

# Strategic Management Team Monthly Review – January 2016

| Progress against Implementation Year 2 Targets = 116.6%  |                                   |                                     |              |                                |
|--|-----------------------------------|-------------------------------------|--------------|--------------------------------|
| Result   | Achieved this month               | IY2 Cumulative to date              | % IY2 Target | IY2 Target (Jan 2016)          |
| Employment   | 135,447 employment days           | 1,176,317 employment days           | 90.5         | +1,300,000 employment days     |
| LRN  | 2,092 km DRCN maintained          | 2,092 km DRCN maintained            | 104.6        | +2,000 km DRCN maintained      |
|  | 1.2 km 2.5m track opened          | 22.00 km 2.5m track opened          | 122.2        | +18 km at 2.5m track opened    |
|  | 13.40 km >=3.5m track opened      | 80.27 km >=3.5m track opened        | 160.5        | +50 km >= 3.5m track opened    |
| SED  | 130 SED benefited hh              | 7,019 SED benefited hh              | 100.3        | +7,000 SED benefited hh        |
|  | 8,127 benefited infrastructure hh | 23,274 benefited infrastructure hh  | 211.6        | +11,000 benefited hh           |
|  | 2 business service providers      | 470 business service providers      | 95.9         | +490 service providers         |
| Capacity Building  | 638 training days                 | 7,713 training days                 | 198.4        | +3,888 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 2 = 100%  |                                   |                                     |              |                                |
| <b>Key Issues:</b> Satisfaction Survey results this year have reached 82%, far ahead of the more cautious 35% cumulative total expected. |                                   |                                     |              |                                |

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

| Financial Progress against IY2 Budget = 100.59%   |                                      |                                 |               | Amount (UK£)                              |
|---|--------------------------------------|---------------------------------|---------------|---|
| Component   | INVOICED this month<br>(January-016) | Second Year<br>Cumulative Total | On<br>target? | FORECAST for next month<br>(February-016) |
| Output 1<br>(employment days):  | 0                                    | 2,015,360.00                    | y             | 282,000.00                                |
| Output 2 (LRN):   | 0                                    | 2,866,715.19                    | y             | 294,058.04                                |
| Output 3 (SED):   | 0                                    | 2,281,745.33                    | y             | 86,934.52                                 |
| Output 4 (CBID):  | 0                                    | 449,619.29                      | y             | 52,845.65                                 |
| PMV   | 0                                    | 160,262.04                      | Y             | 27,825.57                                 |
| Other – TA  | 0                                    | 1,037,663.17                    | y             | 134,263.26                                |
| <b>OVERALL</b>  | <b>0</b>                             | <b>8,811,365.01</b>             | <b>y</b>      | <b>877,927.04</b>                         |
| <b>Key issues:</b><br>(Do we need to revise any DLIs or the amounts allocated to them?) Currently on target. Invoice figures are based on amendment 4 contract. Escalation amount to be added once mechanism agreed with DFID and amendment signed. |                                      |                                 |               |   |

| Quality Management   |         |   |
|--|---------|---|
| Performance Management and Verification (PMV)  | Number  | Actions taken   |
| Field verifications conducted this month   | 28      |   |
| Total field verifications conducted to date  | 198     |   |
| Reportable incident or risk event this month   | Numbers | Key issues / Actions required   |
| Audits conducted this month  | 2       | Audit approach now targeted at key issues/risks<br>Themes audited include capacity building of local bodies and continual professional development programme. |
| Total Audits Conducted to Date in IY2  | 16      |   |
| <b>Key issues:</b><br>(Feedback arising from audits, NCRs. Opportunities for continual improvement. Any actions required?) |         |   |

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| How Invoice Derived by DLIs  |                  |            |               |               |                           |                      |               |  |                      |               |
|--|------------------|------------|---------------|---------------|---------------------------|----------------------|---------------|--|----------------------|---------------|
| DLI  | Achieved         |            |               | Rate (£/unit) | Invoiced                  |                      |               | Balance = (Achieved - Invoiced)        |                      |               |
|  | Up to last month | This month | Total to date |               | Up to last month          | This month           | Total to date | Up to last month                       | This month           | Total to date |
| <b>Outcome (2b):</b>   |                  |            |               |               |                           |                      |               |  |                      |               |
| Employment days (units)  | 1,091,065        | 135,447    | 1,226,512     |               | 1,072,000                 | 0.0                  | 1,072,000.0   | 19,065.0                               | 135,447.0            | 154,512.0     |
| Employment days (£)  | £2,051,202       | £254,640   | £2,305,843    | £1.88         | £2,015,360                | £0.0                 | £2,015,360.0  | £35,842.2                              | £254,640.4           | £290,482.6    |
| <b>Output 1.1.a:</b>   |                  |            |               |               |                           |                      |               |  |                      |               |
| RMG: road maintenance (units)                                      | 20,827           | 2,092      | 22,919        |               | 20,827.00                 | 0.0                  | 20,827.0      | 0.0                                    | 2,092.0              | 2,092.0       |
| road maintenance (£)   | £499,223.19      | £50,145.24 | £549,368.43   | £23.97        | £499,223.19               | £0.0                 | £499,223.2    | £0.0                                   | £50,145.2            | £50,145.2     |
| <b>Output 1.1.b: New construction on-going – 3.5m wide (units)</b> | 333.84           | 6.36       | 340.2         |               | 318.00                    | 0.0                  | 318.0         | 15.84                                  | 6.36                 | 22.20         |
| on-going – 3.5m wide (£)   | £1,880,107       | £35,818    | £1,915,925    | £5,631.76     | £1,790,900                | £0                   | £1,790,900    | £89,207                                | £35,818              | £125,025      |
| on-going – 4.5m wide (units)                                       | 129.46           | 7.08       | 136.54        |               | 96.00                     | 0.00                 | 96.00         | 33.46                                  | 7.08                 | 40.54         |
| on-going – 4.5m wide (£)   | £777,559         | £42,524    | £820,082      | £6,006.17     | £576,592                  | £0                   | £576,592      | £200,966                               | £42,524              | £243,490      |
| <b>Output 2.1:</b>   |                  |            |               |               |                           |                      |               |  |                      |               |
| SED supported Hhs (units)  | 145,472          | 18,145     | 163,617       |               | 141,259.00                | 0.00                 | 141,259.00    | 4,213.00                               | 18,145.00            | 22,358.00     |
| SED supported Hhs (£)  | £1,610,375       | £200,865   | £1,811,240    | £11.07        | £1,563,737                | £0                   | £1,563,737    | £46,638                                | £200,865             | £247,503      |
| <b>Output 2.2:</b>   |                  |            |               |               |                           |                      |               |  |                      |               |
| No of BSPs (units)   | 468              | 2.00       | 470           |               | 455.00                    | 0.00                 | 455.00        | 13.00                                  | 2.00                 | 15.00         |
| No of BSPs (£)   | £738,523         | £3,156     | £741,679      | £1,578.04     | £718,008                  | £0                   | £718,008      | £20,515                                | £3,156               | £23,671       |
| <b>Output 3.1:</b>   |                  |            |               |               |                           |                      |               |  |                      |               |
| Training days (units)  | 7,075            | 638.00     | 7,713         |               | 4,861.00                  | 0.00                 | 4,861.00      | 2,214.00                               | 638.00               | 2,852.00      |
| Training days (£)  | £522,913         | £47,155    | £570,068      | £73.91        | £359,277                  | £0                   | £359,277      | £163,637                               | £47,155              | £210,791      |
| <b>Output 3.2:</b>   |                  |            |               |               |                           |                      |               |  |                      |               |
| CB trimester milestones (units)                                    | 2.5              | 0.00       | 2.5           |               | 2.50                      | 0.00                 | 2.50          | -                                      | -                    | -             |
| CB trimester milestones (£)  | £90,343          | £0         | £90,343       | £36,137.11    | £90,343                   | £0                   | £90,343       | £0                                     | £0                   | £0            |
| <b>Output 4.1:</b>   |                  |            |               |               |                           |                      |               |  |                      |               |
| Audits -(units)  | 14.00            | 2.00       | 16.00         |               | 13.00                     | 0.00                 | 13.00         | 1.00                                   | 2.00                 | 3.00          |
| Audits -(£)  | £129,853         | £18,550    | £148,403      | £9,275.19     | £120,577                  | £0                   | £120,577      | £9,275                                 | £18,550              | £27,826       |
| <b>Output 4.2:</b>   |                  |            |               |               |                           |                      |               |  |                      |               |
| PMV trimester milestones - (units)                                 | 2.33             | 0.00       | 2.33          |               | 2.00                      | 0.00                 | 2.00          | 0.33                                   | -                    | 0.33          |
| PMV trimester milestones - (£)                                     | £46,310          | £0         | £46,310       | £19,875.41    | £39,685                   | £0                   | £39,685       | £6,625                                 | £0                   | £6,625        |
| <b>TA- (£)</b>   |                  |            | £67,132       |               |                           |                      |               |  |                      | £67,132       |
| <b>Earned to date = £10,104,055.33</b>                             |                  |            |               |               | <b>Invoiced to date =</b> | <b>£8,811,365.01</b> |               | <b>Balance = (Achieved - Invoiced)</b> | <b>£1,292,690.32</b> |               |

Note 1: Zero Invoice in Jan -16

Cushion carried over for IY3 - 14.76%

## Risk Management

| Risk Area/Description  | Mitigation Measures   | Residual Impact                                    |
|--|---|--|
| <b>A. Fiduciary and Implementation Risks</b>   |   |  |
| Hand drills used for rock breaking works to expedite construction in new corridors is stopped due to fuel shortage since early December 2015 | 1. Requests to the local District Administration Offices have not been materialised getting fuels to operate drills.<br>2. Add more Special Building Groups | Likely to improve situation back to normal slowly. |
| Probability: Medium Impact: Low  |   | Probability: Low Impact: Low                       |
| Complaints raised against Practical Action's SED staff in Achham and cc'd to DFID. Two PA staff named in complaint do not work on RAP.       | 1. PA asked to respond.<br>2. Letter despatched acknowledging receipt of complaint letter and cc'd DFID, DOLIDAR and PA                                     | No more concerns of RAP3 programme                 |
| Probability: Low Impact: Low   |   | Probability: Low Impact: None                      |

**Monthly Review**

| Risk Area/Description   | Mitigation Measures  | Residual Impact   |
|---|--|---|
| National and regional level Bandhs and violent demonstrations and agitations of political party cadres and ethnic groups against declaration of Constitution of Nepal 2072.<br><br>Gas and fuel crisis and GoN rationing on distribution of shortage items due to unofficial Indo-Nepal border blockade by India. | 1. Rescheduling of material procurement supplies and time extensions on some RAP3 contracts.<br>2. Suspended RMG road maintenance works in some DRCN of Morang due to Tarai bandh for about a month in Dec-15.   | Likely to improve situation back to normal slowly.  |
| Probability: Low      Impact: Low   |  | Probability: Low      Impact: None  |
| Extortion on compulsory donation by cadres of political parties and their sister organisations in districts   | 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  | Risk rating unchanged   |
| Probability: Low      Impact: Low   |  | Probability: Low      Impact: Low   |
| <b>B. Conflict and Social Risks</b>   |  |   |
| DTMP preparation works of additional 20 districts delayed due to earthquakes of 25 April 2015 followed by fuel crisis and strikes after promulgation of new constitution of Nepal.  | Reports of 9 districts finalised, draft reports of 9 districts submitted and 2 more reports (Nuwakot and Tanahun) remaining, the severely earthquakes of 25 April affected districts.  | Continue monitoring and supervision of DTMP preparation works of local consultants for early completions  |
| Probability: Low      Impact: Low   |  | Probability: Low      Impact: Low   |
| Non-compliance of ARAMP priorities in DRCN planning process and implementation by DDCs  | Efforts are being made through DoLIDAR to strictly follow the document in annual planning, budget and programming by DDCs.   | Full compliance by DDCs will not happen within foreseeable future   |
| Probability: Medium      Impact: Medium   |  | Probability: Medium      Impact: Low  |
| Constrained staff movement and delays in tools and material supplies due to frequent strikes  | Preparation of recovery plan in new construction districts envisaged deal to minimise effects of strikes on supplies and staff movements   | Rescheduling of construction activities to cope with effects of delays in supplies.   |
| Probability: Low      Impact: Low   |  | Probability: Low      Impact: Low   |
| Risk of injury and deaths of workers on- and off-work sites   | 1. Provisions for protective safety gears, first aid kits and insurance system in place.<br>2. Launch enforcement measures using safety gears & awareness raising programme at group & community levels  | In spite of mitigation measures, accidents can't be fully ignored   |
| Probability: Low      Impact: Low   |  | Probability: Low      Impact: Low   |
| <b>C. Institutional Risks</b>   |  |   |
| Risk of dependence on donor's (DFID) support for road maintenance and upgrading and lack 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  | GoN source of fund will be insufficient to cover road maintenance needs.  |
| Probability: Medium      Impact: Low  |  | Probability: Low      Impact: Low   |
| Shrinkage of DRCN under RAP maintenance (RMG) due to formation of new municipalities to lessen the milestone target of the programme.   | 1. 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.<br>2. In SIN funding has been provided for 250km of RMG but an expected rise to 400km will not happen if WBs SNTRP starts operating in the district. | Road sections of present DRCN to fall under urban road category and to transfer maintenance responsibilities to municipalities.<br>DRCN links in VDC areas are funded by districts but this is not the case in municipalities. These issues require changes to legislation. |
| Probability: High      Impact: Low  |  | Probability: High      Impact: Low  |
| Inclusion of Mugu Humla link under feeder road by DoR and start-up of road construction works in intermittent sections with 2.8m budget under two different headings of GoN Redbook. The constructed section neither meets road standards nor accomplished environmental study requirements.                      | 1. DoR agreed to follow route of alignment fixed by RAP3 to utilise remaining budget under the present multi-year contract.<br>2. RAP through DoLIDAR to inform DoR after DFID's approval on additional fund for the road construction.  | Construction of Gamgadhi Chankheli Darma road section through DFID funding.   |
| Probability: Low      Impact: Low   |  | Probability: Low      Impact: None  |
| Environmental Impact Assessments of Mugu Humla link road to take a long time, as much as two years, and require community dialogue and approval of EIA by MOPE (earlier MoSTE) ahead of any design work.  | EIA scoping report and ToR submitted to Ministry of Science, Technology and Environment, which is now reformed as Ministry of Population and Environment thru MoFALD for approval is waiting for approval.   | Delays in approval from MoPE will have knock on effects to early start of road construction works.  |
| Probability: High      Impact: Low  |  | Probability: High      Impact: High   |
| General poor performance of Design and Support Consultants  | 1. Engaged fresh engineering graduates to support DTAs and replace under-performing consultants.<br>2. In the Pilot districts except for Dadeldhura, technicians are directly hired to replace support consultants' services.  | Services of poorly performing Design and Support Consultants are discontinued and no more residual impacts will remain on programme implementation.   |
| Probability: Low      Impact: Low   |  | Probability: Low      Impact: None  |
| <b>D. Financial Risks</b>   |  |   |
| Risk of collusion in bidding during procurement of goods and works  | Open competition is ensured on all steps of procurement through e-bidding process and establishment of internal check system.  | Total elimination in DDF to be administered through DDCs is difficult   |
| Probability: Medium      Impact: Medium   |  | Probability: Low      Impact: Low   |

## Monthly Review

| Risk Area/Description   | Mitigation Measures   | Residual Impact           |              |
|---|---|---------------------------|--------------|
| Potential of inaccurate financial forecasting due to poor planning and budgeting                          | 1.Payment for results (P4R) of RAP3 contract provisions ensures achievement of targets<br><br>2.Progress reviews enable make adjustments to financial forecasts | No residual impacts exist |              |
| Probability: Low  | Impact: Medium  | Probability: Low          | Impact: None |
| <b>Key Issues:</b><br>(are there any changes in risk status? Is any action required by GON, DFID or SMT?) |   |                           |              |