indicator for schools and the green (as recommended by the Ministry of Education and Ministry of Water Supply).	July 31 st (Pallab and PSU)
	2) The scoring and narrative on progress on the key sub- indicators will be reported in the annual report and other external communications.	Aug 30 st (Michiel)
Recommendation 6: The MFA, together with concerned authorities should approve the livelihood concept, if such has not been done yet, and the project to convert the concept into a streamlined Livelihoods Plan.	A final draft of the livelihood concept will be developed with a clear link between the basic and advanced livelihood and with more focus on the value chain and local economic development (pro-poor value chain concept will be integrated). An action plan will be included with output and outcome targets.	July 27 th (Edwin)
Recommendation 7: The project should improve its Resilience and CCA-concept(s) and results framework by reviewing and revising data, risks and priorities in a systematic way:	1) A paper will be drafted that contains: Concepts. Overview of the approaches and methodologies. CCA-DRR situation and tendencies in the working area, risk analysis per result area. Proposed measures per result area.	CCA-DRR paper July 9 th (Juho, PSU)
	2) CCA-DRR analysis will be done during scheme/activity design.	During FY5 (PSU)
	3) Eventually, a local consultant will be hired to look at specific projects and disaster risks in relation to the project result areas.	December 2019

	4) Develop a list of actions for CCA at household level. What can be done?	September 31 st . (Parikshit, Krishna)
	5) RV actions/measures will be implemented per result area: WASH, Livelihoods/MHP, irrigation, governance	During FY5
<p>Recommendation 8: With respect to proposed micro-hydro schemes, the position of the MTE is not to proceed with implementation. However, if decided that they will be implemented, the MTE recommends to consider to pilot the cooperative model approach but only for a cluster of few MHPs. It is also recommended that the project would still review other alternatives (e.g. main grid access and linking RMs to third-party projects like CREP which help communities to link to the main grid) to provide access to energy to the communities and RMs interested in MHPs.</p>	Depending the decision of the MFA (and SVB) to proceed or not with the MHP, the actions will be planned and implemented. For the moment the preparations for MHP have been completed (cooperative development support initiated). Risks are high. Economic parameters are not very positive. Strong commitment is needed from authorities to subsidize if necessary even the O&M costs. RVWRMP is prepared and capable to implement the MHPs. The cooperative model will be further adapted to the MHP to become the back-bone of the MHP approach and is considered a pilot for the national level.	Action MFA and EoF decision on the MHP.
	1) The Project will provide all DFS and additional information needed to take the decision for a MPH (pilot).	Final reports to EoF July 22 nd (Wagle)
	2) A short term senior consultant will be hired to strengthen the cooperative management approach of RVWRMP.	December 2019 (Wagle)
<p>Recommendation 9: The project should better integrate all renewable energy solutions with the needs of beneficiaries in other components through e.g. improving indoor air quality by ICS (sanitation), reducing women's workload by ICS and IWM (livelihoods), providing power to processing (livelihoods).</p>	<p>ICM, ICS are currently integrated in the RVWRMP practice. Some improvement is possible. In case MHP will be implemented there will be an integration will economic use of energy and through the cooperatives. Better communication is needed to demonstrate the integration and the benefits.</p> <p>1) The studies and Thematic papers planned for FY5 will specifically highlight the integration of the project components and the outcome/ impact of the interventions.</p> <p>2) Improve the planning process to better integrate RE solutions in all activities at the scheme level.</p>	During FY5 (Juho, PSU)

<p>Recommendation 10: The MTE recommends the project to continue RM capacity building</p> <p>To continue to work closely during the transition period and keep adjusting to a changing situation</p> <p>To conduct assessments of each RM and to develop RM-specific exit plans that include database management, PoCo support and coordination mechanisms and resources, capacity building, monitoring, and a plan for phasing out project support.</p> <p>To adjust WUMP+LIP formats to be more of use for other aid actors and for government monitoring</p> <p>To assist RMs to start managing databases of water resource schemes to aid planning and interventions by others</p> <p>To assist RMs to build better relations with NGOs and the private sector (value chains, repair services)</p> <p>To support and facilitate any role of the Provincial Government as per the upcoming policies, and to review, if necessary, the formal</p>	<p>A phasing out/exit plan will be drafted. The main purpose of the exit plan is to build-up lasting institutional capacity for WASH service delivery. The systems and approaches that are developed by the RVWRMP have in mind the use by the RM administrations so they can be handed over after the end of the Project. It is expected that the RMs will have all the staff positions filled until early 2020. That will be a condition for RV to start any serious handing over of WASH/livelihood responsibilities to the RMs.</p>	
	<p>1) Drafting of phasing out strategy.</p>	<p>Phasing out strategy Oct 31st (Michiel)</p>
	<p>2) Adaptation of systems and approaches/ training to the environment of the RMs. The RV will have in mind the RM level user the level of the RM in addressing WASH/livelihood issues.</p>	<p>During FY5 (PSU)</p>
	<p>3) Capacity analyses of the RMs will be carried out once the RMs are fully established, tentatively by March 2020. (internal team with the support of the international consultant)</p>	<p>After RMs are fully established with complete staffing.</p> <p>An capacity assessment will be done.</p>

<p>relation and the need for representation in the SVB</p>		
<p>Recommendation 11: The MTE recommends the project to ensure that in the drive to catch up with lagging progress with investments and activities HRBA/GESI standards are maintained to continue ensuring that women and excluded groups will not only participate but also benefit proportionately in each of the project's components. An important tool will be to use the disaggregated information on all benefit/outcome indicators (sanitation, water access, nutrition, surplus water use, irrigation, income, energy, workload, etc.) for Dalit and women (or female-headed households) systematically in project plans, reports and studies.</p>	<p>HRBA/GESI will be continuously promoted at all levels in the project. The Micro enterprise support takes in consideration women and excluded groups that are organized in collectives.</p>	
	<p>1) Internal awareness raising PSU/TSU/RMSU will give extra attention to inclusion (more than proportionate). Planned studies will address specifically how the women, Dalit and other groups really benefit.</p>	<p>During FY5 Include discussion point in thematic group meetings (PSU)</p>
	<p>2) Information on the results for women and excluded groups will be made more visible for all components through the studies. Studies will include specific interviews/questions to analyze the development outcomes for Dalit Participants.</p>	<p>5 Studies during FY5</p>

<p>Recommendation 12: The MTE recommends revision of the result framework and its indicators in line with any accepted changes to the project and the specific MTE result framework recommendations to ensure that the project can monitor itself and improve itself through continuous learning. A theory of change for each component and the programme as a whole should be developed to provide a basis for the improved results framework. The project needs to review for the non-WASH components, which national level indicators (e.g. the Agricultural Development Strategy (ADS) has a long list of relevant livelihoods indicators) will be relevant and feasible for the project to include.</p>	<p>It is difficult to change the basic structure of the result framework since it is linked to the contract and performance agreement of RVWRMP. What RVWRMP can do is to improve the detailed system of practical sub indicators. A few indicators will be added to the result framework. School WASH and community sanitation indicators will be aligned to the national standards. Livelihood is also aligned with the government in the monitoring data. RVWRMP will do the same with regard to the Micro enterprise support component.</p> <p>Any change in the Results Framework will have to be approved by SVB.</p>	
	<p>1) A few key sub-indicators will be added to the result framework (including GoN/ADS related)</p>	July 31 st (PSU)
	<p>2) There will be more detailed reporting on the sub indicators in the annual report as of report FY4. Several impact and lessons learnt studies will be carried out in FY05 and onwards</p>	Aug 30 th (Michiel)
	<p>3) Theories of change will be further developed for the whole project and separate result areas (inspired by examples provided by the MTE team)</p>	Aug. 30 st (PSU)
	<p>4) New sub indicators aligned to GoN standard to be developed for the Micro enterprise support.</p>	Aug 30 th (Krishna)
<p>Recommendation 13: The MTE recommends continuation of the good practice of providing resources for simple studies that inform the project and the respective sectors about what works and what doesn't in the project area. These studies could include e.g. functionality of schemes of Phase I/II (WS, Irrigation,</p>	<p>RVWRMP has a unique integrated rural development approach. RVWRMP is also a pioneer in linking with the new RMs local governments. Other organizations in Nepal can benefit from RVs experiences.</p> <p>In order to document lessons learned, increase visibility of the RV approach, a number of studies are planned for deeper understanding of outcome and impact. These studies will also produce lessons learned.</p> <p>Studies that are underway are: IWM, ICS, School WASH, menstrual hygiene, impact livelihood, Impact-outcome study. Sustainability/functionality of the schemes (including phase 1 and 2)</p>	

MUS, ICS, IWM), ways to assist third-party schemes, repair services and supply of spare parts and materials, and functionality of value chain development results from third parties. Also, the project might be tasked with commissioning an extensive impact study assessing the results of all three RVWRMP phases in 2021. The Governments of Nepal and Finland and the EU would benefit from such study for future planning.	<p>1) Five “Thematic Briefs” based on the studies to be distributed to a wider public. Digital small number of prints. (NGOs and government agencies in Nepal and EU)</p> <p>Thematic Groups have been formed and meet regularly to share experiences.</p>	During the year.
	<p>2) An outcome-impact study of RVWRMP phase 1-3 will be proposed towards the end of the project (extra funding required). Proposal and discussion will start in FY6.</p>	Keep it in mind during FY5. ToR to be developed in FY6
Extra	<p>1) Adapt the proposal for agribusiness/Micro Enterprise development support.</p>	July 25 rd (Edwin) to be shared with the EoF.
	<p>2) Communication of recommendations MTE and main changes for FY 5 throughout the organization including RM staff and SO’s. Through messages and as part of introductions to meetings or joint events.</p>	First trimester. Michiel PSU