Transition to Results-focused Portfolio Review (NPPR 2015)

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Presentation flow

- Review of previous NPPR- Focus, achievements and generic implementation challenges
- Major departure in 2015 NPPR
- Efforts of the GON to institutionalize results-based approaches
- Review of NPPR action plan
Focus of previous NPPR

• NPPR process focused to **identify and overcome problems in project execution**

• Five staff agencies coordinated following five themes
  – PFM by FCGO
  – HRM by MOGA
  – Procurement by PPMO
  – MfDR/M&E by NPC, and
  – Mutual accountability by MOF

• Annual action plan jointly prepared, implemented after the cabinet approval and reviewed periodically
Achievements so far

• Some inherent problems in project execution identified and resolved

• Institutions, systems and frameworks created

• Capacities within the system gradually evolving

• Supported to strengthen the country system in portfolio mgmt.

• Improved confidence/credibility of the collaborative approach - started with three (WB, ADB, JICA) has now been partnered by 14 DPs
Generic Implementation Challenges (GON)

- Delay in programme approval and budget authorization
- Delay in procurement decisions
- Frequent turnover of key project staff
- Delayed preparation of financial statements and audits
- Compliance issues with legal covenants - irregularities
- Absence of elected local authorities
- Focus more on processes rather than results

(Resulting in - Consistently low capital expenditure and outcomes)
Generic Implementation Challenges (DPs)

• Weak predictability of development cooperation,
• Delayed reporting or under-reporting and sometimes over-reporting of disbursements,
• Frequent changes in sector related staff,
• Lack of compliance with the Devt Cooperation Policy
• Tendency towards direct and extra-budgetary funding
• More focus on disbursement than results
Motivations to restructure the NPPR process

• **Align** the portfolio review with the GON’s planning, budgeting and M&E system

• Change the **modality**- from input to result focus

• **Shift ownership and accountability** from the staff agencies to implementing agencies
## Major departure in 2015 NPPR

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<tr>
<th>Focus</th>
<th>From</th>
<th>To</th>
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<tbody>
<tr>
<td>Process</td>
<td>Intermediate results</td>
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<tr>
<th>Coverage</th>
<th>From</th>
<th>To</th>
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<tr>
<td>Foreign-aided projects only</td>
<td>Integrate with the GON’s planning, budgeting and M&amp;E processes</td>
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<tr>
<th>Responsibility</th>
<th>From</th>
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<tbody>
<tr>
<td>FCGO, PPMO, MOF, MOGA and NPC</td>
<td>Sectors- Agriculture, Energy, Local Governance, Education, and Transport</td>
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<tr>
<th>NPPR Report</th>
<th>From</th>
<th>To</th>
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<tr>
<td>Two separate reports- GON, DPs</td>
<td>Integrated report with inputs from sectoral ministries and DPs</td>
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<tr>
<th>Monitoring / Review</th>
<th>From</th>
<th>To</th>
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<tr>
<td>Trimester review in the MOF</td>
<td>Review in the GON existing M&amp;E mechanism- MDAC, NDAC plus trimester review in MOF</td>
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# NPPR 2015- Focus on the cross-cutting themes

<table>
<thead>
<tr>
<th>Themes</th>
<th>Focus</th>
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<tr>
<td>PFM</td>
<td>Bringing back budget realism, reducing (i) expenditures that are left to the last trimester (ii) strengthening internal audits, (iii) reducing external audit irregularities.</td>
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<tr>
<td>Procurement mgmt.</td>
<td>Institutionalizing e-bidding and untying devt. cooperation to address procurement related issues.</td>
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<td>HRM</td>
<td>Stabilising personnel movement and building capacities.</td>
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<tr>
<td>MfDR</td>
<td>Establishing linkages between planning and budgeting and designing sectoral RFs to serve as a basis for M&amp;E</td>
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<td>Mutual accountability</td>
<td>Hold DPs and the GON accountable for transparency, performance and the reciprocity of commitments and obligations.</td>
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Efforts of the GON to institutionalize the results-based approaches

• Results framework of the thirteenth plan
  – (Sectoral output/outcome indicators with annual targets/MOV,
  – Indication of projects' contribution to sectoral outputs)
• Logframe mandatory for each central level project
• Templates of annual programme book of the NPC - link project level indicators with RFs
• National M&E guidelines, 2013
• Activate M&E mechanisms- focus discussions on results and issues
• Internal capacity building
NPPR and the Thirteenth plan's results

Graduating Nepal from LDCs to a developing country status by 2022

Poverty reduction

13th plan’s objectives

Growth

Infrastructure

Social services

Governance

Inclusion

13th plan’s strategies

Agriculture

Energy Roads

Education

Local gov.

Climate change adaptation

Selected NPPR sectors

Growth

Infrastructure

Social services

Governance

Inclusion

Agriculture

Energy Roads

Education

Local gov.

Climate change adaptation

Selected NPPR sectors
## NPPR and RF in Indicator Terms

<table>
<thead>
<tr>
<th>Sectors</th>
<th>NPPR output indicators</th>
<th>Sectoral outcome indicators (RFs)</th>
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<tbody>
<tr>
<td>Education</td>
<td>Classrooms constructed/ repaired/ retrofitted; Availability of textbooks</td>
<td>Learning achievement; survival rate, promotion rates</td>
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<tr>
<td>Agriculture</td>
<td>Increased production of crops, vegetables, fruits, milk etc.</td>
<td>Increased agricultural productivity; Food and nutrition security</td>
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<tr>
<td>Energy</td>
<td>Generation addition to grid; Extension of transmission /distribution lines; Household connection</td>
<td>Per capita electricity consumption NEA System Loss reduced</td>
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<tr>
<td>Roads</td>
<td>Construction of additional numbers of bridges; Construction of additional SRN</td>
<td>Reduced walking time to reach road head; Reliable and dependable transport services</td>
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<tr>
<td>Local Governance</td>
<td>% of DDCs/Municipalities spent targeted 35% budget of unconditional grants; VDCs connected with local road, No of suspension bridges constructed</td>
<td>Improved people's participation in and downward accountability of LBs; Local infrastructures expanded</td>
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**M&E mechanisms and Flow of Information**

**NDC** - National Devt Council, **NDAC** - National Devt Action Committee, **MDAC** - Ministerial Level Devt Action Committee, **OPMCM** - Office of Prime Minister and Council of Ministers, **NPC** - National Planning Commission.
Recent efforts: Key NDAC decisions to resolve implementation issues

- Enact Land acquisition, resettlement and rehabilitation policy
- Formulate M&E act
- Conduct O&M surveys of technical ministries to increase required technical staff
- Amend procurement act, education act, cooperatives act, etc.
- Task forces formed to recommend resolve transmission lines, HRD policy, measures to adopt increase exports
- Simplify programme approval and budget authorization process
- Amend travel regulation
- Coordinate consistent supply of construction materials by the Project Facilitation Committee chaired by the CS
Key recent efforts: Budget of 2015/16

• Implementation year 2015

• Simplified programme approval and authorization processes to boost capital spending.

• Multi-year contracting multi-year projects that automatically entitled to funds every year

• Discourage the approval of new programme in the middle of the fiscal year and the demand/release of budgets for new programmes at the end of the fiscal year

• Separate budget code for the purpose of project preparation

• Surrender of budget, if projects fail to use at least 50% of their allocated funds in the first 8 months of the fiscal year
Monitoring of the NPPR action plan

- Review progress of the action plan in MDAC in each trimester- resolve issues, if any, or send to the NDAC in case of inter-ministerial issues

- MoF will lead consolidated reviews in every six months with representation from selected sectors and NPC, MOGA, FCGO, PPMO and DPs

- MoF will review the NPPR action plan as part of its mid-term budget review
How to make the reformed NPPR sustainable?

• Institutional incentives to make it sustainable

• Strengthening capacities to institutionalize results-based approaches

• Consistent commitment both from GON and the DPs

Thank you