

Strategic Management Team Monthly Review – February 2016

| Progress against Implementation Year 3 Targets = 10% | | | | |
|--|-------------------------------|-------------------------------------|--------------|--------------------------------|
| Result | Achieved this month | IY3 Cumulative to date | % IY3 Target | IY3 Target (Jan 2017) |
| Employment | 132,853 employment days | 132,853 employment days | 13.3 | +1,000,000 employment days |
| LRN | 2096 km DRCN maintained | 2096km DRCN maintained | 100 | 2000 km DRCN maintained |
| | 1km 2.5m track opened | 1km 2.5m track opened | 5.9 | +17 km at 2.5m track opened |
| | 3.3km 3.5m track opened | 3.3km 3.5m track opened | 11.4 | +29 km at 3.5m track opened |
| | 5.8km 4.5m full widening | 5.8km 4.5m full widening | 20 | +29 km at 4.5m full widening |
| SED | SED benefited hh | SED benefited hh | N/A | +1,200 SED benefited hh |
| | benefited infrastructure hh | benefited infrastructure hh | N/A | +1,320 benefited hh |
| | business service providers | business service providers | N/A | +92 service providers |
| Capacity Building | 968 training days | 968 training days | 16.7 | +5,800 training days |
| | 82% Satisfaction (Aug 2015) | 30% satisfaction (Aug 2014)* | 273.3 | +5% in satisfaction |
| | 6.34 (Measured Aug each year) | 6.34 District CIM Score (Aug 2015)* | 100 | Increase in District CIM Score |
| Time elapsed in Year 3 = 8.33% | | | | |
| Key Issues: SED targets are suspended to end of April while redesign of the component takes place | | | | |

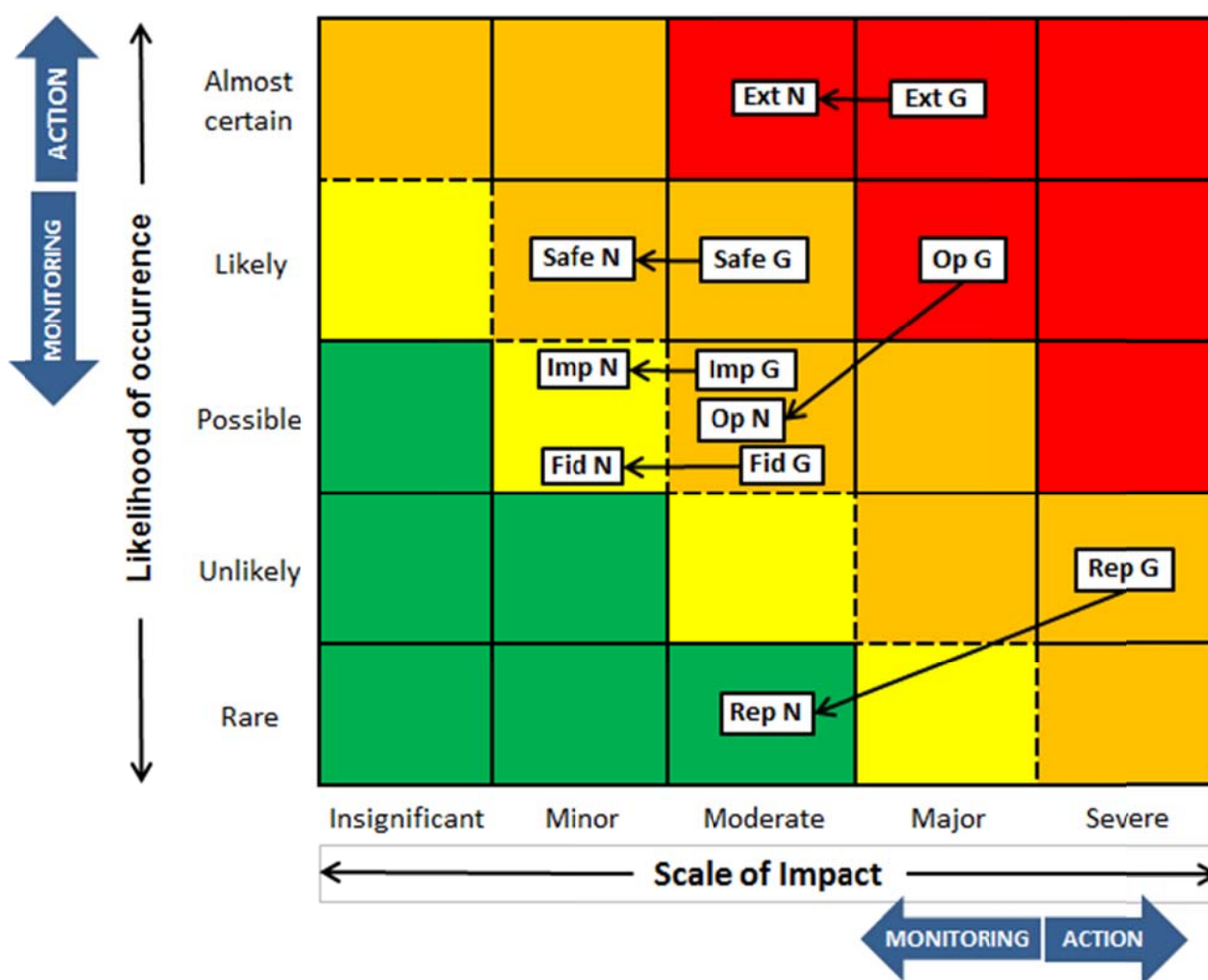
*measured in August each year: Last year's CIM score was 5.77

| Financial Progress against IY3 Budget = 0% | | | | Amount (UK£) |
|--|---------------------------------------|--------------------------------|---------------|--|
| Component | INVOICED this month (February-016) | Third Year Cumulative Total | On target? | FORECAST for next month (March-016) |
| Output 1 (employment days): | 0 | | n | |
| Output 2 (LRN): | 0 | | n | |
| Output 3 (SED): | 0 | | n | |
| Output 4 (CBID): | 0 | | y | |
| PMV | 0 | | Y | |
| Other – TA | 0 | | y | |
| OVERALL | 0 | | y | |
| Key issues: (Do we need to revise any DLIs or the amounts allocated to them?) Currently on target. Invoices will be submitted once IY3 plan approved and Amendment No 5 in place and signed. | | | | |

| Quality Management | | |
|---|---------|---|
| Performance Management and Verification (PMV) | Number | Actions taken |
| Field verifications conducted this month | 11 | |
| Total field verifications conducted to date in IY3 | 11 | |
| Reportable incident or risk event this month | Numbers | Key issues / Actions required |
| Audits conducted this month | 5 | Audit approach targeted at key issues/risks. Themes audited include health and safety, data validation, documentation and reporting. |
| Total Audits Conducted to Date in IY3 | 5 | |
| Key issues: (Feedback arising from audits and opportunities for continual improvement. Any actions required?) | | |

Risk Management

Programme Risk Matrix



| Risk Area/Description | Mitigation Measures | Residual Impact |
|--|---|---|
| A. External Context | | |
| High Risk | | |
| High Risk | | |
| Natural disaster – earthquake, off-season heavy rainfall and snow | i. No mitigation measure possible | |
| Likelihood: Almost certain Impact: Major | | Likelihood: Almost certain Impact: Major |
| Political disruption of activities due to Bandhs and strikes, unofficial Indo-Nepal border blockage after promulgation of constitution of Nepal in September 2015. | i. Rescheduling of material procurement supplies and time extensions on some RAP3 contracts ii. Stopped hand drill operations due to fuel supplies used for rock breaking works and tried to catch up rate of road construction with additional SBGs formation iii. Efforts to expedite DTMP preparation works on DDC support are being made through DoLIDAR. | RMG and RBG workers walk to work. Only in Morang and Jhapa were RMGs affected. DTMP draft reports of 20 districts received and expected to complete soon. Indo-Nepal border reopened and situation is slowly turning back to normal |
| DTMP preparation works of additional 20 districts delayed. | | |
| Likelihood: Almost certain Impact: Moderate | | Likelihood: Almost certain Impact: Minor |
| Political interference – Compulsory donation, intimidation, influence on RAP3 decisions | i. Briefed on working principles of the programme including BOGs and disseminated exclusively message that no donation is provided to any political parties and their sister organisations ii. Efforts are being made through DoLIDAR to strictly follow the document in annual planning, budget and programming by DDCs | Not negotiable but districts are aware that RAP cannot pay donations to political parties. DDC's accept that RAP funds go through this procedure even if GON funds do not. |
| Non-compliance of ARAMP priorities in DRCN planning process and implementation by DDCs | | |
| Likelihood: Almost certain Impact: Moderate | | Likelihood: Almost certain Impact: Minor |
| B. Implementation | | |
| High Risk | | |
| High Risk | | |

Monthly Review

| | | | |
|--|------------------|--|---|
| Remoteness related issues result in delays which lead to cost and time overruns, missed physical results and poor financial forecasting and performance | | <ul style="list-style-type: none"> i. Off-season bulk procurement of tools and materials ahead of the construction season to ensure availability ii. For RAP 70% of costs go in wage payments to the poor so increased wages lead to increased benefits iii. De-rate results to account for risks; <ul style="list-style-type: none"> a. By 10-20% b. Use of financial cushion mechanism | Realistic results set and achieved while DLI financial disbursement targets are hit with accuracy (+/-5%) stipulated by DFID |
| Likelihood: Possible | Impact: Moderate | | Likelihood: Possible Impact: Minor |
| C. Safeguards | | Low Risk | Low Risk |
| Risk of injury and deaths of workers on- and off-work sites | | <ul style="list-style-type: none"> i. Provisions for protective safety gears, first aid kits and insurance system in place. ii. Launch enforcement measures using safety gears & awareness raising programme at group & community levels | In spite of mitigation measures, accidents remain likely |
| Likelihood: Likely | Impact: Moderate | | Likelihood: Likely Impact: Minor |
| D. Operational | | Low Risk | Low Risk |
| Risk of dependence on donor's (DFID) support for road maintenance and upgrading and lack of use of GoN funds. | | Exit strategy from pilot maintenance districts is under preparation for consultation with DoLIDAR ensuring GoN funds to cover future road maintenance needs. Switch to "RAP matching funding" mechanism in Pilot districts based on GON funding levels. | GoN fund able to cover routine road maintenance needs but not specific maintenance. |
| Likelihood: Likely | Impact: Major | | Likelihood: Likely Impact: Moderate |
| Shrinkage of DRCN under RAP maintenance (RMG) due to formation of new municipalities to lessen the milestone target of the programme. | | <ul style="list-style-type: none"> i. The formation of new municipalities means that the length of the RAP DRCN will shrink as they take over responsibility for maintenance of existing DRCN links. ii. Reformulate DTMP to support GON expansion programme of DRCN to unconnected VDCs. | Municipalities unable to fund ex DRCN maintenance but DRCN shrinkage mitigated by new links to unconnected VDCs |
| Likelihood: Almost certain | Impact: Minor | | Likelihood: Almost certain Impact: Minor |
| Inclusion of Mugu Humla link under feeder road by DoR and start-up of road construction works in intermittent sections with NPR 2.8million budget. | | <ul style="list-style-type: none"> i. DoR has agreed to follow route of alignment fixed by RAP3 to utilise remaining budget under the present contract. ii. RAP through DoLIDAR to inform DoR after DFID's approval on additional fund for the road construction. | Construction of Gamgadhi Chankheli Darma road (Mugu – Humla link) through DFID funding over next four years will go beyond expansion date of October 2019 |
| Likelihood: Likely | Impact: Major | | Likelihood: Unlikely Impact: Minor |
| Environmental Impact Assessment study of Mugu Humla road could take as much as 2 years, and requires community dialogue and approval of EIA by MoPE before design work can start | | <ul style="list-style-type: none"> i. Enlist support of MOFALD to mitigate delays by GON in processing EIA ii. EIA scoping document and ToR for EIA study approved by MoPE on 28 Jan 2016. iii. Start some of the design work ahead of EIA TOR approval | Approval of EIA study will unlikely to have knock on effects to start of road construction works. |
| Likelihood: Likely | Impact: Major | | Likelihood: Unlikely Impact: Minor |
| General poor performance of Design and Support Consultants | | <ul style="list-style-type: none"> i. Engaged fresh engineering graduates to support DTAs and replace under – performing consultants. ii. In the Pilot districts except for Dadeldhura, technicians are directly hired by RAP to replace support consultants' services. | Direct control by RAP improves performance in Pilot districts and Bajura. |
| Likelihood: Likely | Impact: Major | | Likelihood: Unlikely Impact: Moderate |
| E. Fiduciary | | Low Risk | Low Risk |
| Risk of collusion in bidding during procurement of goods and works | | Adoption of e-bidding procurement based on GON e-bidding procedures and establishment of internal scoring criteria and regular audits. | More normal levels of risk secured for RAP funding. |
| Likelihood: Possible | Impact: Moderate | | Likelihood: Possible Impact: Moderate |
| Potential of inaccurate financial forecasting due to poor planning and budgeting | | <ul style="list-style-type: none"> i. Payment for results (P4R) of RAP3 contract provisions promotes achievement of targets ii. Trimesterly progress reviews enable adjustments to financial forecasts | Able to hit financial forecasts within +/-5% accuracy stipulated by DFID |
| Likelihood: Possible | Impact: Moderate | | Likelihood: Possible Impact: Minor |
| F. Reputational | | Low Risk | Low Risk |
| RAP3 programme expansion seen to be slow or delayed | | <ul style="list-style-type: none"> i. Priority given to design by April/May and Amendment # 6 financial by July 2016 ii. HUM MUG road contract awarded by July 2016 | Delays to implementation of Expansion |
| Likelihood: Unlikely | Impact: Severe | | Likelihood: Rare Impact: Moderate |
| Exit from social and economic development (SED) programme component | | <ul style="list-style-type: none"> i. Other similar programme able to step in such as DFID's CDP | Repositioned role of RAP serving all other SED projects and promoting their results not credited to RAP |
| Likelihood: Possible | Impact: Minor | | Likelihood: Unlikely Impact: Minor |

Monthly Review

| Individual issue / risk | Definitions |
|-------------------------|---|
| Severe | This is an issue / risk that could severely affect the achievement of one or many of the Department's strategic objectives, or could severely affect the effectiveness or efficiency of the Department's activities or processes. |
| Major | This is an issue / risk that could have a major effect on the achievement of one or many of the Department's strategic objectives, or could have a major effect on the effectiveness or efficiency of the Department's activities or processes. |
| Moderate | This is an issue / risk that could have a moderate effect on the achievement of one or many of the Department's strategic objectives, or could have a moderate effect on the effectiveness or efficiency of the Department's activities or processes. |
| Minor | This is an issue / risk that could have a minor effect on the achievement of one or many of the Department's strategic objectives, or could have a minor effect on the effectiveness or efficiency of the Department's activities or processes. |