

Result Based Management in National Planning Process

A case of Nepal

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Presentation Outline

- ***Elements of results oriented reform measures***
 - Poverty Reduction Strategy Paper (PRSP) process
 - Medium Term Expenditure Framework (MTEF)
 - PRSP Business Plans at the Sectoral Level
 - Poverty Monitoring and Analysis
 - Other Initiatives
- ***Lessons learned***

Features of Nepal's PRSP

- ***The PRSP is a national strategic planning with a result orientation for poverty reduction***
 - Lays out overall policy framework and agenda for achieving poverty reduction goals
 - Evolved through participatory processes and hence nationally owned
- ***The PRSP also provides framework for all stakeholders***

Features of Nepal's PRSP

- **Four-pronged strategies** to attack **three poverty dimensions**
- Evolved through broad **consultation and Participation**
- Presented in the policy matrix with features of the **logframe** and also backed by MTEF, IAP, PMAS
- **Prioritized**, reform-oriented, result-oriented, and realistic- two case scenario
- **Defined role** of different stakeholders- Partnership in implementation

The PRSP process

Evolution

- *The National Planning Commission (NPC) manages the PRSP process*
 - Interim Poverty Red. Strategy Paper (IPRSP)
 - The Tenth Plan, the MTEF I and the IAP I
 - **The PRSP**
 - Poverty Monitoring & Analysis System (PMAS) and Performance monitoring
 - PRSP Business Plan

Objective and Strategies

- **Objective-** Reduce poverty under these three dimensions
 - Income
 - Human
 - Social exclusion
- **Four-pronged strategies**
 - High, sustainable and broad-based growth
 - Social sector and infrastructure development
 - Targeted programmes
 - Good governance

Targets and target setting procedures

- **Reduce income poverty level-** from 38 % in 2002/03 to 30 % in normal case and 33 % in lower case scenario by 2006/07; also targets for outcome/impact indicators of human and social exclusion aspects of poverty
- **Target setting involves both top-down and bottom-up process**
 - Macro targets set by NPC whereas sectoral ministries set and disseminate sectoral targets
 - These processes were extensively consultative especially while preparing policy matrixes or LFA (about 4000 people involved/consulted in this process)

Linkages between PRSP & MDGs

- ☞ HMG/N is committed to achieving the MDGs by adopting PRSP as a **medium-term roadmap**
- ☞ **MDGs Need Assessment**
 - ☞ Coordinated intervention- integration with PRSP
 - ☞ Costing and investment (estimating resources gap)
Integration with MTEF and budget
 - ☞ Financing Strategies- Public and Private
 - ☞ NA will be the basis for formulating MDG-friendly periodic plan

PRSP Business Plans

- **Further refine PRSP policy matrixes-** for establishing strong linkages between sectoral plans and programmes with poverty reduction goals
- **PRS at the sector and also a basis for SWAp-** expected to harmonize the external assistances in the sector
- **To provide result based targets-** as the donor conditions in the sector instead of project-wise conditionality (form of RBM)

Business Plan for Harmonization

PRSP Business Plans are three-years sectoral rolling plans that

- Contain vision, strategies, activities, performance measures and outcomes
- Focused on linked outcomes, targets and intermediate indicators
- Ensure more realistic sectoral activity-wise budget allocation (linked to MTEF)
- Include clear monitoring indicators and framework

Medium Term Exp. Framework (MTEF)

- ***MTEF is*** a framework in which resource allocations are made base on national/sectoral priorities;
- In Nepal it involves a **top-down & bottom-up process of resource estimation** for three years
- **It is used for**
 - improved public resources mgmt (eg budget estimates based on unit cost), fiscal discipline and reconciling priorities
 - linking between long-term desires (periodic plan) and short-term fiscal pressure (budgeting)
 - Linking budget to achieve development targets

MTEF Prioritization Criteria (Weightage)

Contribution to achieve national objective	20
Contribution to achieve sectoral objective	15
Contribution to maintain regional balance	10
Participation <i>(People/civil society/CBO/NGO; Local govt./decentralization; Public enterprises; Pvt. sector)</i>	20
Role of government	10
Project status <i>(Age of the project; stage of completion; past performance)</i>	15
Certainty of funding	10
Total	100 ₁₂

Contribution of MTEF in PRSP process

- Link project outputs with PRSP four pillars and outcomes/ impact
- Help to maintain fiscal discipline and linked budget with sectoral objectives/strategies
- Project prioritization (P1,P2,P3) and funding guarantee to P1 projects
- More realistic budget (participatory; unit costing) and performance-based budget release¹³

Immediate Action Plan

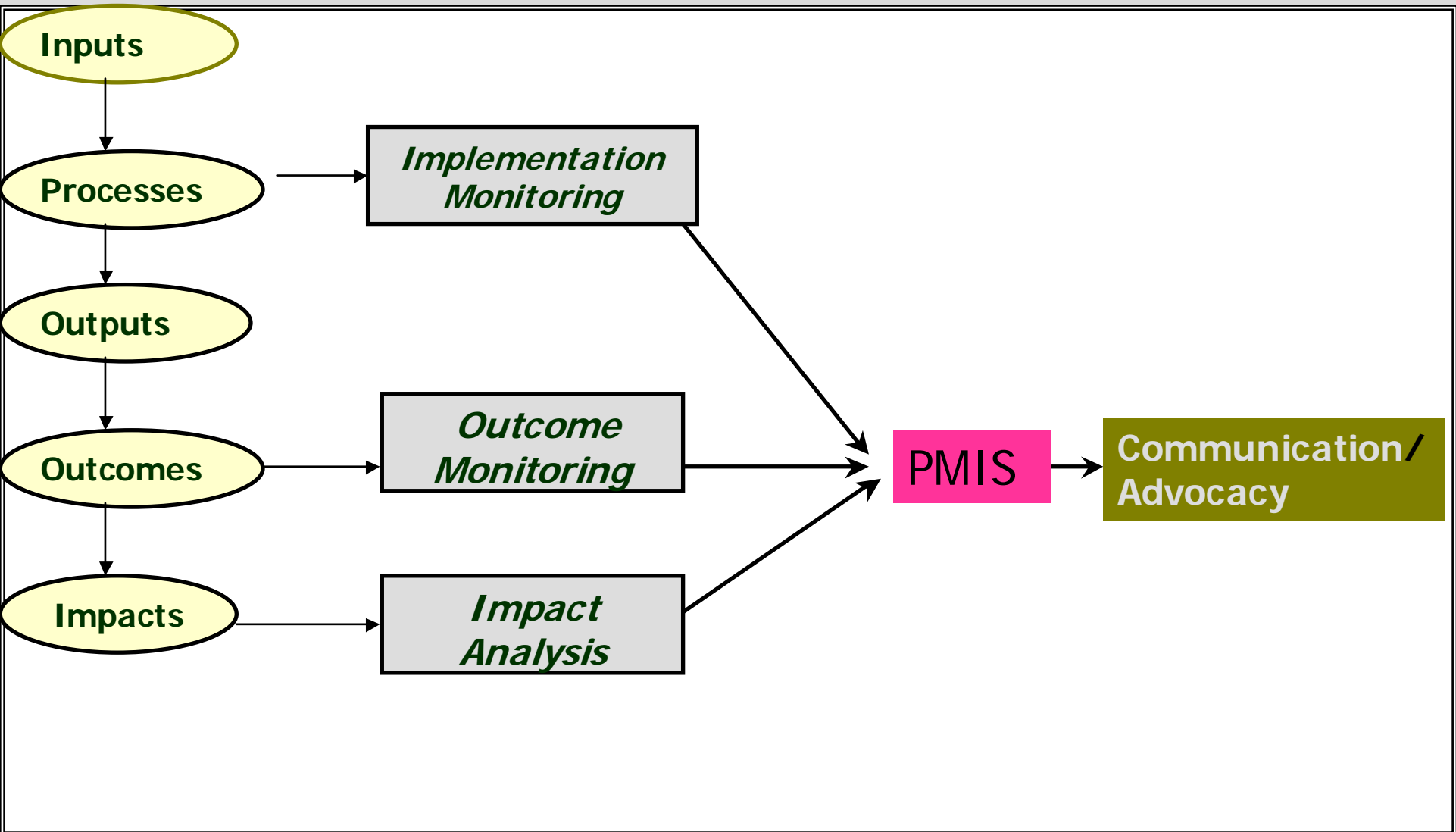
- Prioritized **reform** agenda and policy priorities with time bound action plan
- Reform activities implemented and monitored regularly
- Encouraging implementation performances of IAP I and II

Poverty Monitoring & Analysis Sys. (PMAS)

Institutionalization of PMAS

- Performance indicators of P1 projects for trimester monitoring
- Intermediate, outcome/impact indicators for PRSP periodic monitoring
- Surveys streamlined and Public Expenditure Tracking survey(improve service delivery) conducted
- Annual PRSP progress report (2nd drafted)
- Monitoring mechanism for targeted programs
- Participatory Poverty Monitoring Initiated

PMAS- Major Components



Institutional Mechanism

- Poverty Monitoring Division established
- Decentralization process expedited
- District level planning (base on log frame approach) and monitoring process initiated/strengthened
- Governance reform implemented

Performance reporting & Incentives

- Trimester progress reporting system based on performance indicators
- Periodic reviewing system in Local Bodies, Ministries and at the National level (SMC, MDAC, NDAC)
- Annual PRSP progress reports
- Performance-based budget release system (incentives and sanctions)
- Awarding prizes to best performer organization and individuals

Implementation in Conflict

- More resources to districts- based on poverty formula
- User's group activated
- Mobilization of NGOs and CBOs
- Flexible fund for employment generation
- "Security shield" to big projects
- Establishment of Peace Secretariat

Lessons Learned- General

- Participatory planning process contribute to ownership building
- MTEF process contribute to realistic priority setting and resources estimation
- Application of LFA and result-based monitoring contribute to achieve sectoral targets
- Performance reporting, reviewing and problem-solving processes contribute to effective implementation

Lessons learned-Results of MTEF

	2001/02	2003/04
Projects (#)	633	443
Dev. Expend (Rs billion)	31.5 (50)	33.0 (41.8)
Revenue (Rs.billion)	50.4 (60)	62.2 (62.2)
Domestic Borrowing (Rs billion)	15.3 (9.0)	<11.8 (11.8)
Regular Exp. (%change)	13.5 %	6.8 %
Allocation per Proj (Rs m.)	79.7	94.5

Lessons Learned

Expenditure in Social Sectors (Rs bil.)

	2001/02	2003/04
P ₁	59 %	73 %
Allocation (%)	122.7	147.3
Education (bil.)	2.76	4.34
Health (Rs Bil)	1.88	3.03
Local dev. (bil.)	3.68	5.4
Pro-poor (%)	36.7	42.4

Challenges in RBM

- Strengthening of actions initiated
- Capacity building
- Donor's support
- Expedite decentralization of result based planning and implementation
- Effective implementation and strong monitoring

Thank You