

**POVERTY MONITORING AND ANALYSIS
SYSTEM (PMAS)
FRAMEWORK DOCUMENT**

**His Majesty's Government
National Planning Commission**

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Acronyms and Abbreviations

ADBN	Asian Development Bank Nepal
BCHIMES	Between Census Household Information, Monitoring and Evaluation System
CBS	Central Bureau of Statistics
CCA	Common Country Assessment
DDC	District Development Committee
HMGN	His Majesty's Government of Nepal
IPRSP	Interim Poverty Reduction Strategy Paper
LGSP	Local Governance Strengthening Programme
MIMAP	Microeconomic Impacts of Macro-economic and Adjustment Policies Project
MoH	Ministry of Health
MTEF	Medium Term Expenditure Framework
NER	National/Ecological/Regional
NERGS	National/Ecological/Regional/Gender/Social Groups
NERS	National/Ecological/Regional/ Social Groups
NERUGS	National/Ecological/Regional/Urban/Rural/Gender/Social Groups
NERU	National/Ecological/Regional/Urban/Rural
NERUS	National/Ecological/Regional/Urban/Rural/Social Groups
NLSS	Nepal Living Standards Survey
NPC	National Planning Commission
PDDP	Participatory District Development Programme
PER	Public Expenditure Review
PETS	Public Expenditure Tracking Survey
PMAS	Poverty Monitoring and Assessment System
PMD	Poverty Monitoring Division
PMO	Prime Minister's Office
PPA	Participatory Poverty Assessment

PPEM	Participatory Public Expenditure Management
PRSP	Poverty Reduction Strategy Paper
PSIA	Poverty and Social Impact Analysis
SER	Sectoral Expenditure Review
UNDP	United Nations Development Programme
VDC	Village Development Committee
CAAN	Civil Aviation Authority of Nepal
CDC	
CIAA	Commission for Investigation and Abuse of Authority
CTEVT	Centre for Technical Education and Vocational Training
DOA	Department of Agriculture
DOE	Department of Education
DOF	Department of Forest
DOH	Department of Health
DOI	Department of Irrigation
DOLEP	Department of Labour and Employment Promotion
DONP	
DOR	Department of Road
DPS	
DR	Development Region
DSCWM	
DWSS	Department of Drinking Water and Sanitation Service
EPC	Environment Protection Council
ER	Ecological Region
GSM	Global System Mobile
HRPC	Human Rights Promotion Centre
MFCS	
MLD	Ministry of Local Development
MOAC	Ministry of Agriculture and Cooperative
MOCTCA	Ministry of Culture, Tourism and Civil Aviation
MOES	Ministry of Education and Sports
MOF	Ministry of Finance

MOGA	Ministry of General Administration
MOH	Ministry of Health
MOHA	Ministry of Home Affairs
MOIC	Ministry of Information and Communication
MOICS	Ministry of Industry, Commerce and Supply
MOLT	Ministry of Labor and Transportation
MOLTM	Ministry of Labor and Transportation Management
MOPPW	Ministry of Physical Planning and Works
MOWCSW	Ministry of Women Children and Social Welfare
MOWR	Ministry of Water Resources
NARC	National Agriculture Resource Council
NCED	National Council for Educational Development
NEA	Nepal Electricity Authority
NFC	Nepal Food Corporation
NOC	Nepal Oil Corporation
NRB	Nepal Rastra Bank
NTB	Nepal Tourism Board
NWSC	Nepal Water Supply Corporation
OPMCM	Office of the Prime minister and Council of Ministers
PAF	Poverty Alleviation Fund
PSC	Public Service Commission
RARCS	
RMDC	Rural Micro-Credit Development Centre
RTS	Rural Telecommunication Service
SWC	Social Welfare Council
TPC	Trade Promotion Centre
TSC	

Chapter 1 – Introduction

1.1 Poverty Reduction Strategy Paper (PRSP): An Overview

The overriding objective of development efforts in Nepal is poverty alleviation. In spite of noticeable progress achieved over the past decade, there is still widespread poverty. The PRSP/Tenth Plan (2002 – 2007) represents a commitment to strategic intervention by His Majesty's Government of Nepal to achieve this all-important task. The sole objective is to realise a remarkable and sustainable reduction in the income poverty level and improve human development indicators.

The Plan¹ sets forth a four-pillar strategy, calling for: (i) high, sustainable and broad-based economic growth; (ii) social sector and rural infrastructure development; (iii) targeted programmes for the ultra poor, vulnerable and deprived groups; and (iv) good governance. In implementing the four-pillar strategy, the Plan also stresses strategic cross-cutting approaches with regard to: (i) redefining the role of the state and limiting public interventions; (ii) promoting private sector development; (iii) promoting community participation; and (iv) accelerating the decentralisation process.

Furthermore, the Tenth Plan highlights the importance of effective implementation in order to deliver basic services and infrastructure to the poor, to enhance their quality of life and promote economic and social inclusion of backward communities and regions. Accordingly, the Plan places strong emphasis on monitoring progress towards the attainment of key poverty reduction goals including the Millennium Development Goals (MDGs), and ensuring that the feedback received from intended beneficiaries and target groups is effectively utilized for improving poverty interventions.

The Tenth Plan has outlined strategies for ensuring effective monitoring, including the need to establish an integrated poverty monitoring system within the government which will be more comprehensive than project/programme monitoring, and to develop a framework for systematically monitoring progress towards poverty reduction and human development goals. The present document expands on these strategies, and outlines the framework for a national Poverty Monitoring and Analysis System (PMAS), which will support the implementation of the PRSP.

1.2 Poverty Monitoring – Concepts and Coverage

“Poverty monitoring” encompasses many different aspects of monitoring. Traditionally, monitoring of development activities in Nepal has focused largely on expenditure or input monitoring only, with attempts to monitor physical progress and results, or output monitoring. The first household survey conducted with the express goal of estimating poverty

¹ The Tenth plan and PRSP has been used interchangeably, because government has adopted a single window of strategy and policy.

incidence was the Nepal Living Standard Survey (NLSS) 1996. The second NLSS is underway, and will provide the first comparable trend data on poverty for Nepal.²

However, monitoring poverty is about more than measuring and tracking income poverty through the development of poverty lines. Poverty is a complex and multi-dimensional phenomenon. Poverty is no longer thought of exclusively as having a material component expressed in monetary value. Instead, it also consists of non-material components such as social indicators, environmental and gender issues, accountability and vulnerability. All such facets are inextricably linked to one another.

Poverty monitoring therefore means more than tracking income levels and poverty lines. Large income and expenditure surveys, which are the important part of any poverty monitoring system, must share the bill with light, rapid monitoring surveys focusing on human poverty, and with participatory poverty assessments and accountability mechanisms.

Poverty monitoring must not be an isolated or academic exercise. It must be linked to pro-poor policymaking and the development and adjustment of poverty reduction strategies. The most important question poverty monitoring can help answer is whether and to what extent policies are having an impact on poverty. A poverty monitoring system, providing timely and relevant feedback to policy makers, is an essential component of a viable poverty reduction strategy.

Hence, poverty monitoring therefore implies more than expenditure tracking, or monitoring income poverty statistics. Poverty monitoring involves tracking of inputs and outputs of programmes and projects, such as those in the PRSP, monitoring indicators of well-being, or outcome and impact indicators, as well as assessing the impacts of specific policies on poverty. Each of these types of monitoring will be discussed in more detail in the pages that follow.

1.3 Poverty and Poverty Monitoring in Nepal

The first household survey conducted with a view to estimating poverty, the Nepal Living Standard Survey (NLSS) 1996, revealed that 42% of the population lived below the poverty line. Wide variation in poverty incidence throughout the country was noted, ranging from 41% in the hills to as high as 56% in the mountains, and overall 44% in the rural areas and 23% in the urban areas. Estimates based on secondary data showed a decrease to 38% by 2001/02. New data from the second NLSS will soon be available.

Poverty monitoring is thus not new to Nepal, however there are a number of areas which require attention in order for poverty monitoring to become even more effective. First, there is a need to streamline survey systems in order to avoid duplication and inconsistency, as well as to improve feedback to policy makers. Similarly, there is a need for improved

² Different household surveys were conducted in Nepal, but without proper planning and sequencing. Many of them were on social aspects, and few on the economic aspect because of the higher resources required in economic measurement, among others. Again those few economic surveys, which included economic aspects, were performed for different purposes and therefore had employed different methodologies, leaving little room for comparison across them on economic indicators including poverty incidence.

coordination, as a great deal of recent data collection, including national level household surveys, has been externally driven to meet requirements of donors or other institutional actors. Data quality has also raised concerns at the national and particularly the district level. Finally, one of the most fundamental problems of poverty monitoring to date has been the lack of systematic feedback to and use for policy purposes, at both the national and sub-national levels. Many reports indicate that the policy relevance of data collected is not well understood, particularly at the district level.

1.4 Nepal's Poverty Monitoring and Analysis System Framework

– An Overview

Poverty monitoring is complex, and requires the use of many different tools by many different institutions. It is therefore necessary to establish a Poverty Monitoring and Analysis System (PMAS) to coordinate, consolidate, harmonize and analyse data from existing, as well as new, poverty monitoring mechanisms, and communicate results in order to feed back into the policy making process. The following chapter outlines the necessary components for such a system, beginning with input and output (implementation) monitoring, which requires coordination between line ministries, district level agencies, and the Central Monitoring and Evaluation Division (CMED) of the NPC. The second component of the system focuses on outcome or well-being monitoring, which will include survey data from the Central Bureau of Statistics as well as other sources. The third component addresses the need for and tools to be used in impact assessment. The fourth and fifth components refer to the management and communication of poverty related information so that it will serve policy makers as well as citizens. The third chapter sets out the institutional framework as well as necessary structures and linkages for poverty monitoring in Nepal, with a focus on the Poverty Monitoring Section of the NPC, which will be the central point in the system. Chapter Four details the implementation work plan for the PMAS, and the appendices include supplementary information.

This framework has been developed through a number of consultations with different government stakeholders and builds on several studies conducted by independent researchers including an analysis of the appropriate institutional framework for Nepal's PMAS, a review of existing surveys and studies on poverty and resultant poverty monitoring information, a diagnostic study of performance monitoring, a proposal for a poverty management information system, and for a district level PMAS. With respect to the development and refinement of indicators, Annex A builds on the intermediate indicators identified during the preparation of the PRSP document itself. Focal groups in each ministry have worked intensively to further revise the indicators. Similarly, the indicators in Table 1 have been refined to better reflect the expected outcomes of the PRSP policy matrix and include key MDG indicators. Some further refinement of indicators is expected as the PRSP is implemented, and the PMAS becomes fully functional, as this is part of a dynamic process.

1.5 District Poverty Monitoring and Analysis System

As the PMAS is institutionalised, improved feedback from the district level to all concerned to achieve the PRSP/Tenth Plan's goal to reduce poverty will be critical. A model District Poverty Monitoring and Analysis System (DPMAS) has been designed, along with an implementation strategy, following an assessment of existing monitoring systems in six districts. The draft DPMAS Framework will be circulated to all districts for comments and suggestions, and further consultations undertaken in order to refine the framework and the implementation strategy, in order to meet the objective of having a functioning poverty monitoring system in each of the 75 districts. Linkages between the PMAS and DPMAS are still to be developed.

Chapter 2 - The Poverty Monitoring and Analysis System (PMAS)

This chapter presents the Poverty Monitoring and Analysis System (PMAS), first outlining the objectives, components and features of the PMAS, and then describing each component in detail with reference to existing mechanisms as well as the vision for the coming years.

2.1 Objectives, Components and Features of the PMAS

The primary objective of the PMAS is to coordinate, consolidate, harmonize and analyse data from existing poverty monitoring systems and to communicate results in ways which feedback into the policy process. It seeks to accomplish this through five key functions:

- Implementation (or input/output) monitoring;
- Outcome or well-being monitoring;
- Impact assessment;
- Poverty management information system;
- Communication/Advocacy.

Figure 1: Overview of the Poverty Monitoring and Analysis System

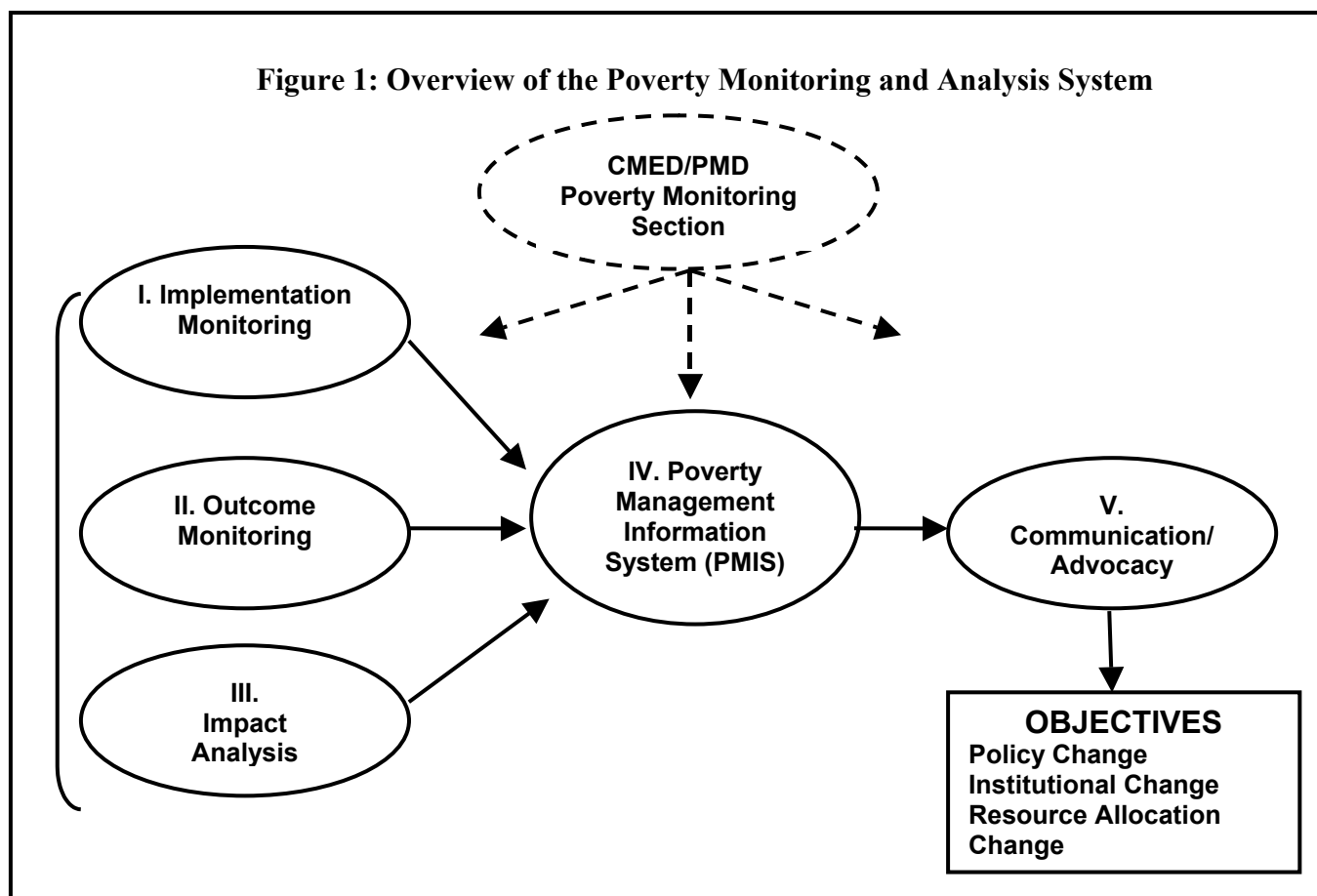


Figure 1 schematically depicts the functions and objectives of the Poverty Monitoring and Analysis System, which are discussed in the following sections of this chapter.

The formulation and subsequent operationalisation of the PMAS consists of the following features:

National Ownership/Appropriation

The PMAS will not work in the absence of 'buy-in' from data users within and outside government. The *process* of data collection, analysis *and* use is likely to be as, or more, important than the physical outputs generated (indicators, data, etc.). Therefore, the Poverty Monitoring Section (PMS) of the National Planning Commission (NPC) will make concerted efforts to actively involve stakeholders in processes of data collection, analysis, dissemination and review. The communication/advocacy function of the Section will be critical for its success.

Participation

There are a number of reasons why widespread participation of a range of stakeholders in the operation of the PMAS is likely to be instrumental to its success. Moreover, genuine participation will help build broad-based national ownership, a key ingredient in sustainable poverty reduction and human development strategies.

Nepal's PRSP evolved through participation and involvement of various stakeholders ranging from government ministries and departments to civil society including academia. While preparing this PMAS framework, especially while finalizing intermediate and final indicators, implementing ministries were highly involved and a sense of ownership has been developed. The NPC will further provide opportunities to involve different stakeholders including civil society in the process of monitoring.

Collaborative Engagement

The PMS will form partnerships with persons and organisations engaged in poverty monitoring or other analytical work related to poverty (see Chapter 3 on the Institutional Framework). This includes governmental agencies, civil society organisation and the international community. A major rationale of this policy framework document is to provide a mechanism to build partnerships with a view to improve coordination in poverty monitoring.

Harmonisation/Consolidation

As mentioned above, there is a great deal of data on poverty in Nepal as well as a wide range of policies and programmes whose central objective is to reduce it. A core function of the PMS will be to synthesize existing studies on poverty and store/consolidate the many types of data, which bear on it. This provides the rationale for putting in place a Poverty Management Information System (PMIS). Part of the work of the PMS will consist of coordinating and

harmonizing the many different systems of poverty monitoring in the country, as well as coordinating efforts to monitoring the PRSP, the MDGs, and the Sustainable Development Agenda for Nepal (SDAN).

2.2 Implementation Monitoring

Implementation monitoring tracks indicators of policies, programmes and projects such as those included in the PRSP. It relies primarily on input and output indicators, or others, which are closely related, specifically, cost-effectiveness, process or intermediate output indicators. This component has three objectives:

- Monitoring budget allocations to core programmes and policies;
- Monitoring process/activity indicators of those policies and programmes;
- Monitoring the level of achievement of the output targets of core policies and programmes within the PRSP.

Implementation monitoring ensures better management of public expenditure. Public expenditure management (PEM) can be described as a cyclical process that entails four stages: budget formulation, budget review, budget/expenditure tracking, and performance monitoring. Budget formulation and review are supported by the implementation of Medium Term Expenditure Framework in Nepal. There is scope to increase accountability of public institutions to the poor and disadvantaged groups/areas in all these four stages. Civic engagement in Participatory PEM cycle can facilitate the institutionalisation of participatory processes into the decision making of public institutions and lead to more sustainable poverty reduction outcomes.

Implementation monitoring consists of two types of monitoring in Nepal: (i) Public Expenditure Tracking (PET), and (ii) Performance Monitoring. The PET consists of public expenditure tracking survey of programmes and projects. Performance monitoring consists of performance monitoring of programme and projects; performance monitoring of intermediate indicators of PRSP; and special monitoring of targeted programme and projects.

Public Expenditure Tracking of Programme and Projects

To examine the authenticity of public expenditure, in the past HMG/N adopted three methods: (i) internal auditing, (ii) monitoring and evaluation, and (iii) final auditing. Realizing that public expenditure needs to be monitored in detail, arrangements have been made as such that Financial Comptroller General's Office (FCGO) now conduct at least one expenditure tracking survey annually. The most recent survey tracked educational grants to school in the last three years, in a sample of 65 primary and secondary schools. Public expenditure tracking will be further expanded and institutionalised.

Performance Monitoring

Performance Monitoring of Programme and Projects

With the implementation of the MTEF, HMGN has introduced performance monitoring based on performance indicators identified by line ministries. This process requires the implementing agencies to prepare detailed work plans/programmes on a quarterly basis, including performance of indicators for all Priority 1 (P1) programme/projects. Fund release is tied up with the performance of the programmes/projects measured in terms of those indicators.

Performance Monitoring of Intermediate Indicators of PRSP

The PRSP requires annual monitoring of intermediate and some outcome indicators. Following the publication of the Tenth Plan, the intermediate indicators have been further refined by the sectoral ministries, with the assistance of NPC, through the following process: (i) conducting a separate work shop for each of the concerned ministries; (ii) forming a technical core/focal group among the workshop participants to further work on the indicators presented in the workshop, and (iii) conducting focussed meetings of the core group of the ministries in the presence of NPC officials. Thus, the procedure adopted have built in the ownership and accountability of the ministries for monitoring and reporting on those indicators. The revised list of intermediate indicators is presented in Annex A. The list also specifies the responsible agency, the level of analysis/disaggregation, frequency of collection and sources of the data for each indicator.

Performance monitoring based on intermediate indicators will be performed annually and will be the basis for the major part of the analysis in the annual progress report of the PRSP. The sources of information for the intermediate indicators are the management information systems of the sectoral ministries. In addition to the MIS data, the PMS will make arrangements to include data from participatory poverty assessments along with other qualitative information in the analysis for progress reports as and when deemed necessary.

Special Monitoring of Targeted Programmes

In addition to the regular implementation monitoring of programmes/projects, the government will develop and implement a strong mechanism to monitor poverty-targeted programmes. This mechanism will focus on input, process and outputs to ensure that programmes and resources really reach the intended beneficiaries and are producing the anticipated outputs. Thus, this new performance monitoring mechanism will determine: (i) whether the budget spent on the targeted programmes and projects reaches to the final service delivery institutions, and (ii) whether the output and services of such programmes and projects reach to disadvantaged areas/groups of population, including women and Dalits. This monitoring mechanism will include at least two principal tools: Public expenditure tracking surveys (PETS) and service delivery surveys (SDS) for the targeted programmes. This special mechanism will complement the existing public expenditure tracking and performance monitoring systems.

2.3 Outcome Monitoring

Implementation monitoring monitors intermediate indicators, whereas outcome monitoring tracks final indicators. Outcome monitoring tracks changes in well-being outcomes or impacts over time. It does not attempt to attribute these outcomes to specific programmes or policies. It focuses on outcome and impact indicators, or a subset of closely related indicators. There are a number of objectives of well-being monitoring:

- to assess the overall country performance with respect to living conditions;
- to assess the relative performance of different geographical regions, districts, VDCs and socio-economic groups;
- to raise 'red flags' for more in-depth inquiry if troubling trends are revealed;
- to facilitate resource allocation decisions between regions, districts or VDCs;
- to suggest policy responses in those cases where causal factors and pathways generating outcomes are known or not necessary to formulate a policy response;
- to facilitate analysis of the determinants of changes in poverty, i.e. the reasons why poverty is increasing or decreasing; or facilitate analysis of the dynamics of poverty, i.e. the flows of households into and out of poverty.

Outcome indicators developed during the PRSP process and revised through additional consultations are identified in the last column of the policy matrixes in Annex A. Based on the intermediate and outcome indicators of the policy matrixes, a core set of indicators of different levels of objectives is given in Table 1 below (this is a revised version of the summary list of indicators appearing in Table 18 of the PRSP document).

Table 1: Key Output/Outcome/Impact and Process Indicators

Strategy/sector	Indicators/Key Actions	Levels of Analysis/ Desegregation	Frequency of Collection	Sources	Responsible Agency	
Poverty Incidence and Employment	Poverty Incidence, Intensity and Severity (poverty threshold, \$/day, consumption basket etc.)	NERUS	5-6 years	NLSS	CBS	
	Household Distribution by Consumption Deciles and Share of Poorest Quintile	NUR	2-3 years	Household Survey	CBS	
	Ginni Coefficient of Income	NERUR	5-6 years	NLSS	CBS	
	Labour Participation Rates	NERG	5-6 years	Labour Force Survey	CBS	
	Unemployment/Underemployment rates	NERGS	5-6 years	NLSS	CBS	
Broad-based (pro-poor) Economic Growth	GDP and Per Capita Income Growth	NERS	2-4 years/Annual	NLSS/HH Survey	CBS	
	Agriculture GDP and Per Capita Agricultural Income Growth	NERS	2-4 years/Annual	NLSS/HH Survey	CBS	
	Provision of Key Inputs for Agriculture (fertilizer, extension, irrigation)	NER	Annual	MIS	DOA/DOI	
	Access to Institutional/Micro Credit	NERUS	2-4 years/Annual	HH Survey/MIS	CBS/NRB	
	Tourists' Arrivals	National	Annual	MIS	DOI	
	Gross/Net Nepali Workers Going Abroad	National	Annual	MIS	CBS	
	Employment- Number of Jobs Created	National	Annual	MIS	CBS	
Human Development and Infrastructure	Human Development Indicator	NER	2 years	Survey	UNDP	
	Literacy Rates (adults and total)	NERUGS	2-4 years Annual	NLSS/HH Survey	CBS	
	Net Enrolment Rates (primary/secondary)	NERUGS	2-4 years Annual	NLSS/HH Survey	CBS/DoE	
	Repetition/Failure Rates in Primary and secondary Levels	NERUGS	2-4 years Annual	NLSS/HH Survey	CBS/DoE	
	Time Taken to Reach a Primary School	NERU	2-4 years	NLSS/HH Survey	CBS	
	Student Teacher Ratio	NER	Annual	MIS	CBS	
	Proportion of Trained Teachers in Primary School	NERU	Annual	MIS	CBS	
	Proportion of Students in Primary school Getting Scholarship	NERUGS	Annual	MIS	CBS	
	Life Expectancy at Birth	NEUG	5 years	NLSS	CBS	
	Mortality Rates (infant, child, under 5 and maternal)	NERUGS	5-6 years	HH Survey/MIS	DoHS/CBS	
	Time Taken to Reach the Nearest Health Facility	NERU	2-4 years	NLSS/HH Survey	CBS	
	One Year Olds (%) fully Immunized Against Target Diseases	NERU	2-4 years Annual	NLSS/HH Survey	CBS/MoHS	
	Diseases Incidence (TB, malaria, HIV/AIDS)	NERUGS	5-6 years	HH Survey	DoHS/CBS	
	Births (%) Attended by Skilled Health Personnel	NERUS	2-4 years/Annual	HH Survey	CBS/MoHS	
	Access to Antenatal Care During Pregnancy	HERUS	2-4 years/Annual	HH Survey	CBS/MoHS	
	Contraceptive Prevalence Rate	NERUS	2-4 years/Annual	HH Survey	CBS	
	Access to Improved Drinking Water Sources	NERUS	2-4 years/Annual	NLSS/HH Survey/MIS	CBS/DWSS	
	Access to Adequate Sanitation Facilities	NERUS	2-4 years/Annual	NLSS/HH Survey/MIS	CBS/DWSS	
	Access to Motorable All Weather Roads	NER	2-4 years/Annual	HH Survey/MIS	CBS/DoR	
	Rural Roads Constructed-Kms	NER	2-4 years/Annual	HH Survey/MIS	CBS/DoR	
	Percentage Served by Electricity	NERUS	2-4 years/Annual	HH Survey/MIS	CBS/NEA	
	Social Inclusion And Targeted Programmes	Ratio of Female Literacy to Male Literacy Rate	NERUS	2-4 years	NLSS/HH Survey	CBS
		Ratio of Girls' Enrolment to Boys' Enrolment Rate (primary and secondary)	NERUS	2-4 years/Annual	NLSS/HH Survey/MIS	CBS/DoE

Strategy/sector	Indicators/Key Actions	Levels of Analysis/ Desegregation	Frequency of Collection	Sources	Responsible Agency
Governance	Proportion of Female School Teachers	NER	Annual	MIS	DoE
	Percentage of Women in Civil Service	National	Annual	MIS	MoGA
	Percentage of Women in political Positions	National Local	2-4 years	MIS	MoPA /MoLD
	Number of Community/Leasehold Forestry UG's formed	NERS	2-4 years/Annual	HH Survey/MIS	CBS/MoF
	Expenditure and Number of People Receiving Skill Training	NERUGS	2-4 years/Annual	HH Survey/MIS	CBS/MoL
	Proportion and budget of Students From Disadvantaged Groups Awarded Scholarships	NERGS	Annual	MIS	MoE
	Number of Mobile Health Camps in Disadvantaged Groups/Areas	NERS	Annual	MIS	MoH
	Implementation of Development Action Plan for CFAA and CPAR (financial accountability, procurement, civil service reform)	National	Annual	MIS	MOF, FCGO and AGO
	Implementation of Decentralization (education, health, agri. extension, rural roads, fiscal devolution)	National	Annual	MIS	MoLD, NPC
	Implementation of Anti-Corruption Agenda	National	Annual	MIS	MoF, NPC, MoGA
Civil Service Reform	Improvement in recruitment and promotion system	National	2-4 years	MIS	MGA,PSC
	Reduce political interference in civil service functioning	National	Annual	MIS	MOGA, PMO
Environmental Management	Proportion of Land Area Covered by Forest	National Regional	Annual	MIS	MOF
	Land Area Protected for Biodiversity	National	Annual	MIS	DNPWC
	Carbon dioxide Emission Per Capita	National	Annual	MIS	DoHM
Macroeconomic Stability	Gross national Savings and Investment (percent of GDP)	National	Annual	National Accounts	CBS
	Government Expenditure (regular/dev, current/capital) Percent of GDP	National	Annual	Economic Survey	MoF
	Revenue (percent of GDP)	National	Annual	Economic Survey	CBS/MoF
	Fiscal Deficit as Percent of GDP	National	Annual	Economic Survey	CBS/MoF
	Domestic Borrowing as Percent of GDP	National	Annual	Economic Survey	CBS/NRB
	External Assistance as Percent of GDP	National	Annual	Economic Survey	CBS/MoF
	Balance of Payments (exports, imports, C/A, gross reserves)	National	Annual	Economic Survey	CBS/NRB
	Price Inflation	NER	Annual	MIS, Price data	NRB/CBS
	Monetary Growth (broad money, credit to private sector)	National	Annual	MIS	NRB
	Fiscal/Financial Management and Monitoring	Functional/Economic Classification of Allocations and Expenditures(by sector)	NR	Annual	MIS
MTEF-Pro-Poor Expenditures (P1s) Allocations and expenditures by programme/activity and type of expenditures		National	Trimesterly, Annual	MIS	NPC/MoF/FCGO
Mid Year Review of The Budget		National	Annual	MIS	MoF/FCGO
Structural Reforms and Overall progress	Govt. Review of Implementation Progress (to be shared with Dev. Partners)	NR	Trimesterly/Annual	MIS	NDAC, MDAC, NPC/MoF, ministries
	Review by Auditor General and Public Account Committee	National	Annual	AGO/FCGO Reports	AGG/PAC
	Review of IAP and Reform Agenda	National	Annual	MIS	MoF, NPC, Line Ministries
Note:	NERUS: National/Ecological/Regional/urban/Rural/Social Groups NERUR: National/Ecological/Regional/Urban/Rural NERGS: National/Ecological/Regional/Gender/Social Groups	NERUGS: National/Ecological/Regional/Urban/Rural/Gender and Social Groups NERS: National/Ecological/Regional/Social Groups NER: National/Ecological/Regional			

Table – 2: Poverty Monitoring Indicators

Sector/Theme	Intermediate Indicators	Outcome/Impact Indicators
Macro Economic Stability	<ul style="list-style-type: none"> <input type="checkbox"/> Number of tax payers with PAN. <input type="checkbox"/> Domestic credit. <input type="checkbox"/> Share of private sector credit <input type="checkbox"/> Overdraft <input type="checkbox"/> Fiscal deficit <input type="checkbox"/> Inflow of remittances through formal system <input type="checkbox"/> Growth rate of broad money supply <input type="checkbox"/> Real exchange rate. <input type="checkbox"/> Capital adequacy ratio. <input type="checkbox"/> Privatisation process <input type="checkbox"/> Accounting and auditing standards. 	<ul style="list-style-type: none"> <input type="checkbox"/> Inflation rate <input type="checkbox"/> Revenue-GDP ratio <input type="checkbox"/> Tax arrears <input type="checkbox"/> Efficiency of public spending <input type="checkbox"/> Balance of payments situation
Education	<ul style="list-style-type: none"> <input type="checkbox"/> Number of schools transferred to communities <input type="checkbox"/> Number of teachers certified <input type="checkbox"/> Number of primary/secondary teachers trained <input type="checkbox"/> School mapping annually updated <input type="checkbox"/> Number of community learning centres <input type="checkbox"/> Schools having separate latrines for girls <input type="checkbox"/> Absenteeism of teachers <input type="checkbox"/> Share of female teachers in primary schools. <input type="checkbox"/> Education Expenditure at all level/types <input type="checkbox"/> Number of girls and dalits students receiving scholarship <input type="checkbox"/> Number of schools having annex programmes 	<ul style="list-style-type: none"> <input type="checkbox"/> Net primary enrolment rate <input type="checkbox"/> Percentage of pupil completing primary level <input type="checkbox"/> Adult literacy rates (15+) <input type="checkbox"/> Female adult literacy rate (15+) <input type="checkbox"/> Ratio of girls enrolment rate to of boys
Health	<ul style="list-style-type: none"> <input type="checkbox"/> Percentage of vacant positions in remote areas <input type="checkbox"/> Percentage of women receiving at least 4 ANC visits <input type="checkbox"/> Percentage of births by skill attendants <input type="checkbox"/> Number of health facilities where 15 of the most essential drugs available <input type="checkbox"/> Percentage of one year olds receiving DPT3 against target diseases <input type="checkbox"/> Proportion of TB and Malaria cases detection and treatment <input type="checkbox"/> Condom use by 15-49 year olds <input type="checkbox"/> Proportion of population more than one hour's walk to health facilities/outreach clinics <input type="checkbox"/> Contraceptive prevalence rate <input type="checkbox"/> Health expenditure <input type="checkbox"/> Health budget to low HDI districts <input type="checkbox"/> Proportion of malnourished among growth monitored children <input type="checkbox"/> Percentage of pregnant women receiving iron tablets <input type="checkbox"/> Number of health centres, PHC and hospitals upgraded. 	<ul style="list-style-type: none"> <input type="checkbox"/> Infant mortality rate <input type="checkbox"/> Child mortality rate <input type="checkbox"/> Maternal mortality rate <input type="checkbox"/> Life expectancy at birth <input type="checkbox"/> Incidence of TB/Malaria <input type="checkbox"/> Incidence of anaemic cases
Road	<ul style="list-style-type: none"> <input type="checkbox"/> Length of additional road constructed <input type="checkbox"/> Number of additional district HQs connected <input type="checkbox"/> Road Board operational 	<ul style="list-style-type: none"> <input type="checkbox"/> Increased road access <input type="checkbox"/> Reduced transport costs

Sector/Theme	Intermediate Indicators	Outcome/Impact Indicators
Power	<ul style="list-style-type: none"> <input type="checkbox"/> BOT projects <input type="checkbox"/> Percentage of system losses <input type="checkbox"/> Percentage of outstanding arrears <input type="checkbox"/> Proportion of rural electricity consumption for productive purposes <input type="checkbox"/> Increase in installed capacity 	<ul style="list-style-type: none"> <input type="checkbox"/> Percentage of population with electricity services. <input type="checkbox"/> Average per capita consumption rate
Drinking Water and Sanitation	<ul style="list-style-type: none"> <input type="checkbox"/> Proportion of water supply schemes under community driven approach <input type="checkbox"/> Number of households with latrines in new rural schemes/existing schemes <input type="checkbox"/> Proportion of urban and semi-urban households with proper sanitation facilities <input type="checkbox"/> Reduce unaccounted for water 	<ul style="list-style-type: none"> <input type="checkbox"/> Access to safe and sustainable drinking water <input type="checkbox"/> Incidence of water-borne and water washed diseases
Information and Communication	<ul style="list-style-type: none"> <input type="checkbox"/> Restructure NTC under Company Act <input type="checkbox"/> Extension of radio and television services 	<ul style="list-style-type: none"> <input type="checkbox"/> Telephone penetration per thousand inhabitants <input type="checkbox"/> Access of radio/TV services
Targeted programmes	<ul style="list-style-type: none"> <input type="checkbox"/> Budget allocation for deprived communities/ areas <input type="checkbox"/> Grants allocation to local bodies with poverty based formula <input type="checkbox"/> Number of NGOs/CBOs supported by PAF <input type="checkbox"/> Mapping/profiling of I/NGO and CBO activities <input type="checkbox"/> Number of women and Dalits receiving scholarship for higher education <input type="checkbox"/> Number and volume of loan awarded to women <input type="checkbox"/> Number of trained midwives, ANM and nurses <input type="checkbox"/> Number of scholarship for girls and women <input type="checkbox"/> Number of women and Dalits in teaching and public agencies <input type="checkbox"/> Number of Dalits, deprived and Janajati groups benefited from scholarship and training <input type="checkbox"/> Amount of development budget allocated to deprived communities/areas 	<ul style="list-style-type: none"> <input type="checkbox"/> HDI of Far-West and Mid-West development regions and deprived communities. <input type="checkbox"/> Literacy rates of women and dalit <input type="checkbox"/> Life expectancy of dalits, deprived communities/ regions <input type="checkbox"/> Proportion of women, dalits in political activities and public positions <input type="checkbox"/> Proportion of dalits and deprived communities below poverty lines
Governance		
1. Civil Service Reform	<ul style="list-style-type: none"> <input type="checkbox"/> A full-fledged PIS operational <input type="checkbox"/> Proportion of applications from women, ethnic and disadvantaged groups 	<ul style="list-style-type: none"> <input type="checkbox"/> Merit-based recruitment and promotion <input type="checkbox"/> Percentage of women, ethnic and disadvantaged groups in civil service
2. Anti-corruption	<ul style="list-style-type: none"> <input type="checkbox"/> Number of public construction works as per prescribed standards <input type="checkbox"/> Number of corruption cases registered, prosecuted and convicted <input type="checkbox"/> Implementation of procurement Act. 	<ul style="list-style-type: none"> <input type="checkbox"/> Corruption cases <input type="checkbox"/> Effective service delivery

Sector/Theme	Intermediate Indicators	Outcome/Impact Indicators
3. Decentralisation	<ul style="list-style-type: none"> <input type="checkbox"/> Number of service delivery institution transferred to local bodies <input type="checkbox"/> Length of urban / rural roads transferred to local bodies <input type="checkbox"/> Number of districts completing and updating DPPs <input type="checkbox"/> Number of local body officials trained <input type="checkbox"/> Share of local revenue in local budget expenditure <input type="checkbox"/> Local body arrears <input type="checkbox"/> Amount of fiscal arrears from previous years <input type="checkbox"/> Number of local bodies completing timely audit <input type="checkbox"/> Number of districts with citizen charter 	<ul style="list-style-type: none"> <input type="checkbox"/> Improved service delivery <input type="checkbox"/> Increased share of local revenue in budget
Agriculture	<ul style="list-style-type: none"> <input type="checkbox"/> No. of functioning farmers groups <input type="checkbox"/> Number of rural credit outlets <input type="checkbox"/> Number of STWs and WUAs/WUGs <input type="checkbox"/> Area of improved seeds/breeds <input type="checkbox"/> Number of NGOs/CBOs/Local bodies/private sector in extension service delivery <input type="checkbox"/> Length of agricultural road <input type="checkbox"/> Number of rural households with electrification <input type="checkbox"/> Number of market infrastructures 	<ul style="list-style-type: none"> <input type="checkbox"/> Food security situation <input type="checkbox"/> Overall agriculture growth <input type="checkbox"/> Crop production <input type="checkbox"/> Livestock production
Irrigation	<ul style="list-style-type: none"> <input type="checkbox"/> Number of rehabilitated and handed over schemes <input type="checkbox"/> Number and hectare of STW, DTW and surface irrigation schemes <input type="checkbox"/> Number and hectares of new schemes developed and managed by NGOs and private sector 	<ul style="list-style-type: none"> <input type="checkbox"/> Area of year round irrigation facilities. <input type="checkbox"/> Management transfer to WUAs.
Forest and Soil Conservation	<ul style="list-style-type: none"> <input type="checkbox"/> Number of resource/user groups under community and leasehold forests <input type="checkbox"/> Number of forest based enterprises <input type="checkbox"/> Area and number of households covered under community and leasehold forests <input type="checkbox"/> Area of degraded land rehabilitated <input type="checkbox"/> Number of households involved in income oriented conservation practices. 	<ul style="list-style-type: none"> <input type="checkbox"/> Area under forest coverage <input type="checkbox"/> Increased employment and income generating activities <input type="checkbox"/> Increased supply of forest products
Industry, Trade and Supplies	<ul style="list-style-type: none"> <input type="checkbox"/> New foreign investment policy. <input type="checkbox"/> Tariff rates <input type="checkbox"/> Number of training/trainees <input type="checkbox"/> Number of trade and industrial fairs <input type="checkbox"/> Number of <input type="checkbox"/> days lost due to strikes <input type="checkbox"/> Supply and distribution of food in remote areas <input type="checkbox"/> Price tuned to Indian markets <input type="checkbox"/> Act / Rules reformed as per WTO/SAPTA norms <input type="checkbox"/> Status of EPZ 	<ul style="list-style-type: none"> <input type="checkbox"/> Contribution to GDP <input type="checkbox"/> Expansion of industrial production <input type="checkbox"/> Additional employment in SMES <input type="checkbox"/> Food security in remote areas. <input type="checkbox"/> Price of petroleum products <input type="checkbox"/> Trade-GDP ratio
Labour	<ul style="list-style-type: none"> <input type="checkbox"/> Number of labourers employed overseas <input type="checkbox"/> Proportion of skilled migrant workers <input type="checkbox"/> Number of child workers rescued and rehabilitated 	<ul style="list-style-type: none"> <input type="checkbox"/> Underemployment and unemployment rate. <input type="checkbox"/> Remittances <input type="checkbox"/> Reduced child labour
Tourism	<ul style="list-style-type: none"> <input type="checkbox"/> Number of promotional activities 	<ul style="list-style-type: none"> <input type="checkbox"/> Number of tourists arrivals

Sector/Theme	Intermediate Indicators	Outcome/Impact Indicators
	<input type="checkbox"/> Number of improved infrastructure and physical structure <input type="checkbox"/> Number of national heritage <input type="checkbox"/> Number of village tourism sites <input type="checkbox"/> Air safety standard <input type="checkbox"/> Number of international flights to Kathmandu	<input type="checkbox"/> Length of stay of tourists <input type="checkbox"/> Contribution of tourism in the economy
Human Rights	<input type="checkbox"/> Human rights action plan <input type="checkbox"/> Number of human rights violation investigation cases <input type="checkbox"/> Number of promotional activities	<input type="checkbox"/> Human rights violation cases
Integrated Security Development Programme	<input type="checkbox"/> Number of big projects provided with security <input type="checkbox"/> Internal security in strategic and violence affected areas <input type="checkbox"/> Number of victims rehabilitated	<input type="checkbox"/> Peace and security

2.4 The System of Household Surveys

One of the key sources of data for poverty monitoring are surveys. Household surveys conducted in Nepal in the past are not regular and there is some duplication in terms of their timing and indicators used. So, there is a need to streamline those surveys and prepare a new coherent national household survey system which provides surveys data and information for effective poverty monitoring and preparing the periodic progress reports of the PRSP. In this connection, National Planning Commission organized a national consultative meeting on streamlining household surveys on January 8, 2004 inviting major stakeholders who are involved in or taking interest in this process. The consultative meeting discussed different options and finally suggested a survey list as, (i) Nepal Living Standards Survey (NLSS) – conduct in every 5 years, (ii) Consolidated Social Survey (can be renamed) – conduct in every 5 years (this survey can be NDGS with education modules) and (iii) Expenditure Tracking and/or Service Delivery Surveys ET & (SDSs) (whether combine it or do separately) – conduct annually selecting particular sector or area. The sequencing of these surveys will be as in table 2.

Table 2 : Sequencing of Surveys

	2003	2004	2005	2006	2007	2008
1. National Living Standards Survey (NLSS)	x	-	-	-	-	x
2. Consolidated Social Survey	-	-	-	x	-	-
3. Expenditure Tracking and/or Service Delivery Surveys	-	x	x	x	x	x
4. Labour Force Survey	-	-	-	x	-	-
5. Agricultural Survey	-	x	-	x	-	x

In order to suggest the technical aspects and modalities of Expenditure Tracking and/or Service Delivery Surveys (ET & SDSs) (whether combine it or do separately) a Technical Committee will be formed including representatives from NPC, MOF, CBS, World Bank, USAID, DFID, UNDP and UNICEF. Further, the Technical Committee will also suggest the linkages of the two major surveys (NLSS and CSS) with the ET & SDSs. NLSS & CSS mostly focus on the outcome and impact level indicators whereas the ET & SDSs will focus on selected intermediate indicators related with public expenditure, and access to, use of and satisfaction with the public service delivery. Moreover, ET & SDS, will be mostly perception-based.

CBS will be the focal point for conducting the household surveys for poverty monitoring. Thus, attention will be paid to enhancing the capacity of the CBS in order to make it enable to attest the quality of surveys and also harmonizing the survey results.

2.5 Impact Analysis

Impact analysis establishes a link between the outcomes/impacts analysed in the outcome monitoring and the programmes in the Implementation Monitoring. It uses a range of analytical techniques to attribute outcome and impact indicators to specific policies or programmes. Impact analysis has two main objectives:

- to assess the effect of a specific policy, programme and project on poverty or some other well-being outcome;
- to assess the efficiency of different policies or programmes in achieving a given well-being outcome, i.e. could other policies or programmes have improved well-being at lower cost?

Priority Projects, Programme and Policies (PPPs) for Impact Assessment

There are more than 400 programmes and projects under operation by HMG/N and some additional projects implemented by INGOs and other stakeholders. In order to conduct impact evaluation, there is a need for selecting programmes and projects based on some criteria/considerations such as the following ones: (i) strategy/policy relevance, (ii) cost effectiveness, (iii) partnerships, and (iv) Participation. The proposed policy, programme and projects (PPPs) for the impact evaluation are given in Table 3.

Table 3: Proposed Priority PPPs for Impact Evaluation

Year	Priority PPPs	Identified PPPs (To be identified later)	Methods
2003/04	Impact Evaluation of the projects operating under different modality within one to two districts.		A comparative evaluation of similar projects/ programmes operated by GOs and I/NGOs in one to two districts.
2004	Impact evaluation of one to two targeted programmes		Evaluation of a programme/project with a larger geographical coverage focusing on different aspects of poverty.
2005	Impact evaluation of macro economic policy of the government		Use of secondary data and some primary data for measuring the impact of macroeconomic policy.

There is a need for further specifying the PPPs for conducting the assessment. Among the macro policies, the two areas which could be of concern for evaluating their impact on the poverty are as follows: (i) impact of changes on public spending so as to find out how

implementation of targeted programmes or increased allocation in social sector is affecting poor, and (ii) impact of some structural reforms such as liberalisation policy on the poor.

The impact studies are to be conducted in such a time that their lessons could help policy makers to revise PPPs. The timing for the impact studies will be matched as such that they contribute to prepare periodic progress reports or the mid-term or final evaluation of the 10th plan.

The participatory tools, qualitative information and traditional household surveys have different strengths, and the findings from one reinforce the findings of the other. Therefore, arrangements will be made to complement each other. The following section explains as to what participatory tools could be used in the different components of PMAS.

2.6 Participatory Monitoring and Evaluation

Participatory Monitoring and Evaluation (PM&E) will complement in each of the components of poverty monitoring. The expected outcomes from the PM&E are: (i) development of feedback mechanism and participatory monitoring system which enables citizens and stakeholders within the government to monitor key poverty actions, public actions and outcomes as part of PRS formulation and implementation; and (ii) citizens report card on PRS performance and implementation and mechanism to incorporate citizen feedback in adaptation and improvement of the PRS. Feedback and information generated from one round of PM&E process will be incorporated into future rounds of decision-making and programme implementation. Some of the ways that participatory monitoring can figure in the national level poverty monitoring and analysis system are in the following ways:

Implementation Monitoring

Use of Citizen's Report Cards/beneficiary assessments for service delivery review, social audits for expenditure tracking, budget review by civil society organisations, parliamentary review of programme/policy performance, etc.

Outcome Monitoring

Use of PPAs³ to help develop correlates of poverty or to inform discussion of poverty trends and dynamics (though there are a lot of caveats because of the limited coverage of these exercises and lack of comparability in poverty definitions between sites).

Impact Analysis

Use of participatory techniques whereby the views of programme beneficiaries are canvassed.

³ PPAs conducted in Nepal have different objectives, and many of them have been conducted to feed some specific information of a particular sector or of a particular agency. These PPAs were not linked with any household surveys focusing on poverty. Thus, like the household surveys in the past the information generated from those PPAs is not much useful either for poverty diagnosis or for monitoring poverty. To be meaningful, the PPAs need to be tied up with the NLSS so that it can complement the NLSS information on poverty.

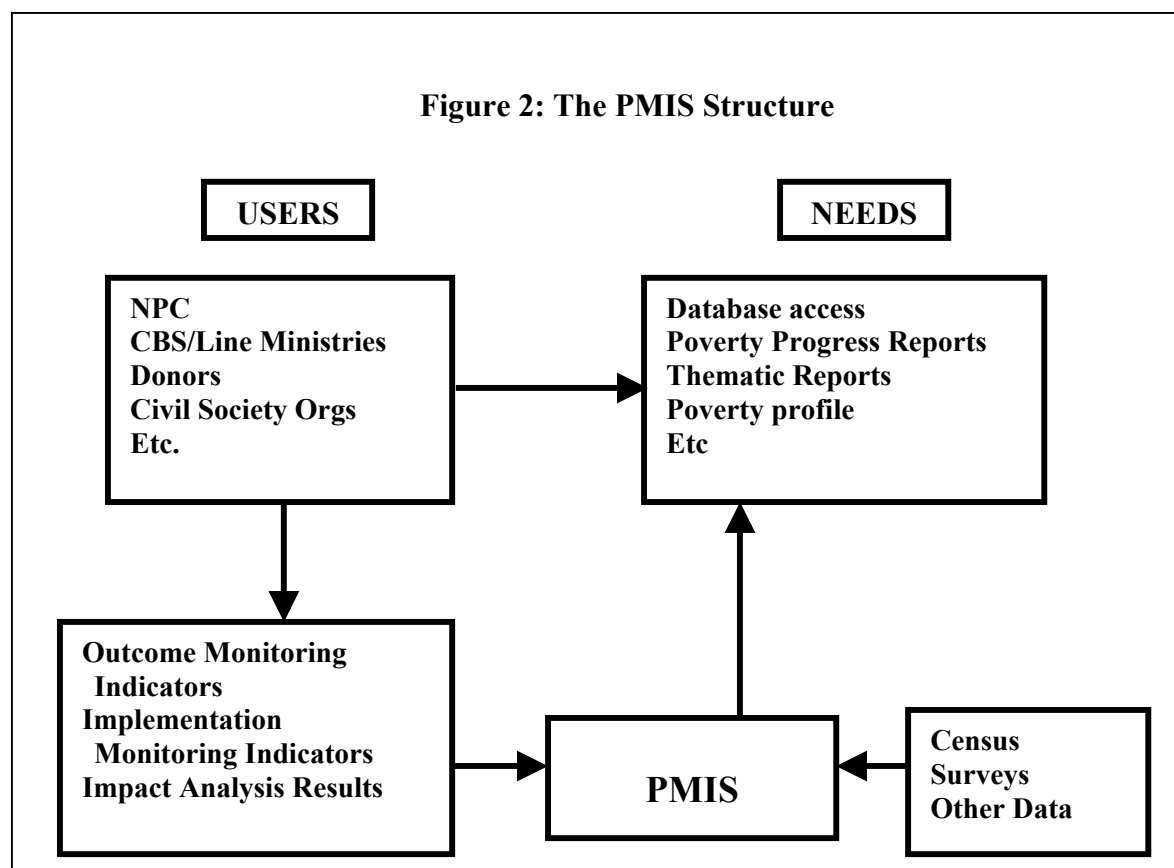
Communication

Here participation is central in that the objective is to involve different CBOs with a view to disseminate results and elicit feedback. Different techniques can be used including public forums, village assemblies, etc.

2.7 Poverty Management Information System (PMIS)⁴

A major function of the PMAS is to consolidate and serve as a repository for existing data on poverty to facilitate its analysis and use by various stakeholders. An effective means of accomplishing this task is to establish an integrated and user-friendly Poverty Management Information System (PMIS), which would serve as a data warehouse, linking major databases relevant to poverty monitoring.

The PMIS's overarching objective is to become the foundation of PMA decision-making with the administration and in the process constitute a **decision support system**. It strives to accomplish this objective through the following activities: (i) providing instant access to relevant, clearly defined poverty information; (ii) making existing information coherent, compatible and consistent; (iii) constituting a flexible and evolving vehicle for data storage and analysis; and (iv) ensuring data access while securing data resources through control and monitoring functions. A provisional sketch of the PMIS structure is presented in Figure 2.



⁴ A PMIS is an electronic system linking a core set of databases relevant for poverty monitoring. It comprises four interacting elements: (i) *users* who make decisions when performing their usual work; (ii) *data/information* for decision-making; (iii) *rules* guiding interactions between users and data; and (iv) *information technology* for collecting, analysing, storing and disseminating data.

The Government intends to have a PMIS in the long term, which is usable and cost effective, and evolve gradually with limited data and indicators built in Nepal Info. CBS is in the process of preparing Nepal Info⁵, which has already incorporated some of the poverty related indicators, and will expand in the future with the inclusion of additional poverty related indicators.

2.8 Communication/Advocacy

HMG/Nepal is planning to scale up and institutionalise its communication outreach and participatory processes in the implementation and monitoring of the PRSP. The PMS will have a direct role to play, as the communication/advocacy function of the PMAS entails much more than simple dissemination of poverty-related information. There will be a two-way process of information flow, which will contribute to generate a consensus among key stakeholders about the direction of the national poverty strategy. In practice, this implies close collaboration with the media, parliament, NGOs, community-based organizations, and other important stakeholders. Diverse communication activities related to poverty monitoring and assessment will be undertaken in order to pursue the following core objectives:

- to create awareness of poverty reduction goals and activities;
- to facilitate participation and enhance trust among stakeholders;
- to create consensus and build domestic constituencies to support and sustain poverty reduction efforts;
- to incorporate the oversight function of civil society organizations including the media, advocacy groups, etc.; and
- to manage expectations with respect to the poverty reduction process.

In order to systematically undertake the function of communication/advocacy, communication strategy and action plan will be elaborated for the PMS. The communication plan will outline and/or review the following:

Overall Purpose: the general objective of the communication plan;

Goals/Specific Objectives: concrete objectives linked to the more general objectives;

Analysis of the Public Environment: analysis of perceived strengths, weaknesses, opportunities and threats of the poverty reduction process by key stakeholders to reinforce positive perceptions and correct negative ones;

Target Groups: identification of primary and secondary target groups for the communication plan.

Messages: determination of core and secondary messages and tools for delivery.

Activities: identification of operational activities such as press conferences, traditional fora, information campaigns, etc.

Communication Tools: selection of appropriate tools corresponding to activities such as theatre, songs, radio, television, print media, etc.

The Plan will be developed in early 2004 and implementation initiated. One of the activities in this regard will be to train facilitators, media professionals and government officials to effectively disseminate information on poverty and poverty monitoring.

⁵ Nepal Info is a database software tool that features a comprehensive set of social development indicators selected to monitor the MDGs, CCA and other key development parameters, and is available in CD Rom.

Chapter 3 - Institutional Framework

3.1 Overview

The PMAS institutional framework will include three kinds of structures: (i) a national technical structure to provide key analytical skills and strategic planning policy making recommendations at the central level, and decentralized technical structures at the district level that will provide regional and micro quality technical analyses in a coordinated way; (ii) a consultative structure to provide an opportunity for all stakeholders to be informed of the results of the technical structures analyses and reflect upon their policy recommendations; and (iii) an executive political structure that makes decisions on the basis of the recommendations of the national technical and consultative structures.

3.2 Structural Linkages

HMGN has already formed a Poverty Monitoring Section within the NPC as the key institution responsible for poverty monitoring. It will be structured under the CMED/PMD as a separate section dealing with poverty monitoring activities. It has to maintain technical, consultative and executive political linkages with other institutions as following.

Technical Linkages

With respect to implementation monitoring, there are five key actors with whom the PMS will forge close links: the other two sections of the CMED; the Office of the Prime Minister and Council of Ministers; the Macro-Economic Division (NPC); M&E Divisions/Sections within line Ministries; District Development Committees (DDCs). At present, monitoring of priority one (P1) projects is conducted centrally by the CMED, which reviews progress reports sent from the field. Monitoring of district level projects is conducted by the DDCs, though in practice there are lapses. Line Ministries have their own M&E Divisions/Sections responsible for monitoring sector-specific activities.

In Implementation Monitoring PMS concentrates on monitoring the intermediate indicators (as per Annex A) as developed to monitor the sectoral activities of the PRSP whereas other two sections under CMED/PMD will be involved in monitoring the periodic progress of the performance indicators of the programmes and projects under implementation.

With respect to Outcome (well-being) Monitoring and Impact Analysis, the PMS will establish close ties with the CBS and with national organisations (research institutes, universities, NGOs, consultancy firms, etc.) who have the capacity to conduct poverty-related analysis. In terms of impact analysis the role of the PMS will be to facilitate, coordinate, oversee and provide input into aspects of data collection and analysis (but not to directly conduct impact analysis itself).

The Government shall form a high level committee, headed by the Vice-Chairman of the NPC, and comprising Secretaries of relevant line ministries, representatives from civil society, and the donor community to oversee monitoring of the PRSP/Tenth Plan. This committee will form as necessary steering and/or technical committees to oversee specific poverty monitoring activities.

Consultative Linkages

It is important that the NPC submit the periodic progress reports of the PRSP to the National Development Council meeting for review and acquire guidance and comments in order to strengthen the implementation and monitoring process of the PRSP. Moreover consultative linkages are very closely related to the Communication/Advocacy functions of the PMS. Here, close links will be forged with civil society groups including, the media, NGOs, community-based organisations, social marketing firms with a view to jointly elaborate and implement a strategic communication plan.

Executive Political Linkages

It is critical that information on poverty monitoring reach the highest levels of the political process to ensure a feedback mechanism to policy. As such, it is important to ensure that the poverty progress reports, as well as periodic briefs are submitted to the Office of the Prime Minister and Council of Ministers for review. The information must be rigorous and available at the right time and in a usable form for it to be useful and feed back into the policy process.

Figure 3 at the end of the Section, provides a schematic overview of the institutional framework.

3.3 Composition of the CMED/PMD

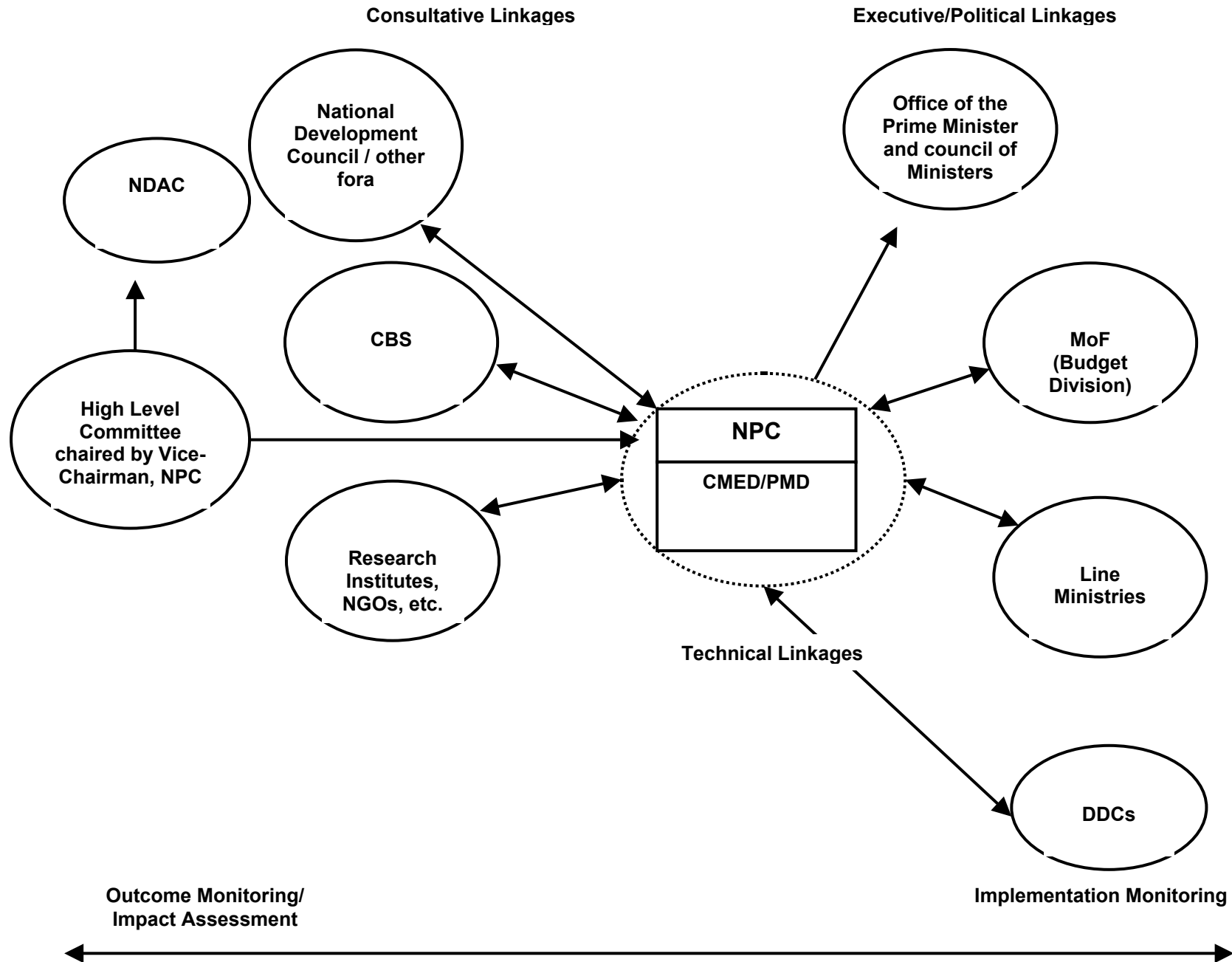
As indicated in the previous Chapter, the activities of the PMAS revolve around five core functions: implementation monitoring; outcome monitoring; impact assessment; information management; communication/advocacy. These functions should determine in large measure the leadership of the Division Chief of the CMED/PMD and the composition of the Poverty Monitoring Section, which is outlined in Table 4.

Table 4 :CMED/PMD chief and PMS Staff Qualifications and Skills		
	Professional Qualification& Background	Key Skills
1. Joint-Secretary (Division chief CMED/PMD)	Postgraduate in Social Sciences and at least 12 years experience at senior level working on social policy / programme management issues.	Strong policy analysis, policy formulation, competence in budgeting and financial management. Creative, entrepreneurial management skills.
2. Under Secretary	Postgraduate and at least 10 years experience in a Planning and M&E policy unit in government. Background in pro-poor social policy or development effectiveness issues.	Skills in: Monitoring and evaluation, impact analysis, leading research teams; project managing research contracts and designing and delivering training courses/workshops.
3. Two Senior Researchers (Implementation Monitoring, Outcome Monitoring, and Impact Assessment)	Postgraduate and sound grounding in statistics, economics or applied social sciences. At least 3 years experience in a relevant research programme working on pro-poor social policy or development effectiveness issues.	Skills in: (i) Outcome Monitoring (ii)Implementation Monitoring, and (iii)Impact Assessment Research methodological skills, either or in both quantitative and qualitative approaches to poverty analysis and monitoring. Creative approach to training, communications & advocacy work.
4. Data Administrator	Undergraduate in Computer Sciences or equivalent training. Experience in project management, object-oriented data modelling, data flow analysis, relational databases and programming languages	Information management abilities including database management, PMIS development and maintenance, etc.

Note: Other technical people will be hired as and when required.

In addition to the PMS there will be two more sections under CMED/PMD mainly to deal with implementation monitoring of programmes/projects.

Figure 3 : PMAS Institutional Framework



Chapter 4 - Work Plan for Implementation of the PMAS

The work plan identifies a number of core activities required to operationalise the PMAS. It includes activities in support of the institutional framework as well as activities corresponding to the five core functions of the PMAS. All proposed activities reflect the key PMS objective to coordinate, consolidate, harmonize and analyse data from existing poverty monitoring systems and communicate results in ways, which feed back into the policy process.

Table 4: Work Plan for the Implementation of PMAS

Key Components	Activities	Expected Time	Responsible Agency
Institutional Framework/ Institutional Development	<ul style="list-style-type: none"> ▪ Structure Poverty Monitoring Division under a Joint Secretary in NPC. ▪ Conduct training on impact assessment. 	2003/04 2003/04	NPC NPC
	<ul style="list-style-type: none"> ▪ Develop a capacity building plan for government staff involved in Poverty Monitoring. ▪ Structure Poverty Unit in CBS. 	2004 2004	NPC NPC/CBS
	Conduct training on policy level decision makers	2004/05	NPC
	Conduct training for CBS staff	2004/05	NPC/CBS
	Conduct trainings for division chiefs of NPC and line ministries	2004 – 2005	NPC
	Conduct training for professional staff of NPC and line ministries	2004 – 2005	NPC
	Form a separate Planning, M&E cadre.	2005	MOGA/MOF
Establish networking of database among the ministries.	2005/06	NPC/MOF/concerned line ministries	
Implementation Monitoring	Refine intermediate indicators.	2003	NPC, line ministries
	Refine performance indicators. (Ongoing)	-	NPC, line ministries
	Mechanism for monitoring targeted programmes developed	2003/04	NPC, MLD
	Mechanism for monitoring targeted programmes implemented	2004	NPC, MLD

Key Components	Activities	Expected Time	Responsible Agency
Outcome Monitoring	Conduct NLSS	2003/04	CBS
	Identify data gaps	2003/04	NPC, line ministries
	Organise national level workshop on participatory poverty monitoring	2003/04	NPC
	Conduct national level stakeholder workshop on streamlining household surveys.	2004	NPC
	Adapt household survey system	2004	NPC/CBS
Develop light household survey	2004	NPC/CBS	
Conduct light household survey	2004/05	NPC/CBS	
Conduct participatory and/or qualitative poverty monitoring studies/surveys	2004 - 05	NPC	
Impact Assessment	Develop action plan for key priority impact assessments	2003	NPC
	Conduct key priority impact assessment annually	2004 - 05	NPC
Poverty Management Information System	Incorporate poverty monitoring indicators in Nepal Info. (Ongoing)	-	NPC/CBS
	Conduct training on Nepal Info for government staff and representatives from civil societies.	2004 - 05	NPC/CBS
Communication and Advocacy	Develop communication strategy and action plan	2003/04	NPC
	Train facilitators, media professionals and government officials to disseminate information on poverty monitoring	2004	NPC
	Develop concept of radio programme on poverty/poverty monitoring	2004	NPC
Reporting	Prepare annual poverty baseline report	2003	NPC
	Prepare annual poverty progress report	2004 -05	NPC
District Poverty Monitoring and Analysis System	Disseminate DPMAS report	2003/04	NPC, MLD, ADDCN
	Develop implementation plan	2004/05	NPC, MLD, ADDCN

