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# Sajhedari Bikaas

## Community Contracting (CC) Manual



Promoting Methods

for

Social Inclusion and Conflict Sensitivity



# **Sajhedari Bikaas Community Contracting (CC) Manual**

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*Promoting Methods for Social Inclusion and Conflict Sensitivity*

**June 2013**

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# ACRONYMS

ADDCN	Association of District Development Committee of Nepal
CA	Constituent Assembly
CBO	Community-based Organization
CDO	Chief District Officer
CELLRd	Centre for Legal Research and Resource Development
CF	Community Facilitator
COR	Contracting Officer's Representative
CPA	Comprehensive Peace Agreement
CSO	Community Support Organizations
CSP	Community Development Projects
DDC	District Development Committee
DDO	District Development Office
DIDC	District Information Documentation Centre
DNGO	District Non Governmental Organization
DQA	Data Quality Assessment
DTO	District Technical Office
EA	Equal Access
GESI	Gender Equality and Social Inclusion
GIS	Geographic Information System
GON	Government of Nepal
IPC	Integrated Planning Committee
LDO	Local Development Officer
LGCDP	Local Governance and Community Development Programme
LPC	Local Peace Committee
MCPM	Minimum Conditions Performance Measure
MG	Municipal Government
M&E	Monitoring and Evaluation
MFALD	Ministry of Foreign and Local Development
MoPR	Ministry of Peace and Reconstruction

NAVIN	National Association of VDCs in Nepal
PBMS	Performance Based Management System
PBC	Project Beneficiary Committee
PMC	Project Management Committee
PMP	Performance Monitoring Plan
PMC	Project Selection Committee
PSA	Public Service Announcement
SMC	School Management Committee
SM	Social Mobilizer
SO	Site Overseer
SOW	Scope of Work
TA	Technical Assistance
TOR	Terms of Reference
TOT	Training of Trainers
USAID	United States Agency for International Development
VDC	Village Development Committee
VP	Village Profile
WCF	Ward Citizen Forum
WEG	Women Economic Group
WDO	Women and Development Office
YI	Youth Initiative

# 1.0 ABOUT THIS MANUAL

This manual explains how staff and partners will promote an Inclusive Community Contracting (CC) process within Sajhedari Bikaas to help increase access to resources and enhance local level decision making that is more inclusive. This manual details the key milestones, activities, and sub-activities in a CC process, and illustrates and explains the project cycle. Apart from the project cycle, the manual also contains templates and tools needed for an accountable and participatory CC system. This CC manual is designed for Nepal and supports Government of Nepal (GON) policies and frameworks that promote Community Development at the local level, specifically with Local Governance Bodies (LGBs), such as District Development Committees (DDCs), Village Development Committees (VDCs), and Municipalities.

This training complements the *Sajhedari Community Access Manual (CAM)* and training. The CAM details the Community Development System in Nepal, and trains staff on the 14 Point Planning Process that is used in Nepal by the Ministry of Federal Affairs and Local Development (MFALD). The CAM illustrates the tools and local accountability systems that are promoted at the VDC and DDC level to support the Local Self Governance Act (LSGA). The LSGA provides the regulations and guidance that local government (LG) officials need to administer the planning and development process in Nepal. This training also focuses on Social and Community Mobilization and the role that it plays in creating inclusive and participation in the annual planning process in Nepal.

CC is an essential tool that staff and partners of Sajhedari Bikaas will use to encourage more participatory decision making by marginalized groups. This approach will promote more equitable and inclusive resource decisions and build community skills in Conflict Prevention, Mitigation and Management (CPMM) as well as Gender Equality and Social Inclusion (GESI).

The manual and tools included will be useful for project management staff; community groups and non-governmental organizations that will help support the objectives of Sajhedari Bikaas.

## 1.1 TRAINING OBJECTIVES

The broad objective of this technical training and capacity development program is to support the needs of the Sajhedari Bikaas project and ensure that partners such as: District (DNGO) partner staff, GON officials, social mobilizers, supervisors, overseers/sub-overseers, engineers and coordinators are able to perform their roles and responsibilities. A Training of Trainers (TOT) approach is used to ensure replication and scale over the life of the Sajhedari Bikaas project. This approach also supports lessons and skills to be transferred all the way to the Ward and Settlement level. Each trainer will come with a set of skills already, and will integrate this learning into their 'tool box' to discover new ways to ensure more direct assistance to the communities that need it the most. Training methods and content is designed to support Community Development Processes (CDP) in Nepal, with an emphasis on the active and integrated participation of women, youth and marginalized groups. Each participant will be asked to actively engage in all activities and infuse them with their own unique perspectives that will benefit the Sajhedari Team, and improve over time the CC process.

## 1.2 KEY PRINCIPLES OF COMMUNITY CONTRACTING

Community Contracting is a transparent approach that engages communities, local entrepreneurs and businesses and can be used in many different program contexts to increase transparency and

build trust and community ownership of a project. Most often CC is used with post conflict reconstruction projects or community development projects. Sajhedari Bikaas's CC approach increases community participation to ensure procurement is transparent and fair and to halt waste and corruption. Communities have a voice in the project selection, design, construction and management, with a specific focus on the procurement process. Community representatives determine the selection criteria and then choose the community contractor or group according to a set grading system. Bids are evaluated in a public forum that includes bidders and other stakeholders. Projects are evaluated in an open forum and oversight and management is led by the community.

These are the principles of CC:

- **Transparency:** Success of CC depends on transparency. Everyone involved in the process must uphold standards of openness and honesty, and every step of the process must be transparent, especially in conflict-affected contexts where mistrust, security and ability to operate are an issue.
- **Fairness:** CC is a competitive business model for procuring goods and services for community development. It relies on fair competition of the marketplace to generate participants, and allows the best applicant/vendor to win.
- **Community Participation:** Enabling and encouraging the community to participate increases the project's relevance and ensures that service or infrastructure will be maintained and used properly.
- **Checks and Balances:** The Pact CC approach engages multiple stakeholders from different organizations and positions in the community to provide a system of checks and balances.

**NOTE TO READER:**

*This manual will use the following symbols to alert the reader to key information, tools, and lessons learned.*



Important for Activity Planning



Lesson Learned or Best Practice



Tool and/or Template

# 2.0 OVERVIEW

## 2.1 INTRODUCTION TO SAJHEDARI BIKAAS PROJECT

Sajhedari Bikaas is a five-year USAID-funded project primarily aimed at empowering communities to direct their own development. Sajhedari Bikaas is specifically designed to offer sustainable, locally appropriate development solutions to respond to the shifting political and social context in Nepal. Sajhedari Bikaas seeks to create an environment where social inclusion is central to local development planning and where people living at the community level experience less conflict over community resources and identity, gender and social conflict.

Unequal development is both a cause and a result of exclusion in Nepal (UNDP 2009). Sajhedari Bikaas, which translates as “partnerships for development,” rests on the principle that the mainstreaming of women, youth and marginalized groups in community-led planning processes and conflict mitigation will institutionalize these group’s voices and choices for more effective and sustainable development. In the next five years, the Project will work in six districts in Nepal’s Middle and Far West Regions, in about 120-village development committees (VDCs) over two phases. The project will provide technical assistance, material support, and training to achieve the following: (1) establish an enabling environment for community development; (2) increase communities’ ability to access resources and to effectively implement inclusive development projects; and (3) improve the ability of existing and new government units to function effectively.

Empowering communities to make decisions about the resources they use is one of the best ways to ensure that development activities are responsive to community needs and sustained beyond the project’s lifetime. Nepal has a sophisticated and well-written Local Self Governance Act (LSGA) and a history of trying to devolve decision making to be more effective and collaborative at the local level. The Local Government Community Development Program (LGCDP) is a Government of Nepal (GON) program supported by numerous donor and multilateral partners that was designed to support more effective and integrated community development approaches. LGCDP stakeholders and the collaborating GON Ministry, the Ministry of Foreign Affairs and Local Development (MFALD) has developed guidance and manuals that detail the envisioned community development approach in Nepal. But in reality this guidance has not reached the VDC level and although there are many new systems and approaches, they have not been adopted in practice in most rural communities in Nepal.

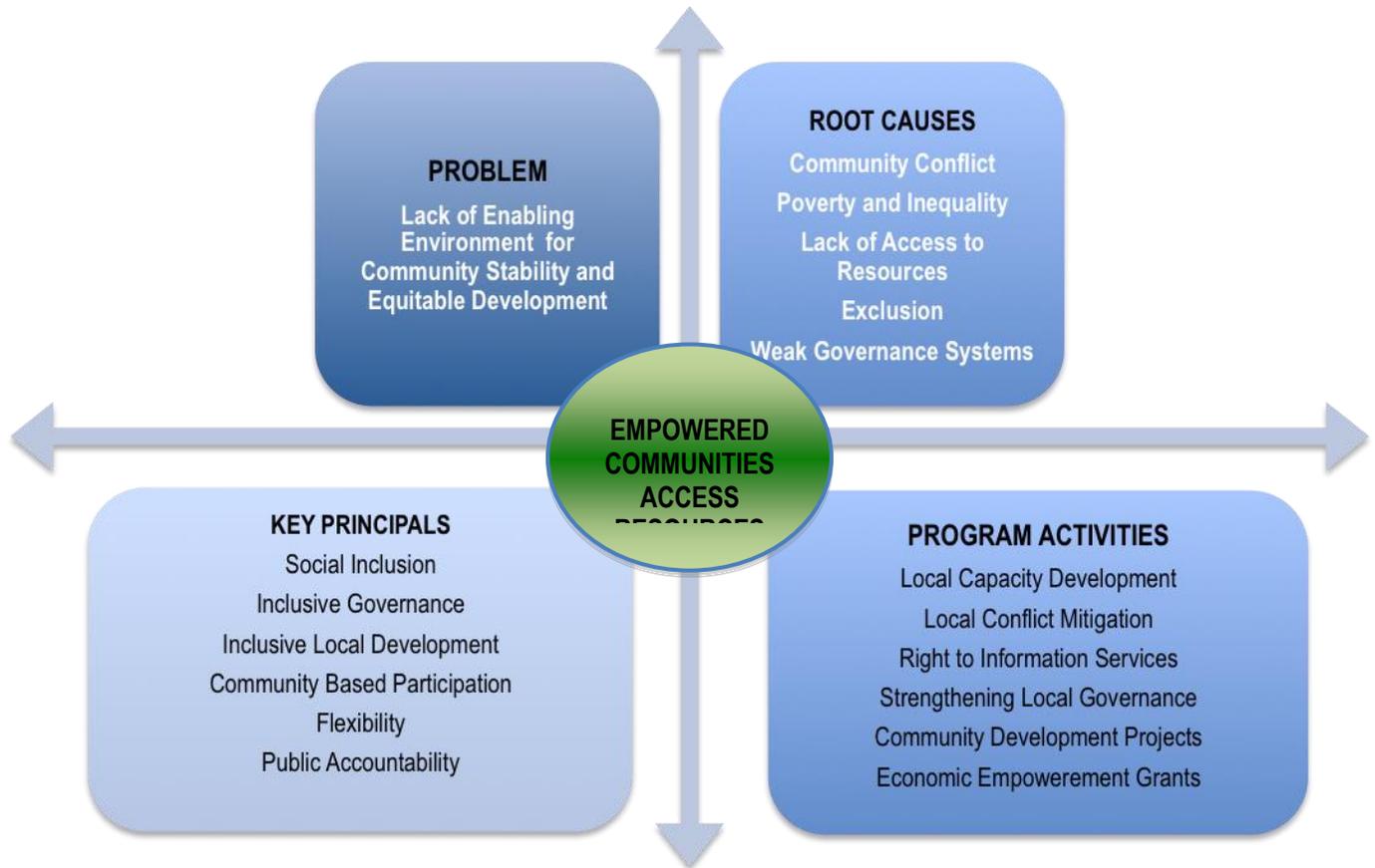
National instability and constantly shifting national and political imperatives has held hostage many of the most basic Local Governance (LG) processes. Sajhedari Bikaas seeks to support more effective and inclusive community development by working in collaboration with LG systems as well as local communities experiencing conflict. DNGO partners are a critical part of our vision to more effectively support marginalized communities, by acting, as our frontline providers of training, facilitation and skills in community resources planning that will strengthen access.

Sajhedari Bikaas seeks to increase access to resources and skills for the most marginalized communities and groups in Nepal so we have simplified our community-based contracting procedures to allow effective and speedy implementation of numerous small localized subprojects.

In an effort to collect and synthesize experiences and best practices from around the world in

community contracting, this training incorporates lessons learned from Pact’s Community Contracting approach in other countries and also lessons learned from synthesis studies done by the World Bank and from other South Asia and relevant contexts with underlying factors and contexts similar to Nepal.

The figure below outlines the Program Framework for the Sajhedari Bikaas project. The Community Contracting process is a critical part of this vision. It is a tool that will allow the resources that Sajhedari Bikaas uses to provide community access to decision-making and strengthen skills for community development planning and empowerment.



## 2.2 COMMUNITY CONTRACTING BACKGROUND

Over the past decade, the approach to rural development has fundamentally changed as countries have adopted new decentralization and participatory policies. In response, donors and host country governments are supporting more participatory, demand-responsive, community-driven projects, usually through social funds, rural development projects and sector-specific interventions. In these development projects, communities have taken lead roles in planning, organizing, contributing and selecting their preferred subproject. However, in many of these projects, the participatory approach often stops short when it comes to contracting. Government agencies and project staff often control the contracting process by hiring the supply agencies that provide the goods and services to the communities. As a result, suppliers become accountable to the project rather than to the communities, even though the communities are ultimately responsible for owning and managing subprojects.

## 2.3 WHY USE COMMUNITY CONTRACTING?

Community-based development is an umbrella term for projects that actively include beneficiaries in their decision-making. Such projects strengthen the capacity of the community, giving them greater agency to articulate their needs and the conditions under which the resources should be provided. Community-Driven Development (CDD), a term coined by the World Bank, gives the community leadership in planning, organizing, contributing to and selecting the preferred activity. CDD refers to community-based development projects in which communities have direct control over key project decisions, including the management of investment funds.

One specific element of CDD is community-led procurement. It focuses on enabling communities to implement and control the procurement process through their own community organizations. Sajhedari Bikaas's Community Contracting (CC) method is a community-led procurement and contracting approach that results in a more open and accountable development program.

Successful participatory governance is rooted in transparent and accountable systems and actors. By enabling communities to participate in procurement, the Sajhedari Bikaas CC process strengthens local capacity to understand and execute participatory governance principles. By involving as many stakeholders as possible throughout the procurement planning and execution process, the community is empowered to understand how decisions are made and why certain contractors are chosen.

## 2.4 WHAT IS COMMUNITY CONTRACTING?

Community contracting has traditionally been defined as procurement by or on behalf of a community. A community includes groups of individuals living close to one another, and can also include social groups or associations, such as a women's cooperative, or a Community Based Organization (CBO) formed around a common vision or goal. The size of the community varies depending on the type of subproject and includes people from all areas that make direct use of the subproject. There are several forms of community subcontracting models.

- Funds are channeled to and managed entirely by the community.
- The community participates in all phases of identifying and selecting a contractor but funds are channeled from the project account to the contractor.
- An intermediary agency, such as a voluntary organization or NGO working closely with a grassroots community submits a proposal on behalf of the community, and the social fund enters into a financing agreement with the intermediary as well as an elected community project management committee.

While there are many different models of community contracting, they all share certain key characteristics and goals that are essential for communities to feel ownership for the process.

- Community members are involved in identifying needs and selecting a subproject.
- Community participation is encouraged throughout subproject identification, preparation, implementation, operations and maintenance, and is usually done through an elected community project management committee.
- Communities provide contributions in the form of labor, cash and/or materials. These contributions promote community ownership and hopefully long term subproject sustainability.

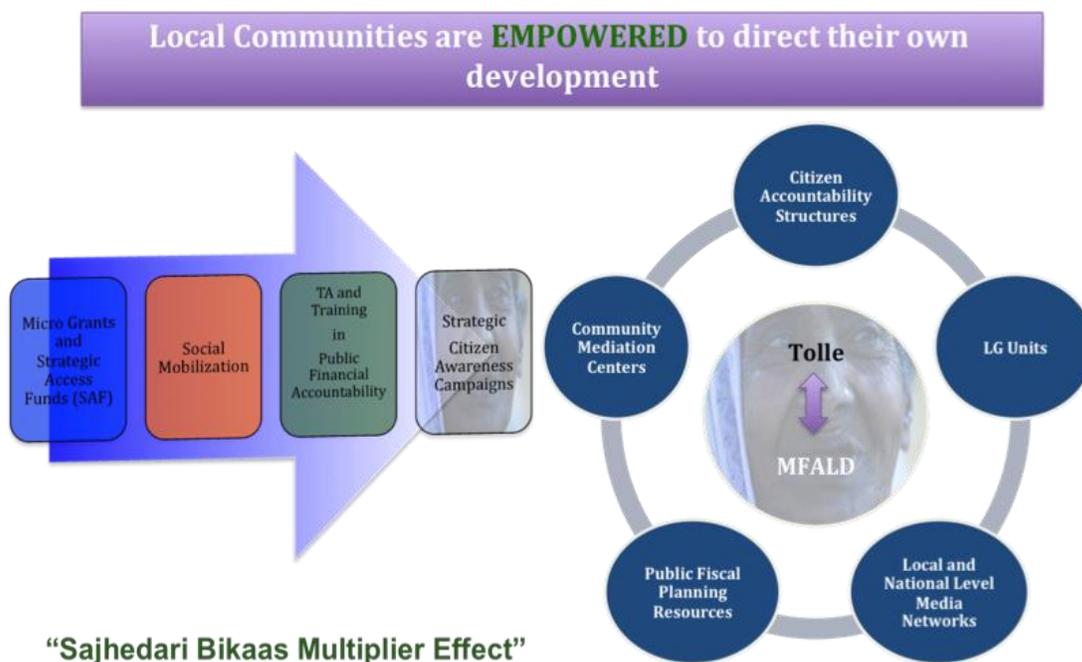
## 2.5 HOW DOES CC CONTRIBUTE TO INCLUSION

- **Effective targeting** – A bottom-up approach is used that involves the active participation of communities, who are aware of their context and its realities, conflicts and inequities. **Community Contracting can target the poorest and most vulnerable.**
- **Ensure resources for the most vulnerable** – CDD projects promote direct transfer of resources to community groups. **CC projects redistribute economic power** and ensure that a large degree of development assistance goes directly to the most marginalized members of a community.
- **Representation of the marginalized** – To the extent that community-based organizations are genuinely representative and participatory, **CC allows the development process to actively target, vulnerable and excluded groups** like women, disabled, low castes, and ethnic minorities.
- **Poverty reduction efforts are multiplied** – **Sub-project activities operate at a micro or local level, allowing 'multiplicative' scaling-up** - i.e. several communities can simultaneously undergo sub-project activities without being constrained by a central bureaucracy. Poverty reduction activities can go to scale and be replicated more effectively.

# 3.0 SAJHEDARI BIKAAS AND COMMUNITY CONTRACTING

The CC methodology used by Sajhedari Bikaas focuses on Conflict Prevention, Mitigation and Mitigation (CPMM) and Gender Equality and Social Inclusion (GESI) sensitive methodologies for community level granting and contracting. District NGO (DNGO) staff will be trained in specific models of conflict sensitivity that can be used in the field to mitigate tensions over planning and resources. These tools will be referenced and summarized in this manual in Section 4.0.

The overall goal of Sajhedari Bikaas is for communities to make decisions more collaboratively over resources and to encourage greater access to decision making from marginalized group members. The emphasis is on how communities themselves manage a transparent and accountable contracting/granting process with the minimal amount of conflict. But the Sajhedari Bikaas approach does not stop there. We also want partners and communities to learn to resolve conflicts more effectively and create a more inclusive environment that can help stem social and identity-based conflicts.



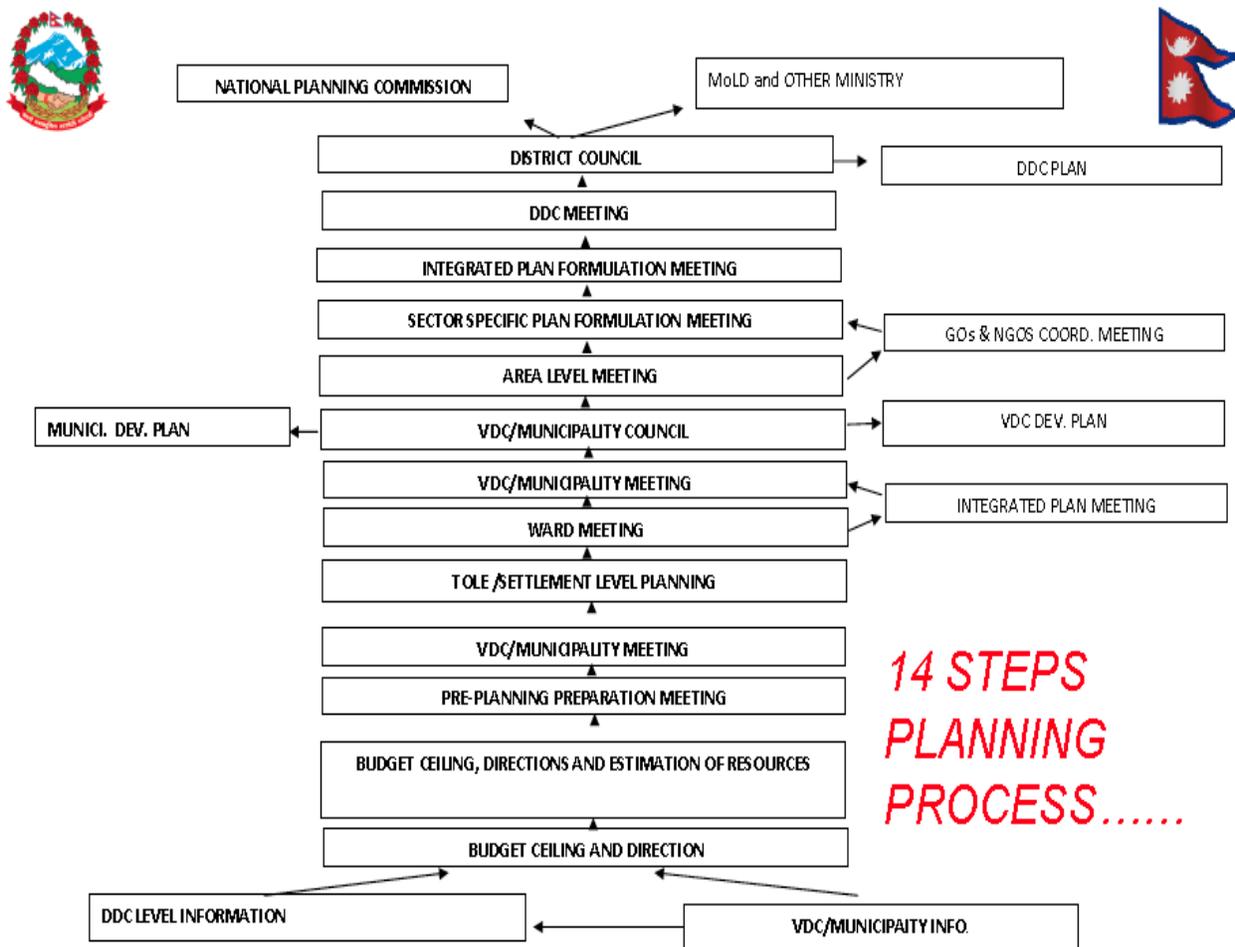
Introducing new resources is inherently problematic, especially in communities where elite members of the community have controlled decision-making and access to resources. In Nepal access to resources also stems from the Annual Planning Process and it is critical that where possible we leverage resources that are underutilized from the Government of Nepal (GON) and increase access to these resources by the most

marginalized at the Village Development Committee (VDC) and Ward level. Each district will be different and it is essential that communities learn how to access these resources by advocating for their decision-making needs in a way that is constructive and collaborative and limits the potential for conflict.

The systems and tools used in this manual and training have been developed to complement the guidance of the Local Government Community Development Program (LGCDP) and GON regulations for User Groups (UG) in Nepal. In addition they also reflect some of the best practices and lessons learned from CC in other contexts to ensure that District NGOs (DNGOs) utilize methods to mitigate conflict and create connection between groups.

### 3.2 COORDINATION WITH GON GOVERNANCE SYSTEMS

It is essential that Sajhedari Bikaas partner staff understand the larger vision of the project and its objectives, as CC is a tool that will be used to ensure greater social inclusion in development planning. The Sajhedari Bikaas CC system is designed to complement and work with the GON and Ministry of Federal Affairs and Local Development (MFALD) 14 Point Annual Planning process (see Annex 3). It is anticipated that over time communities will become more engaged and knowledgeable about the annual planning timeline in Nepal. Specific GON policies have been integrated into training modules as well as relevant guidance from the Local Self Government Act (LSGA).



It is also important that DNGO staff are aware of current and anticipated changes in Local Governance (LG) systems. DNGOs will be expected to work closely with District Social Mobilizers as well as District Development Committee (DDC), line ministries technical officers and other DDC staff to ensure that VDC community members are aware of any changes that may influence them.

This training will look closely at lessons learned from LGCDP and other relevant host country approaches for improved CDD systems in Nepal. It is anticipated that Sajhedari Bikaas activities will support improved community level planning by working closely with Ward Citizen Forums (WCF), Village Citizen Forums (VCFs), Citizen Awareness Centers (CAC), Community Based Disaster Risk Management (CBDRM) Groups, and Social Mobilizers for LGCDP as well as Local Resource Persons (LRP). It is important that we coordinate will with community systems that have been designed to support Local Government (LG) and Community Planning and Management.

DNGO staff will be expected to support LGCDP and GON systems. We are not creating parallel processes, but are instead ensuring that the maximum number of people are engaged in the planning process and have increased access to resources and decision-making at the local level. It is our vision that by creating inclusive communities that there will be less conflict and more empowered citizens to engage in community level resource planning, management and leadership in Nepal.

### **3.3 PARTICIPATORY PLANNING PROCESS (P3) IN NEPAL**

Familiarity with Nepal’s Annual Planning process will be critical to assist communities in leveraging funds that support community contracting approaches and projects. In *Appendix I and II*, the NGO can see the tasks for CC as well as the Annual Planning Process Timeline for Nepal. This gives DNGO staff an idea of the timeline and tasks that communities can engage in annually for community development planning. This is important to Sajhedari Bikaas as every CDD project will have some kind of community contribution. This may be in the form of labor and materials, or it may be leveraged resources from the community and annual planning process or VDC development plans. DNGO staff will be asked to work with community groups to maximize local resource planning as well as support CC approaches at the VDC level.

The table shown in *Appendix II* represents a typical Annual Planning Process in Nepal. It highlights some of the intersections where new units and mechanisms such as Ward Citizen Forums and other accountable and participatory structures can integrate more fully with the tasks and roles. The “Nepal Planning Support Opportunities (PSOs)” column shows where participation can be limited, or requires added support from local civil society and stakeholder partners. These timeframes can shift based on the release from the National Planning Commission (NPC) of the Guidance and Budget Ceiling annually and is also influenced by national level political issues.

### **3.4 BUILDING LOCAL CAPACITY FOR INCLUSIVE COMMUNITY CONTRACTING**

In order to ensure that staff and stakeholders of Sajhedari Bikaas have a clear understanding of the skills necessary to implement a CDD approach specific core competencies will need to be addressed and tested periodically over the course of the training and as implementation begins in the field. It is essential that DNGO trainers and staff recognize the technical areas that may need to be revised and reinforced as implementation and scale up begins. CDD is a process and continual LCD training and skills reinforcement will be a constant activity for Sajhedari Bikaas partners and stakeholders.

DNGO participants will gain skill in core competencies essential for Community Development Projects (CDPs). This technical training workshop will be 3-5 days in length and will also have a pilot testing component, that will entail a participant test, post training, as well as a simulation exercise designed to test critical concepts of the technical training. It is possible that this simulation will also be scored by Sajhedari stakeholders (GON social mobilizers), GON staff, VCF members etc. as well as the Sajhedari Program Support Unit (PSU) trainer.

It is critical that DNGO staff understand the Participatory Planning Cycle in Nepal. Nepal has a well defined Annual Planning Process and Sajhedari Bikaas VDC activities are meant to leverage, coordinate and support greater inclusive decision making at the grassroots level. DNGO staff will be required to understand and work with communities and LG officials to support the Annual Planning Process in Nepal and ensure the effective and inclusive participation of targeted groups.

### P3 GROUP EXERCISE

**Description**

The Nepal Planning Process already involves the input of several community groups. You will be provided with a worksheet to fill out to illustrate your knowledge of the Nepal Planning Process and the current systems in place at the VDC and DDC level to create inclusion. It is critical that staff and partners of Sajhedari Bikaas support existing systems and strengthen access and planning at the local level.

Please fill this out to the best of your knowledge. In the end each group will discuss what they think are ways to encourage greater inclusion in key steps of the planning process.

**Facilitator:** Sajhedari Bikaas Governance Advisor or Program Team Staff

**Process:**

The group will divide in teams of three to complete this exercise using the worksheet provided. This will serve as a pre-testing tool.



## Resource Links for Local Level GON Planning System Information

1. [LGCDP Policy and Guidelines](#)  
Summary: Includes all Policy and Guidelines for MFALD and LGCDPP.  
Language: Nepali and English
2. [VDC Planning and Budgeting Guideline](#), Released June 2011  
Summary: User-friendly guideline on VDC planning and budgeting systems based on the Local Self Governance Regulations (LSGR), 2056.  
Language: Nepali
3. [VDC Planning And Budgeting TOT Manual](#) , Released June 2011  
Summary: Training guidelines for local association working on VDC planning and budgeting systems at the local level.  
Language: Nepali
4. [VDC Grant Mobilization Guideline](#)  
Summary: Budget information on annual granting process to VDC. Language: Nepali

# 4.0 COMMUNITY CONTRACTING AND CPMM

Experience from CDD settings around the world (Indonesia, Sri Lanka, Nepal, Rwanda, DRC, Kenya, Somalia, Angola etc.) suggests that a strategic pivot point in using CDD as an operational approach in countries recovering from violent conflict is the quality and content of the CDD process. Community Contracting has proven to be an effective tool for building social cohesion between and among groups. While tangible community plans and projects such as reconstructed water facilities and health posts are important to community vitality, the way in which the planning, organizing, and implementation takes place is instrumental to achieving viable, self-reliant, peaceful communities. The trust and relationships developed through the CDD process can support the foundation for developing tolerance and reconciliation: in a war-torn or conflict prone environment.

## 4.1 WHY CC MAKES SENSE IN POST CONFLICT AND TRANSITION

- The breakdown of local institutions (cause/consequence of conflict) calls for **local state-building** strategies.
- Diversity within a conflict/post-conflict setting requires a **locally responsive approach**.
- CDD **can** operate even in very remote and low security situations.
- Creation of **inclusive** forms of community capacity building **fosters relationship building and reconciliation**.
- **Greater ownership** protects restored/created assets and infrastructure.
- The credibility/legitimacy of new regimes can be enhanced with **constructive engagement**.
- **Dispute resolution mechanisms** can enhance security and diffuse future conflict.
- There is potential to **target vulnerable groups** and promote transparent/fair distributions.
- Development of community capacity and action plans serve as the foundation for **sustainable linkages** with existing or emerging government institutions.

## 4.2 RISKS OF COMMUNITY CONTRACTING

Certain risks are inherent in using a Community Contracting approach in a fragile or conflict prone environment. The introduction of resources into resource-scarce, violence-ridden settings may disrupt delicate community cohesion. Individuals with conflict agendas may take advantage of the inclusive process to bias, intimidate, or hijack community intentions.

There is considerable debate on the most appropriate timing during the conflict recovery process for launching a CDD approach. The risk of engaging a CDD approach too early is inadequate absorptive capacity of communities to participate fully and of economic structures such as banks and contractors to carry out community initiatives. Often countries are in a state of protracted post-conflict and transition, resulting in chronic marginalization, or the introduction of too many new policies without adequate information campaigns at the local level to inform these changes.

The following **minimum conditions** can help maximize the potential effectiveness of a Community Contracting approach in a conflict context:

- **Basic security.** Community members should feel free from physical threat or the need to flee for protection and should be able to move about relatively freely.
- **Relevant and current understanding of local social dynamics.** Introducing CC into the delicate operational conditions of a conflict-ridden environment requires a good understanding of the local history, conflicts (community, regional, and implications of the nation-wide conflict), economy, and socio-political structures. Rapid Social Assessments can facilitate this understanding, as can targeted conflict analysis.
- **Sufficient community capacity.** The community should possess sufficient membership, time, ability, and authority for genuine participation in planning and implementation. Communities emerging from conflict tend to be especially under-resourced, educated, and skilled. Effective and realistic capacity building is a critical component of the CC approach in conflict-affected communities.
- **Financial distribution mechanism.** A CC project requires a system through which to distribute funds. This could be as basic as a pass-through arrangement with an international organization or as sophisticated as a banking structure or a coordinated partnership with decentralized funding sources. The safety and accountability of the mechanism, however, is critical, which is a function of the design as well as the capacity of the community members.
- **Qualified community facilitators.** The CC operational structure relies on literate facilitators with local language skills and a keen understanding of local political, social, and conflict-related dynamics whose image is one of impartiality to the conflict.. Facilitators are a central element to the success of using a CDD approach to Community Contracting in conflict-affected environments.
- **Ideally: Adequate government legitimacy and capacity.** Optimally, government structures should have adequate legitimacy, human and material resources, and administrative capacity to interact with communities. In conflict environments, however, where governments may be nonexistent, illicit, weak, or overwhelmed, real legitimacy and capacity may not be realistic. Nevertheless, linking a demand-driven approach to the development of government structures is a critical element to sustainability of an Inclusive Community Contracting approach.

The CC approach is implemented to promote and build **socially cohesive communities**, but it can also do harm as well. The process becomes magnified when social relationships have been rubbed raw by violence, chronic conflict or endemic marginalization. Particular care and attention to developing trust, inclusion, and accountability through the various self-description, planning, mobilizing, implementing, and evaluating activities is essential. This puts substantial weight on the content and quality of the facilitation and highlights the need for continual monitoring of power relationships, elite capture, participation, and leadership roles. Equally critical is a clear understanding of the community history and social dynamics and constant review of the impact of interventions on the local context.

### 4.3 CONFLICT SENSITIVITY AND SAJHEDARI BIKAAS

Sajhedari Bikaas is a conflict mitigation project and resource and social conflicts are common at the local level in many of the targeted VDCs that we will work in. It is essential that DNGO staff and community level facilitators and Mobilizers promote conflict sensitivity by incorporating community level conflict analysis and mapping methods into activity and implementation planning with DNGO partners and constituent community groups.

At the core of the Sajhedari Bikaas vision is to strengthen access to local level planning and resources for marginalized groups. Current and proposed Government of Nepal (GON) strategies will be reflected in all training components, including and Local Development's (MFALD) 14 Point Process. Helping communities become more engaged in local level planning that is inclusive is a conflict mitigation tool, but requires skill training with communities often unfamiliar with these local planning systems. Resource conflicts are very common in VDC and communities in Nepal and it is anticipated that conflicts over resources will be prevalent in many project areas. Planning carefully with communities and building in public accountability programming is a large part of CDD project planning and implementation. A *Do No Harm Approach* or the *Rapid Social Assessment Tool* are two methods that can be used in establishing a foundational knowledge of local social dynamics for use in CDD.

A best practice learned from the field is that Public Forums and Audits should be performed regularly, but especially during the early stages of a project to minimize conflicts and ensure public communication and input on possible resource conflict issues.



### 4.4 IDENTIFYING COMMUNITY CONFLICT “TRIGGERS”

One of the most systemic and prevalent local level conflict issues in Nepal are conflicts over resources and planning. Sajhedari Bikaas will work with local community groups and members to build skills and services for conflict mitigation. Each VDC will be unique, but new resource introduction can be a “trigger” for localized conflicts and competition over these resources can be minimized, but they will exist.

DNGO staff will be asked to contribute to community level analysis of conflict mitigation and prevention by identifying local level conflict issues. Saferworld and CeLLRd, are two partners of Sajhedari Bikaas that will be supporting DNGO staff in improving conflict mitigation techniques in CC as well as in activity design with community groups. These organizations will work closely with DNGO staff over the life of Sajhedari Bikaas.

We will utilize specific skills and frameworks such as *Do No Harm* (DNH), a planning and implementation approach that is designed to minimize the potential for conflict and design mitigating methods in program management to address this at the local level. In addition Local Capacity Building (LCD) programs will be designed in collaboration with DNGO staff to ensure that field staff are trained and exposed to innovative and appropriate local level CPMM methods. We will also ask DNGO staff to identify promising local conflict mitigation methods that they see at the VDC and Ward level for replication in other areas both at the VDC and DDC level.

Although there are many approaches to analyzing and assessing local conflict, Sajhedari Bikaas will promote specific tools that are relevant for Community Contracting that promote inclusion, encourage local conflict analysis, and build local skills for conflict mitigation. These tools can be found in the back of this manual. The Conflict Specialist and staff Sajhedari Bikaas and from Saferworld, one of our Implementing Partners (IPs) for train DNGO staff in the use of these tools. An example of two of the

tools that are likely to be required for use by DNGO partners are listed below and can also be found in the *Tools Section* of this manual.



## Do No Harm (DNH) Framework

Tools Section, Tool 1

### RPP GROUP EXERCISE, HANDOUT

**RPP Group Exercise:**

The Reflecting on Peace Practice Project (RPP) is an experience-based learning process that involves agencies whose programs attempt to prevent or mitigate conflict. Its purpose is to analyze experiences at the individual program level across a broad range of agencies and contexts. Its goal is to improve the effectiveness of international peace building efforts.

**Facilitator:**

Conflict Officer, M&E Officer or PBMS Manager

**Process:**

The group will divide in teams of three and complete this exercise using the Sajhedari Bikaas Results Framework and Theory of Change.



## Resource Links for CPMM Resources

1. [Do No Harm Training and Resource Materials](#)

Summary: The Do No Harm (DNH) Framework and Reflecting on Practices for Peace (RPP) were both developed by Collaborative for Development Action and are based on over a decade of research on best practices working in conflict around the world. This site supports lessons learned and documentation from over 30 conflict-affected countries. This is the most comprehensive resource site for conflict training materials that exists for conflict and development practitioners.

Language: English

2. [UN Nepal Human Rights Report \(October 2012\)](#)

Summary: Landmark report documenting and analyzing serious violations of international law that occurred during the ten-year (1996-2006) conflict in Nepal, along with a database of around 30,000 documents, designed to provide a tool for Nepalese institutions and civil society to kick-start the process of seeking truth, justice, and reconciliation for the crimes committed at that time.

Language: English

3. [International Crisis Group, Nepal](#)

Summary: Expert analysis on critical issues relating to the constitution, constituent assembly, elections and national level ethnic and political conflict. Reports and current analysis updated regularly.

Language: English

4. [NepalMonitor.org](#)

Summary: NepalMonitor.org is an initiative to assist in more effectively monitoring and coordinating around Nepal's Human Rights and security situation. It's mission is to combine and openly distribute Human Rights and security information collected from multiple sources, including both local and international organizations, media, and direct reports from individuals on the ground.

Language: English and Nepali

# 5.0 GESI AND COMMUNITY CONTRACTING

## 5.1 SAJHEDARI BIKAAS GESI STRATEGY

GESI is both a process and an objective. It is particularly important in Nepal because gender, caste, and ethnic exclusions overlap – cross-cutting different hierarchies, sectors, institutions, religions, occupations, languages, sexual orientations, and locations – restricting human choices and potentials. Without establishing viable mechanisms for increasing equality and inclusion, the prospects for creating an enabling and transformative environment for improved governance and peace building through “development partnerships” will be limited.

A GESI-sensitive approach prioritizes social justice in balance, fairness, representation, and diversity. The primary purpose of this Strategy is to offer guidelines for effectively integrating GESI throughout Sajhedari Bikaas’ programming and project implementation. It provides provisions for defining and prioritizing excluded groups, and ensuring representation of all groups to enable citizens to participate effectively in decisions concerning their own development. It includes achievable and sustainable objectives and results, and benchmarks (indicators) for measuring progress.

**The Goal of Sajhedari Bikaas’ GESI Strategy is:** To support the achievement of equality between women and men, regardless of social identities (based on caste, ethnicity, and gender) and other factors that may cause disadvantage, discrimination and/or exclusion, in order to better manage and direct their own development for sustainable outcomes.

**The objectives of Sajhedari Bikaas’ GESI Strategy are:**

- To advance the equal participation of women with men as decision makers in shaping sustainable program impacts;
- To support socially excluded groups (e.g., women, *Dalits*, Madheshi, Adivasi/Janjatis, persons with disability and others below poverty line) in the realization of their full human rights as agents and advocates for community-led development, good governance, and conflict mitigation; and
- To reduce gender inequalities and social exclusion in access to and control over resources, including local budget allocations and benefits from the program.

**This GESI Strategy is rooted in the following five principles:**

- ❖ **Inclusive partnerships and good governance through activities that unite different social groups.** Social capital builds when groups work together in ways and for projects that benefit everyone.

- ❖ **Gender equality prioritized in the social inclusion of marginalized groups.** : A potential pitfall of applying a social inclusion lens is that the necessary emphasis on gender equality may be eroded. When women are not adequately consulted, half of the population’s views, needs, and interests are missing – affecting both appropriateness and sustainability.
- ❖ **Cooperation, cohesion, and collective action.** Identify and build upon positive cultural attributes that tend to bring people together to increase “ownership” and sustainability.
- ❖ **Equity for equality.** Policies, projects, and activities will use “equity” considerations as a basis for promoting equality. Inclusive targeting will be used to help “level the playing field” and build capacity to address barriers that prevent individuals from operating as citizens and equals.
- ❖ **Empower on the basis of rights and responsibilities.** While empowerment cannot be imposed from the outside, Sajhedari Bikaas and its implementing partners will support processes that help individuals increase self-confidence, develop self-reliance, and exercise agency as citizens in community-based planning processes, resource allocations, and services delivery.

## 5.2 INSTITUTIONALIZING GESI

There has been notable progress on GESI in legal frameworks and GON policy provisions and enabling mechanisms, at the international, national, sectoral, and local levels. GESI issues are being institutionalized at the policy level, with improvements in legal frameworks to protect human rights, secure representation of disadvantaged groups, and end discriminatory provisions especially toward women, Madheshis, Adivasi/Janajatis, Dalits, the disabled, and those from remote regions. GESI strategies and policy directives are setting quotas to ensure representation by women and individuals from excluded groups in user groups (UGs), cooperatives, and income-generating initiatives, as well as providing concrete guidance on social mobilization at the village level to better facilitate inclusion. While these currently remain more on paper than in practice, *the very fact that they exist indicates progress.*

In terms of community-led development, the Local Self-Governance Act (1999) and guidelines developed by the MFALD to strengthen GESI implementation offer an excellent foundation for inclusive and representative governance. The LSGA empowers local bodies, emphasizing downward accountability in local development activities – including the devolution of basic services, such as education, health, drinking water, agricultural extension, and rural infrastructure and putting the management of local grants into the hands of local bodies.

This Act gave authority to local bodies to develop local development plans, with the active involvement and participation of local people. Provisions include addressing the needs of the poor and mandating at least 33% representation of women on village and ward-level development committees. DDCs are also forming committees and subcommittees to address the needs of women and the disadvantaged, including representatives from political parties, NGOs, CBOs and CSOs, and other experts.

Unfortunately, the absence of locally elected bodies since 2002 have made these provisions for devolution less meaningful, and in reality there is limited accountability by VDC and DDC Secretaries who are appointed (not elected), and often live in the closest municipality and not in the VDC. But over time there has been improvement in national and local level bodies and institutions designed to mainstream the voices and issues of marginalized groups.

At the district level, DDCs have a social committee with a Social Development Officer, who is also the designated gender focal point for the DDC as a whole. Various watchdog committees have been formed with representation from political parties, such as the Indigenous Ethnic District Coordination

Committee and the Dalit Class Upliftment District Coordination Committee. The Gender Mainstreaming Coordination Committee (GMCC), under the WDO and with representation from line agencies, is tasked with monitoring and coordinating district-level gender work. And the GESI Implementation Committee is responsible for informing program planning on gender and inclusion-related issues, auditing programs, and coordinating GESI-related activities in the district. It is clear however that the performance and impact of these institutions varies from district to district and most have very limited resources and weak institutional mechanisms for enforcement.

### 5.3 NEPAL'S SOCIAL MOSAIC

Nepal is a country of minorities, with 125 different caste/ethnic groups and 11 different religious groups who speak 123 languages (Central Bureau of Statistics, 2011). No single group is a majority, but certain groups (mainly high-caste Middle Hill Hindus) have dominated the country – socially, economically, and politically throughout much of Nepal's history. Five excluded groups are about 40% of Nepal's total population; namely, Maggar, Tharu, Muslims, Tamangs, and Dalits. All of these historically disadvantaged groups have high population concentrations in the six Sajhedari Bikaas districts – especially, Tharus, Dalits, and Muslims.

Social exclusion in Nepal has multiple and overlapping dimensions. Discrimination occurs on the basis of caste, gender, ethnicity, race, religion, language, sexual orientation, age, disability, HIV status, migrant status, and/or geography. For example, the family or household may be the most problematic arena for a rural woman, further compounded by her caste, religion, ethnic group, age and position within the family (especially if she is widowed or disabled). Similarly, men are confronted with discrimination when of a "low" caste, from an Adivasi/Janajati group, or a believer in a religion other than Hinduism.

For Adivasi/Janajatis, interactions with the "state" may be most disempowering (including interactions with government bureaucrats in the DDC, VDC, and line agencies). Dalits experience social exclusion most acutely within the local community, because this is where caste-based discrimination is most likely to be strictly imposed. They are also often discriminated against within local power structures and in terms of services delivery. Though changes are starting to occur, especially among and between youth, belonging to a "lower" caste can restrict access to education, healthcare, economic opportunities, and justice, especially in the Terai where caste-based segregation tends to be more strictly enforced with reprisals and violence.

Language is another barrier. According to the 2011 census, only about 45% of Nepal's population speaks Nepali as a mother tongue. This is true particularly across the Terai belt where large portions of the population speak Maithili, Bhojpuri, Tharu, Abadhi and Hindi and other languages. After Nepali, the top three mother tongue languages in Nepal are Maithili (11.7%), Bhojpuri (6%), and Tharu (5.8%); Urdu is the tenth most spoken mother tongue at 2.6%.<sup>1</sup> Given these numbers and the districts where Sajhedari Bikaas will be working, the project should be prepared to translate whatever written materials it produces into multiple local languages, to facilitate communication, shared understandings, and full comprehension.

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<sup>1</sup> UNFPA (2013) "Major Highlights of National Report on 2011 Population and Housing Census." Powerpoint presentation to Social Inclusion Action Group (SIAG), 10 January 2013.

Caste distinctions are common in all Hindu cultures, and strongly linked with beliefs about purity, “pollution,” and one’s destiny or place within society – past, present, and future. Historically, castes were divided into *Varnas* based largely on occupations or a division of labor. Discrimination based on caste was made illegal in a revised 1963 Country Code, but it is still practiced particularly among the older generation. Although there are always intra-group differences and exceptions, Middle Hill Brahmins and Chhetris, Madheshis Brahmins and Rajputs, Newars, and certain ethnic groups (e.g., Thakali and Gurungs) tend to do better socio-economically than other castes and ethnic groups in Nepal. The groups that have been excluded traditionally and, generally speaking, still have lower economic, education, and health outcomes are: (1) Dalit communities (both Hill and Madheshi); (2) Adivasi/Janajati communities (both Hill and Terai); (3) Muslims; (4) Madheshi “Other Caste” communities; and (5) all women (with women from the above four groups experiencing multiple exclusions).<sup>2</sup> (SIAG: April 2008).

## 5.4 OPERATIONALIZING GESI

Despite recent progress in institutions and sector-based approaches to GESI, caste-based discrimination and other forms of exclusion continue to affect access to employment, schools, health care, social services, community resources, and governance structures. The Sajhedari Bikaas Project aims to strengthen the voices of women, youth, disabled, and marginalized groups to increase their ability to play an active role in decision-making, planning, and conflict mediation. Attention to the way that groups are formed, the depth and quality of the social mobilization or facilitation processes, and the level of effort applied to include people from excluded groups and give them genuine voice and influence, will be central to effective implementation.

In the aftermath of the Maoist Insurgency, GESI received extraordinary attention in public discourse and individual consciousness sparking positive social change in mixed interactions (caste and ethnicity) in both urban and rural areas, especially among youth, and in legal frameworks and government provisions. There is now growing concern that the pendulum may have swung too far in favoring low caste and disadvantaged ethnic groups – to the exclusion and detriment of all others. Moreover, tensions are surfacing in response to fears of state fragmentation and/or dissolution if federalism is decided along ethnic homeland boundaries. With the current climate of “counter-reformation” and heightened sensitivities, it is more important than ever to engage in activities and approaches that bring diverse groups together in common purpose.

## 5.5 GESI IN SAJHEDARI BIKAAS PROGRAMS

Social inclusion figures very prominently throughout the description of Sajhedari Bikaas objectives, results, and activities. Significant GESI results require good management, gender and social inclusion objectives, and strong support from leadership from our partner organizations. Other factors that affect positive outcomes include: effective monitoring and evaluation of gender and inclusion objectives and outputs, capacity to innovate, a teamwork approach, GESI-sensitivity in the diversity in staff profiles and activities, effective communication and critical thinking skills, and the flexibility to adapt strategies and approaches for improved GESI outcomes at the VDC and Ward level.

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<sup>2</sup> For a further elaboration on this, including a classification of disadvantaged and non-disadvantaged caste, ethnic, and “other” groups based on the 100 identify groups from the 2001 Census, see Chart 1, page 4 “Workforce Diversity in International Agencies in Nepal” (SIAG: April 2008).

Steps for mainstreaming GESI include:

- 1) Identifying specific barriers faced by excluded groups in accessing services and opportunities, and the causes of their exclusion at different levels or sites (e.g., household and community, formal and informal institutions and processes, and project approaches);
- 2) Designing and implementing responses to address exclusion (e.g., in policy mandates, institutional structures, project interventions, budget allocations, selection criteria, and decision-making);
- 3) Monitoring, evaluating, and reporting (to verify or assess whether planned resources and actions are reaching women, the poor, and excluded); and,
- 4) Adjusting implementation (in policies and project design) to flexibly respond to findings and outcomes.

Capacity building on GESI should not be a one-time event. Roles and power relations will affect how activities are implemented, and these issues need to be addressed *on an ongoing basis*. Project design and implementation should recognize that abilities, interests, and needs will vary and that these differences will require different responses. It will be important to be GESI-responsive in both pre-formed or re-formed groups, and adapt social mobilization and facilitation in ways that help to “level the playing field” (especially for difficult-to-reach groups, such as the ultra poor, Dalits, Badis, and Muslim women). Moreover, innovations in methods and approaches for reaching the poorest of the poor and reducing workload burdens, particularly for women, are needed and should be carefully considered for Sajhedari Bikaas micro granting activities.

### GESI CASE STUDY, HANDOUT

**GESI Group Exercise:**

The Case Study provided is an opportunity for you to explore the skills that you have for activity planning and design in Gender Equality and Social Inclusion (GESI) programming.

**Facilitator:**

Conflict Officer, Regional Manager, M&E Officer or PBMS Manager

**Process:**

The group will divide in teams and complete this exercise using the GESI Case study provided.



1. [LGCDP Policy and Guidelines](#)

Summary: Includes all Policy and Guidelines for GESI as well as Social Inclusion Information from MFALD and LGCDPP.

Language: Nepali and English

2. [Gender Equality and Social Inclusion Policy](#)

Summary: MFALD and LGCDP GESI Policy for all mainstreaming and integration policy for local development and planning for Nepal.

Language: Nepali and English

3. Information, Education and Communication (IEC) Messages on Children and Women's Rights (GESI)

Summary: IEC Messages designed specifically for LGCDP on gender equality, social inclusion, and children and women's rights.

Language: Nepali

4. GESI Budgeting and Auditing Guideline

Summary: Information on GESI Budgeting and Auditing got Local Bodies.

Language: Nepali and English

5. GESI Operational Manual

Summary: Information on GESI mainstreaming for local bodies, particularly for WCF, Integrated Planning Committees (IPCs) and GESI implementation committees.

Language: Nepali

# 6.0 MICRO GRANTS AND COMMUNITY CONTRACTING

Sajhedari Bikaas will fund Community Development Projects (CDPs) in each of the targeted VDCs. The program will provide CDP micro-grants of no more than US\$5,000 per VDC on an in-kind basis for financial support. In addition to CDP Micro Grants, community groups will also have access to smaller micro grants. In all circumstances an abbreviated version of this process should be implemented. Given that the annual VDC budget ranges from US\$20-27,000, it is important that the program supplements VDC requests to a smaller percentage of the VDC total budget in order to ensure sustainability.

All micro projects will undergo a community based selection process that is approved at the VDC level. In all cases it will be essential to advertise and make clear the criteria by which this project was selected in a public forum. In all cases the project contribution by Sajhedari Bikaas will be less than \$5,000 USD.

Sajhedari Bikaas will require a mandatory community contribution CDP Micro Grants. The program will incentivize these micro-grants by providing re-granting to those VDCs and communities that are able to achieve the highest match and demonstrate innovative community contributions. Over the life of Sajhedari Bikaas we will work in just over 120 VDCs in two cycles. In years 1-2 we will work in approximately half of these VDCs and in years 3-5 we will work in the remainder of the targeted VDCs



Each VDC will have at least two years of CDP micro-grants starting in YR 1, allowing the program to demonstrate a more inclusive process and adjust its methodology before expansion to the second cycle VDCs. The program will give priority to projects that benefit more than one ward with micro-grants to decrease the potential of conflict in some cases when projects target one ward. Priority will also be considered for cross-VDC projects.

While some needed development projects will be funded through micro-grants, at their core the micro-grants are a means to develop inclusive planning, decision-making and implementation of CDPs. They will allow the program to build capacity at every step of the process and infuse it with GESI principles.

Sajhedari Bikaas will encourage Social Development Projects (SDPs) that emphasize the use of VDC funds and the micro-grants. Throughout the developing world, local development funds primarily go toward small infrastructure and the systems created for these funds are biased to supporting infrastructure projects. In the case of Nepal, the DDC has mostly engineers as technical advisors for VDCs. Yet the development needs of

communities include both small infrastructure as well as social development (e.g. literacy, inoculations, nutrition, preventing gender violence, and access to community natural resources). Sajhedari Bikaas will focus primarily on social development projects, but it is anticipated that their will community infrastructure projects as well.

## 6.1 SELECTION OF CDP MICRO GRANTS

The next sections details the steps of the Sajhedari Bikaas CC process. It is simple, but it involves many facets of community life at the VDC level. Remember the aim is inclusion and the most important aspect of CC is that more people should be involved at all levels. It will take longer, but it is about the process and not the speed of the project.

It is important that the process be designed to minimize competition and conflict over resources and services that Sajhedari Bikaas is introducing to the community. In the Sajhedari Bikaas approach, transparency and accountability are evident from the initial needs identification stage. If many members of the community are illiterate DNGO staff and PBC members will need to hold training sessions with groups interested in submitting a concept note for a CDP Micro-grant. These sessions will assist with formation of the idea and the CDP micro-grant application, which although simple needs to be documented.



One of the primary lessons learned from Community Contracting is that selection of VDC level projects must involve a well planned public accountability program from selection all the way through completion. CDP selection and scoring should be done in a public forum that all community members can attend.



This process is primarily designed for the CDP projects, but can be adapted for use with any of the smaller micro grants that will be used at the VDC level with Women Economic Groups (WEG) and Youth Groups.

## 6.2 PREPARING FOR A COMMUNITY CONTRACTING PROCESS

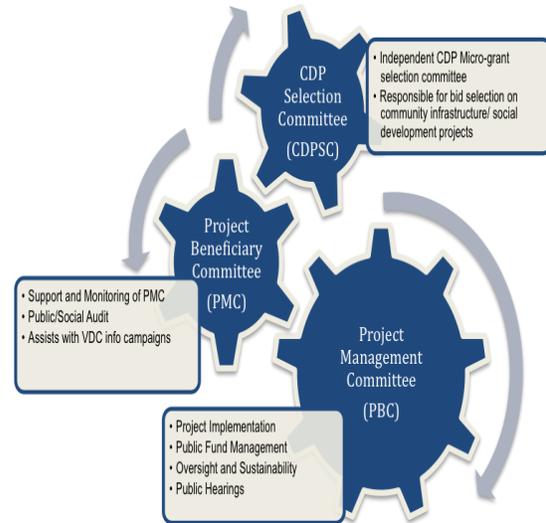
Sajhedari Bikaas partner DNGOs will first mobilize community members to form a **VDC Project Beneficiary Committee (PBC)**. Partner DNGOs will facilitate a community-led approach to define the process and criteria for membership selection. Projects under Sajhedari will be chosen through a mix of public solicitations and also by community selection through the annual planning process. It is essential that a representative group at the VDC level assist in final project selection as well as public communication regarding the selection process and criteria.

Strong facilitation at the onset of this formation and/or coordination is crucial to setting the groundwork for a fair, transparent and accountable process. It is suggested that PBCs be elected/represented at the Ward level, with at least one-two member coming from each WCF. It is essential that this initial process reflects GESI standards and mitigates potential identity group conflict issues by choosing members who are also the most marginalized in the community.

Each PBC must be reflective of the following:

- 33.3% women
- 33.3% marginalized group members
- 33.3% youth

The PBC will help the DNGO and staff (social mobilizer, community facilitator etc) monitor the progress of the CDP as well as provide support for public accountability with the community. A **CDP Selection Committee (CDPSC)**, made up of representatives from the community such as, WCF members, CAC members, PBC representatives, VDC officials, and other stakeholders, then will score the applications for the CDP projects proposed at the community level. All applicants, community members and the public witness the evaluation and scoring of each CDP concept according to a set of pre-determined and public criteria. Based on the final scores, the committee then selects the winner in view of all stakeholders.



Once the CDP process and selection has been advertised in a Public Hearing **Project Management Committees (PMCs)** will be formed to submit applications. The PMC should be as inclusive as possible, following similar guidelines as the PBC. It is anticipated that most projects will involve multiple wards so PMC selection will be critical. As with the PBC, the PMC should be formed following the same guidelines.

Often there are several community organizations and committees operating at the community level, and sometimes there is conflict and tension among these various groups. Programs can either work with existing organizations or help form new groups and committees. This decision needs to be context-specific, ideally decided by the community itself, (if appropriate) with the help of a facilitator, and (if possible) through a process involving a general community assembly.

The community must elect the PMC. This must be done at a formal meeting with the majority of the adults in the community present. (Minutes of this meeting with signatures/thumbprints of all those present must be attached to the subproject proposal submitted to Sajhedari Bikaas.) The composition of the committee must be standard in all communities undertaking direct financing. The functions of the committee must include, but not be limited to, overseeing implementation of subprojects, mobilizing community members, collecting community contributions, and reporting (financial and physical progress). The officials elected to the project management committee must be fully aware of their functions and responsibilities for subprojects financed under the project.

Unless there are specific mechanisms put in place to ensure that membership in the project management committee is representative, it is possible that it becomes exclusive to one sex, caste, ethnic or religious group.

A woman and a member from a marginalized group should hold at least 2 of the four management positions, PMC President, Vice-President, Secretary, and/or Treasurer. DNGO staff will support PMCs as needed on the application process and will conduct several VDC level events to ensure access by community members to the CDP process.

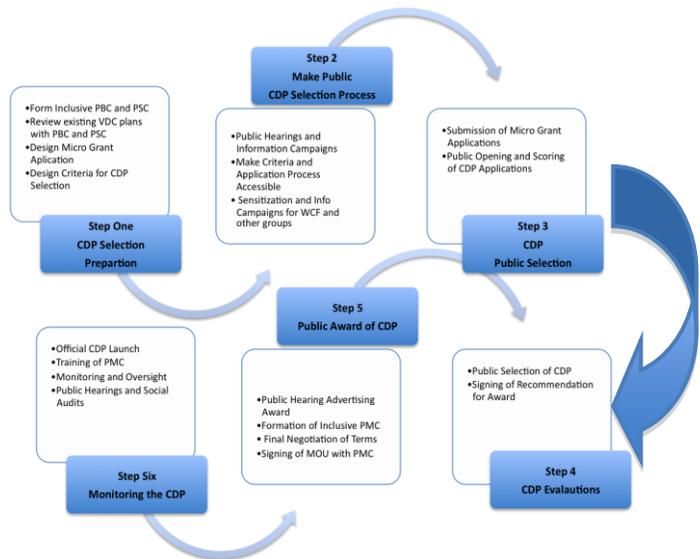
After award, the successful PMC, similar to a User Group (UG) will be trained in project management skills and will ultimately be responsible for the project, its completion and sustainable maintenance. The

DNGO will support the PBC and the PMC in project management and oversight training and ensure that both have support in conducting the necessary public hearings and social and public audits as required.

The PMC oversees the actual implementation and completion of the project. The PBC remains engaged and helps to monitor and communicate the progress of the project, acting as an external support for the PMC. Using a variety of stakeholders to monitor project implementation ensures there are checks and balances that hold all parties accountable to the community.

### 6.3 ASSESSING COMMUNITY NEEDS

A simple capacity assessment of sample communities in the target areas allows Sajhedari Bikaas staff to understand the strengths and weaknesses of the intended beneficiaries and to design a suitable training and support program for them. Our DNGO partners will be asked to complete a rapid assessment of needs of the VDCs that they will work in. The assessment may constitute a simple set of questions included in the subproject application form about technical capacity (literacy rates, bookkeeping skills, carpenters, masons, etc.) available in the community. This information will be used to determine what types of training/skill building will be needed. The DNGO may also develop varying levels of training packages and, based on the level of skills available at the community, determine which level of training package to implement, i.e., a community with weak capacity may receive an in-depth training package lasting several weeks. The capacity assessments will allow Sajhedari Bikaas to put-in-place mechanisms to address identified capacity gaps in the community.



#### Assessing VDC Needs

In assessing VDC level needs for Community Contracting, the DNGO should assist the PBC in identifying factors unique to their VDC that will support inclusive CC.

Some factors to consider may be:

- Past experience with community-managed projects (what has worked? what has not and why?)
- How have community assets been operated and maintained?
- How are community funds (own or from external sources) managed and accounts kept?
- What accountability/transparency measures are there at the community level?
- How does the community contribute labor, cash, and materials?
- Do they have experience with hiring and managing contractors?
- Audit reports of previous projects, if conducted, may provide valuable information, and lessons learnt may be addressed in CDP Selection at the community level.

## 6.4 SAJHEDARI BIKAAS PARTNER ROLES

Creating standard procedures and making them public contributes to the overall transparency. If the community does not know how the CDP micro-projects are chosen there will be continual conflict. It is essential that the process engage as many members of the community as is possible. While these extra steps can take more time or seem cumbersome, they are part of what makes CC impartial and effective.

In CC projects, communities receive funds directly from the funding agency, procure materials, hire contractors and consultants/technical experts, employ labor (skilled and unskilled), and ultimately manage the overall implementation of the subproject. The manual provides a basic framework for designing and implementing a project through direct financing of communities. More specifically, it discusses the activities to be carried out at each stage of the project cycle, as well as provides a description of the various types of procurement and disbursement methods that can be used for micro grant projects in the VDCs.

## 6.5 SAJHEDARI BIKAAS PARTNER ROLES

When communities are responsible for implementing subprojects, the role of the funding agency changes significantly *vis-à-vis* the beneficiaries; staff of Sajhedari Bikaas and partners are facilitators providing not just funds but also technical support and guidance to the community throughout the project cycle. Communities remain firmly in the driver's seat, making decisions, administering funds, and managing implementation.

Sajhedari Bikaas local partners and staff are critical to the success of the project and the quality of the facilitation, training and support that is provided to the communities is the cornerstone of effective Community Contracting.

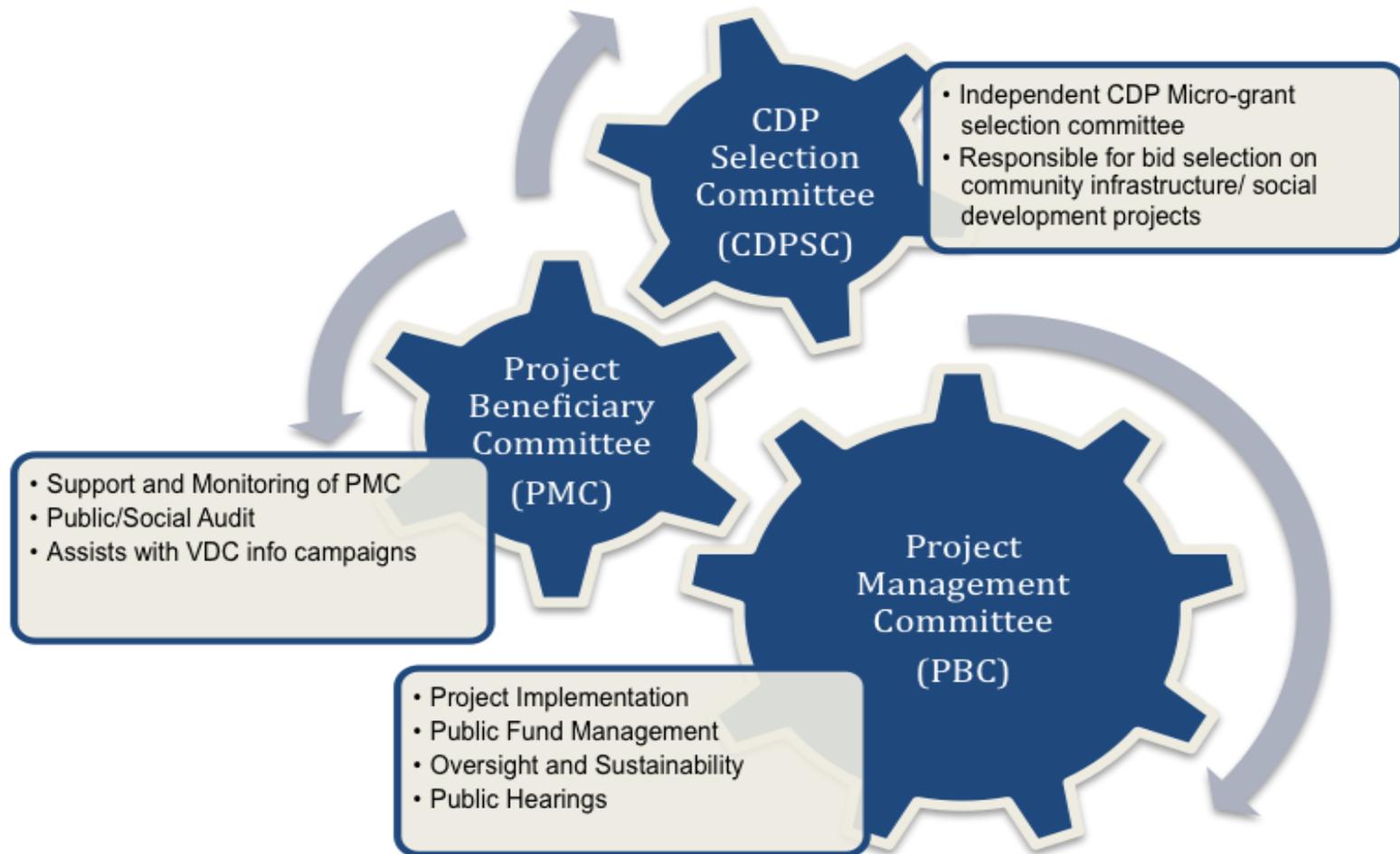
Activities undertaken by staff and partners will include:

- **DDC and VDC Preparation:** Local Partners of Sajhedari Bikaas will develop information and education campaigns to provide key messages to communities and other stakeholders throughout the implementation process. (Key messages include information about the project, rules of the game, technical options, technical advice to communities on managing construction, recurrent costs, maintenance, etc.);
- **Facilitation:** Local Partners of Sajhedari Bikaas and field staff will facilitate the local planning process and promote community access to information and resources.
- **Micro-grant and Subproject Appraisal:** Appraisal of community subprojects is carried out at two levels: desk and field. The desk appraisal involves a review of the process and documentation by the Sajhedari Grants and Program Team on the community application process to ensure that it is in line with the scope and objectives of the project, and that it meets the guidelines and criteria set out by USAID. The field appraisal involves assessing the technical, social, and environmental aspects of the proposed subproject, as well as the "readiness" of the community to implement it. This would also include assessing the community's ability to account for and report on the subproject funds.

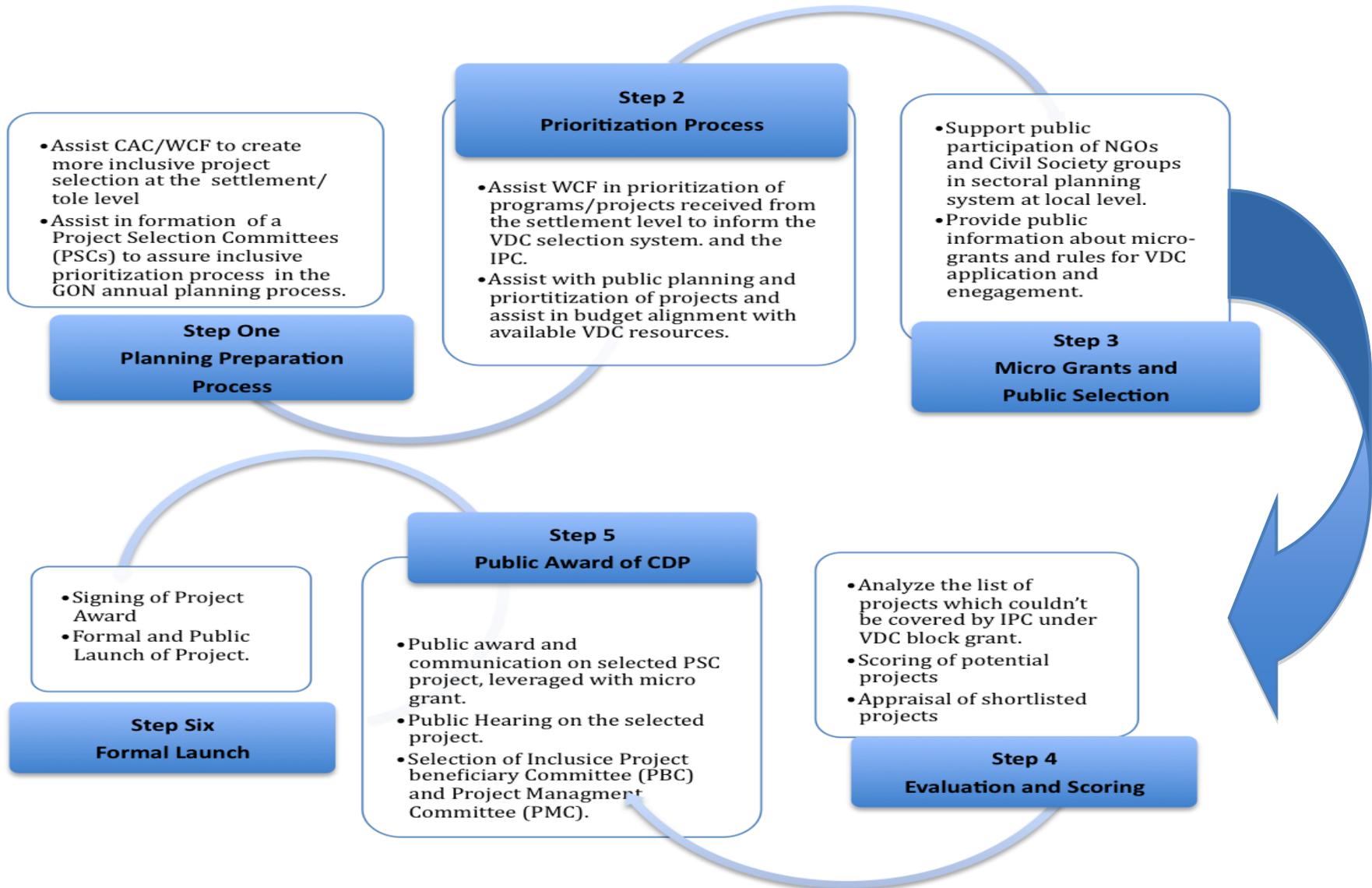
- **Financing:** Once a subproject application is approved, Pact and Sajhedari Bikaas enters into a contract (financing agreement) with the community. Usually the community is responsible for all aspects of subproject implementation, including procuring goods, hiring contractors, overseeing construction, and, as necessary, hiring technical experts/consultants to assist in these activities. Funds to the community are released on a tranche basis and depend on the size of the grant, length of implementation period, and capacity of the community.
- **Implementation:** Sajhedari Local Partners and staff train communities in all aspects of subproject implementation, including accounting and bookkeeping, procuring labor and materials, operation and maintenance, and ensuring transparency and instilling accountability in the activities of the community project management committee.
- **Monitoring and Evaluation:** Sajhedari Local Partners and staff with oversight from the Sajhedari Program Support Unit (PSU) develops a monitoring and evaluation plan and completes participatory financial audits of community accounts to ensure proper usage of funds, transparency, and accountability. It also performs technical audits to ensure subproject quality, carries out systematic beneficiary assessments to gather feedback and monitor levels of beneficiary satisfaction with the subproject, ensures that the community develops its own monitoring and evaluation plan, and monitors day-to-day progress.



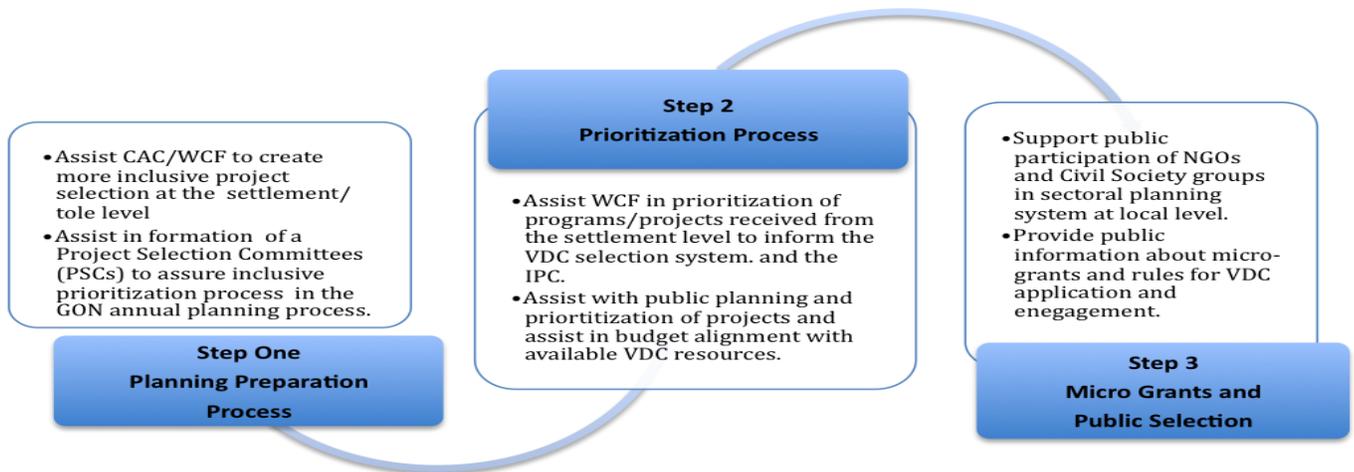
## SAJHEDARI BIKAAS COMMUNITY ACCOUNTABILITY MODEL



## SAJHEDARI BIKAAS COMMUNITY CONTRACTING STEPS



# 7.0 OUR CC STEPS



## STEP 1. PREPARING FOR AN INCLUSIVE CDP SELECTION PROCESS

Community-driven approaches suggest that community participation should be sought at every stage of the subproject cycle — from needs identification and prioritization, preparation, appraisal (desk and field), implementation, supervision, monitoring, and evaluation all the way to completion.

The CC process must reflect inclusion and minimize the potential for conflict. A best practices learned from CC, is that creating an independent and multi ethnic group that oversees eventual project management committees or user groups selected to implement the CDP activity can minimize conflict.

- **Form an Inclusive Project Beneficiary Group (PBC) and Project Selection Committee (PSC):** These two groups will work with DNGO staff (Social Mobilizers/ Facilitators) to assist in the identification and selection of VDC level CDP projects. Criteria must include an inclusive selection process based on VDC demographics relevant to marginalized groups.

### Step One, CDP Selection Preparation

The CDP Application plan or proposal must address issues of: subproject components, subproject site, community contribution, size of subproject, long-term commitment to maintenance, environmental impact, etc.

The application also needs to include a budget for the subproject that needs to be completed by the community with assistance, if necessary, from DNGO staff. A sample budget must be included in the information kit and provide the community with information on basic line items (cost of materials, labor, travel, transportation, administration, etc.) that need to be included. The plan and budget must be simple and self-explanatory. In some cases the budget may be developed by Sajhedari Bikaas staff based on standard unit costs. But in such cases, the budget must be discussed and agreed with the community/project management committee after the award has been made,

Once endorsed by the community, the project management committee will formally submit the application to the funding agency. Two copies of the application must be completed. One copy will be submitted to the PSC and DNGO while the community will keep the other copy. If necessary, additional copies may be provided to relevant ministries or local government departments.



It is also recommended that staff of the DNGO work with the LGCDP Local Resource Person (LRP) as well as the VDC secretary to ensure that any current conflict issues relating to inclusion are addressed at this committee formation stage specific to any ethnic or caste based conflicts.

- **Review existing VDC Plans with PBC and PSC:** It is essential to utilize current and past VDC plans to see what projects may have been underfunded or reflect opportunities for possible CDP projects. DNGO staff will actively assist in this review. It is anticipated that members of the PBC will also be WCF and or CAC members, so will also have access to other ideas relating to community needs.
- **Design CDP Micro-Grant Application Process:** Design in collaboration with the Sajhedari Bikaas Project Support Unit (PSU) Staff and stakeholders a CDP grant application process that is based on norms of the individual VDCs within the DDC. Sajhedari Staff will work with the DNGO staff to develop this grant application. It is likely that these criteria will remain similar across the DDC, but each DDC and VDC may have some unique perspectives that need to be included. The PBC works to develop a tender format that will allow for the maximum participation by community groups in the VDC that are from the most marginalized groups.

#### Ensuring Access

As part of the information, education and communication campaign, the DNGO must develop information kits and distribute them to all communities interested in applying for funding. The kit provides communities with all necessary information for working with Sajhedari Bikaas — relevant information about project procedures, community application forms, guidelines that describe the types of acceptable subprojects, subproject selection criteria, registration forms for committees, etc.

The kit and the handbook should be easily accessible to communities and can be made available through the local government offices, relevant ministries, NGOs, and other facilitators. As much as possible, information provided must be in the local languages and use easy to understand examples.

- **Design a Criterion for CDP Selection:** In collaboration with DNGO staff, the PBC will identify CDP selection criteria based on norms of the individual VDC in collaboration with the PBC. It is likely that these criteria will remain similar, but each VDC may have some unique perspectives that need to be included.



The selection criteria need to be chosen independently by the PBC. As the CDP Selection Committee will be scoring the CDP concept applications it is important that they not take part in the design of the selection criteria. This will minimize potential conflicts over the eventual CDP Micro-grant public selection process.



Sample Subproject Application

Templates, Template 1

## STEP 2. ADVERTISING THE CDP SELECTION PROCESS

In order to promote successful project management by communities, several specific interventions must be planned throughout the project cycle to raise community awareness, and to provide communities with the necessary training and guidance — including regarding program rules.

- **Conduct Public Hearing Advertising CDP Selection Criteria:** Work with PBC members to conduct a Public Hearing to advertise in the VDC the selection criteria for CDP Projects. This should be done in several forums and also be advertised on the radio and posted in the VDC building or another central location in the VDC.
- **Make CDP Selection Process Accessible:** Once drafted, the CDP selection criteria should be translated into local languages, duplicated and left at key distribution points where they be picked up by community groups interested in receiving a Micro-grant. The CDP Micro-grant selection and its requirements will be posted in the VDC and also advertised by public media and in two public forums held at the VDC level. There will be two phases of this process in each VDC.



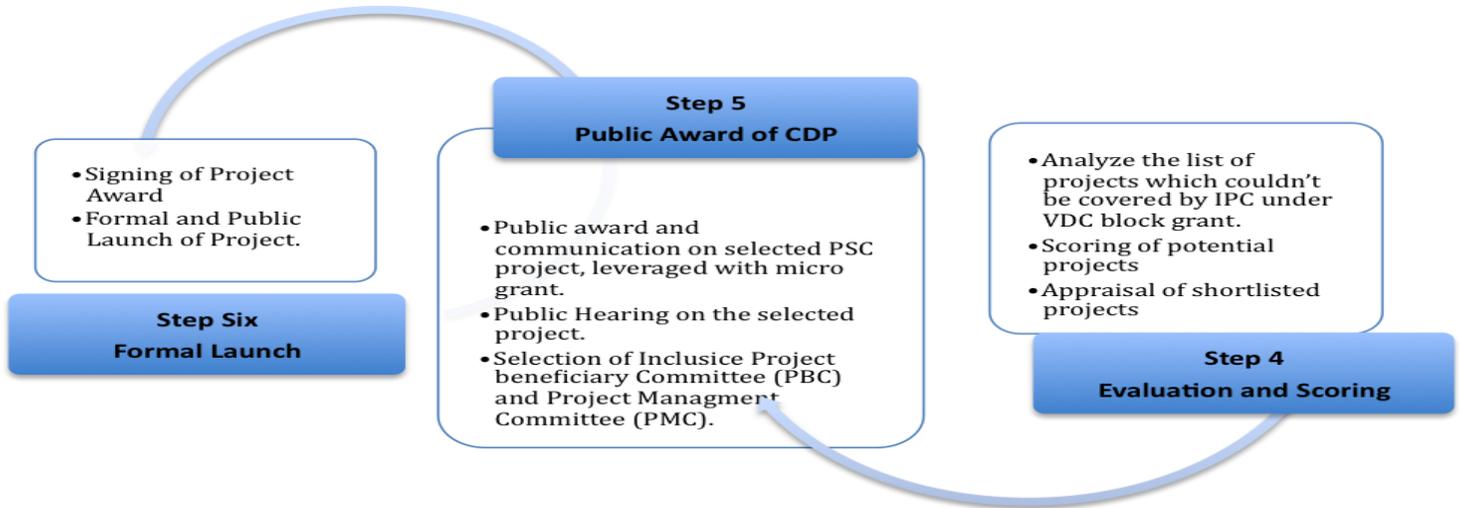
PBC and PSC members can help with this process as well as other VDC level structures such as the WCF and CACs or other community-based committees present at the VDC level. A lesson learned from LGCDP was WCFs ability to communicate down to the settlement level was effective, especially for groups that were illiterate.

## STEP 3. OPENING THE CDP APPLICATIONS



It is anticipated that CDP projects will be drawn from existing VDC Development Plans, but may also entail new and unique projects deemed important to marginalized groups and or Ward areas. One of the most important lessons of CC projects is that project selection and its process must be made public.

- **Submission of CDP Micro Grant Applications/ Concept Notes:** *Once a community group has prepared a CDP application, the representative delivers it to the receiving office, which in most cases will be a public location at the VDC such as the VDC office or a school that is central to most wards of the VDC. A member of the PSC receives the sealed application. The community group representative and the PSC member both sign a book stating the date and time of the submission. The community group representative then puts it in a locked box to which only the PSC has the key. Alternatively, community groups can bring their CDP applications to the opening venue, provided the deadline for opening the applications has not expired.*
- **Public Opening of CDP Applications:** The PSC opens all the CDP applications and reviews them for competition in a public forum. The Chairperson of this committee announces the closing of submissions and explains the procedure to all gathered. A representative from the PBC presents the locked box to the Chair who then opens each bid one at a time and reads aloud the information in the applications. Specifically, the Committee checks that information provided of each CDP application reflects the scoring criteria established by the PBC. If an application is incomplete, it is disqualified. Another PSC member records the information in a book. All members of the Committee present sign the book, signifying accuracy of the information recorded.



## STEP 4. EVALUATION OF CDP APPLICATIONS

- **Selection of the CDP:** The PSC again opens each of the applications determined to be complete during the opening step, reads aloud the entry in each section, and discusses the content based on the established criteria. The CDPS tallies the points awarded to each proposal, and arrange them in order. It then announces to the gathered audience the highest scoring CDP proposal and answers any questions. If additional days are necessary for review, due to the complexity or number of applications, the Committee visibly puts all the proposals into the locked box before closing for the day and is responsible for them overnight. The Chairperson also announces the start time for the following day.
- **Field Appraisal:** A field appraisal should be carried out to check the information contained in the application and confirm the community's commitment to the activity. The field appraisal is conducted by the PSC and Sajhedari Bikaas, line agency personnel, and/or local government staff, with participation from all relevant stakeholders such as community members, community leaders, NGOs, etc. The appraisal has two parts, social and technical, and should be done using a transparent scoring procedure to assess the validity of the proposed CDP.
- **Signing of Recommendation:** Once points are tallied and a selection made, the PSC signs the recommendation to signify that the entire opening and evaluation process was conducted transparently without influence by applicant groups or any outside entity. This concludes the evaluation phase.



Public Hearings build inclusion and minimize the potential for corruption and elite capture of resources. It is important that DNGO staff at the VDC level support the community in developing Public Hearing Skills.



Sample Scoring and Evaluation Form

Templates, Template 2

## STEP 5. AWARDING THE CDP MICRO-GRANT

- **Negotiation of Outstanding Issues:** The PSC and DNGO staff discusses any remaining questions with the selected community group(s) and then negotiates final details with the community. The DNGO staff work to assist the PSC in negotiating any outstanding issues with the community group.

- **Conduct Public Hearing Advertising CDP Award:** PBC members, along with select PSC members will conduct a Public Hearing to advertise in the VDC the selection of the CDP Project. This should be done in several forums and also be advertised on the radio and posted in the VDC building or another central location in the VDC.
- **Form an Inclusive Project Management Committee (PMC):** Once a project is chosen and its selection advertised in a Public Hearing with the PBC a PBC is formed. A woman and a member from a marginalized group should hold at least 2 of the four management positions, PMC President, Vice-President, Secretary, and/or Treasurer.
- **Signing of the Memorandum of Understanding (MOU)/ Finance Agreement with PMC:** Once PSC members have signed their recommendation for a CDP award, Sajhedari Bikaas staff and the DNGO may raise any additional queries on the selection before agreeing on a project start date and preparing and signing the MOU with the selected community group.
- **Training of PMC:** The PMC, similar to a User Group (UG) will be trained in project management skills and will ultimately be responsible for the project, its completion and sustainable maintenance. The DNGO will support the PBC and the PMC in project management and oversight training and ensure that both have support in conducting the necessary public hearings and social and public audits as required.

**Project Management Committee  
Formal Approval**

Once a proposal has been approved for funding, the funding agency will prepare an approval letter that will be sent to the project management committee chairperson. The letter will specify the steps that must be taken by the community before the start of subproject implementation. These include:

- Training for the project management committee.
- Opening a checking account in the name of the project management committee with at least three signatories.
- Mobilizing community contributions. Part of the community contribution can be collected before external funding begins (contributions can be in the form of materials, cash, and/or labor for the clearing of a site, for example).
- Planning the subproject launch ceremony.

## STEP 6. MONITORING THE CDP

- **Official CDP Launch:** Once the PMC is formed and the MOU signed an official launch should be held. This launch is an important event for the community. This launch should be planned in coordination with the PBC and the PMC as well as DNGO staff. This event should include VDC secretaries, CM members and other community members that are likely to support the CDP committees over the life of the project.



The public launch of the CDP is an important event at the community level and Senior DNGO staff and Sajhedari Bikaas PSU team members should attend. This event as well as the CDP completion ceremony is critical to the community.

- **Public Hearing and Social Audit:** Once the PMC has been formed it is important that a public event be held to detail the project and ensure that all members of the community know the details of the CDP. It is important that a Public Hearing and Social Audit be held during the very early stages of the project.



A best practice learned is that a Social Audit should be held at a minimum before and after project completion. Social Audits minimize corruption and ensure public accountability of CDP resources. They also minimize the potential for conflicts that arise over misinformation or lack of transparency in the initial implementation stage.

## 7.1 COMMUNITY FINANCING AGREEMENT

The financing agreement represents the contract between Pact (Sajhedari Bikaas) and the community and is a complete statement of the obligations and responsibilities of the parties to the contract. It includes the estimated amount that Pact has agreed to contribute, and provides a detailed description of the key activities to be undertaken by the different parties, as well as a time line of when activities are to be completed. The community representatives and the Pact COP sign the financing agreement.

Pact CC Micro Grant payments will be distributed in a scheduled lump sum payment and will be paid based on deliverables agreed to by the PMC. Pact's contribution will be a lump-sum contribution for specified deliverables, and the agreement will indicate payment terms/tranches. A tranche is released when a specific milestone is reached and can be disbursed against progress reports/certificates and monitoring records submitted by the DNGO. Pact's contribution will be set so that increasing community contributions or reducing subproject scope can only meet shortfalls in the budget. A contingency amount is set so that small-unforeseen modifications can be taken into account. However, when there are savings at the end of the project, it is best to allow communities to use these funds to increase the scope of the subproject without having to undergo a process of formal approval. Allowing communities to keep the savings promotes cost efficiency and provides an incentive for communities to negotiate better contracts and prices.

It is essential that the contract be kept as simple as possible and be easy to understand. Before the financing agreement is signed, it must be explained to and understood by the community members. It is recommended that the agreement be read to the PMC members in full view of the community or with the PBC, and that the final agreement be in Nepali and English. The financing agreement forms the contract or the basis of payment to the community.

The agreement should specify the following:

- Scope of activities to be covered/time frame
- Amount of funding
- Legal status of the community
- Estimated amount and timeline for community contributions
- Reporting requirements (financial/physical)
- Pact's (or representatives of the agency's) right to inspect the site, work, materials, relevant records, and documents
- Terms and conditions of payments (for lump-sum payments – a set amount will be paid to the community based on output)
- Financial management requirements
- Payment schedules (linked to activity schedules under the lump-sum contracting arrangements)
- Statement that if the financing is on a lump-sum basis, the community accepts the responsibility for the agreed-on output, bearing the cost of overruns and accounting for the use of any surplus;

- Simple procurement plan
- Roles and responsibilities of all parties
- Dispute resolution process
- Remedial actions, sanctions
- Funding agency's right to suspend or terminate the use of funds allocated to the subproject in cases of negligence, corruption and /or mismanagement
- Pact's right to review whether possible environmental impacts have been assessed, whether an environmental impact assessment has been carried out where necessary, and to assess the adequacy of mitigation measures proposed before funds are released

## 7.2 COMMUNITY INFRASTRUCTURE

This process and cycle can be followed for any grants and contract or sub contract process that involves community input for selection and oversight and management. In some rare cases Sajhedari may do some infrastructure projects that involve a bidding process with a local contractor. The same steps should be followed, and a engineer and site overseer will be employed by Sajhedari Bikaas to assist with the PBC, PSC and PMC. The steps should not change, but the application and bidding process will also involve an initial cost estimate and infrastructure design process.

# 8.0 COMMUNITY MOBILIZATION

The Ministry of Federal Affairs and Local Development (MFALD) has initiated a national program on Local Governance and Community Development (LGCDP) supported by fifteen donors. The LGCDP strategic goal is 'the promotion of inclusive local democracy, through local community-led development that enables the *active engagement of citizens* from all sections of society' (LGCDP, 2008:16). 'Community-led' development is defined 'as an approach where citizens and communities either individually or collectively, as active partners in the local governance process, prioritize, implement or fulfill their basic needs through collective action'. Sajhedari Bikaas will support MFALD and the GON by adhering to guidelines developed for LDGCP on Social Mobilization as well as for User Groups at the VDC level in supporting Community Contracting and specifically the PBC, the PSC, and the PMC.

Social mobilization is the process through which the critical link between citizen demand and state response is developed. Social mobilization will be a big part of the tasks and roles of our DNGO partners. LGCDP has Social Mobilizers at the District and VDC level and we will expect our DNGO staff to support best practices in social mobilization by supporting the guidance of the GON. We will want staff who are able to amplify the voices of the most marginalized and create space in public planning and access to decision making systems at the local level.

The DNGO will need to hire at the VDC level Community Facilitators (CF)s with strong skills in 'social mobilization'. The primary function of CFs will be strengthening local voice and increasing the extent

to which local groups and communities can participate actively in the decision making on the use of the block grants and hold their local governments and service delivery agencies to account. Effective social mobilization will ensure social inclusion and address the structural causes of inequalities (e.g. class, caste and ethnicity, gender and generation) and exclusion.

Moving from social mobilization to citizen engagement requires a set of different processes and understandings from those routinely used to establish groups for service delivery, savings and credit and other sectoral inputs. It requires flexibility, compassion and understanding of the local context of each VDC and requires someone from the community who knows the norms and rules.

Strong and effective social mobilization supports and facilitates the following:

- Strengthening local voice.
- Increasing extent to which local groups and communities participate actively in decision-making and hold local governments & service delivery agencies to account.
- Ensuring social inclusion to enable marginalized/disadvantaged citizens to participate.
- Addressing the structural causes of inequality – changes in formal rules & transformation in people’s attitudes and behaviors – requiring targeted mobilization (poor and non-poor).

But for real transformational or structural change to deliver the Sajhedari Bikaas outcomes, DNGO and Sajhedari staff and stakeholders will need to create access for community members, and also support them in developing their own approaches for mobilization. By following best practices from LGCDP and from other program approaches and sharing these with community members we may over the course of this project see evidence of change in the voice and capability of marginalized groups.

Some lessons learned from past Social Mobilization Programs in Nepal include:

- Importance of **transformational approaches** to citizen mobilization
- **Disadvantaged household identification**; community-based process creates good ownership, but there are many contradictory and conflicting indicators leading to mis-targeting, confusion and suspicion
- **Extreme poor** are left out or self-exclude from almost all mobilization processes
- There are few **graduation mechanisms** to support movement of extreme poor and excluded into mainstream development opportunities
- Few program **link citizens/groups with local body processes**; group processes are generally isolated and parallel and are failing to support the development of citizen-state relationships.



**Social Mobilization Guidelines**

**Social Mobilization Operational Manual for VDCs**

**Social Mobilization Links**

**Social Mobilization Links**

## 8.1 TRAINING THE PROJECT MANAGEMENT COMMITTEE

The DNGO and staff will provide training in all aspects of subproject implementation to the project management committee. Specifically, training will cover such aspects as, procurement methods and rules; contracting issues including hiring transport, contractors and labor; safe storage of materials;

procedures for assessing environmental impacts; bookkeeping; operating a bank account; recording minutes of meetings; and reporting. It must also cover issues having to do with transparency and involvement of the greater community. The length of the training will depend on the capacity of the community and how much training is needed.

A suitable training package must be developed by the DNGO and must adhere and integrate LGCDP's User Committee Guidelines. In addition the DNGO will need to support the PMC and PBC in conducting Public Hearings and Audits. The following guidelines should be used to ensure that training for the PMC and PBC adheres to GON norms and guidance.



## Resource Links for Social Mobilization

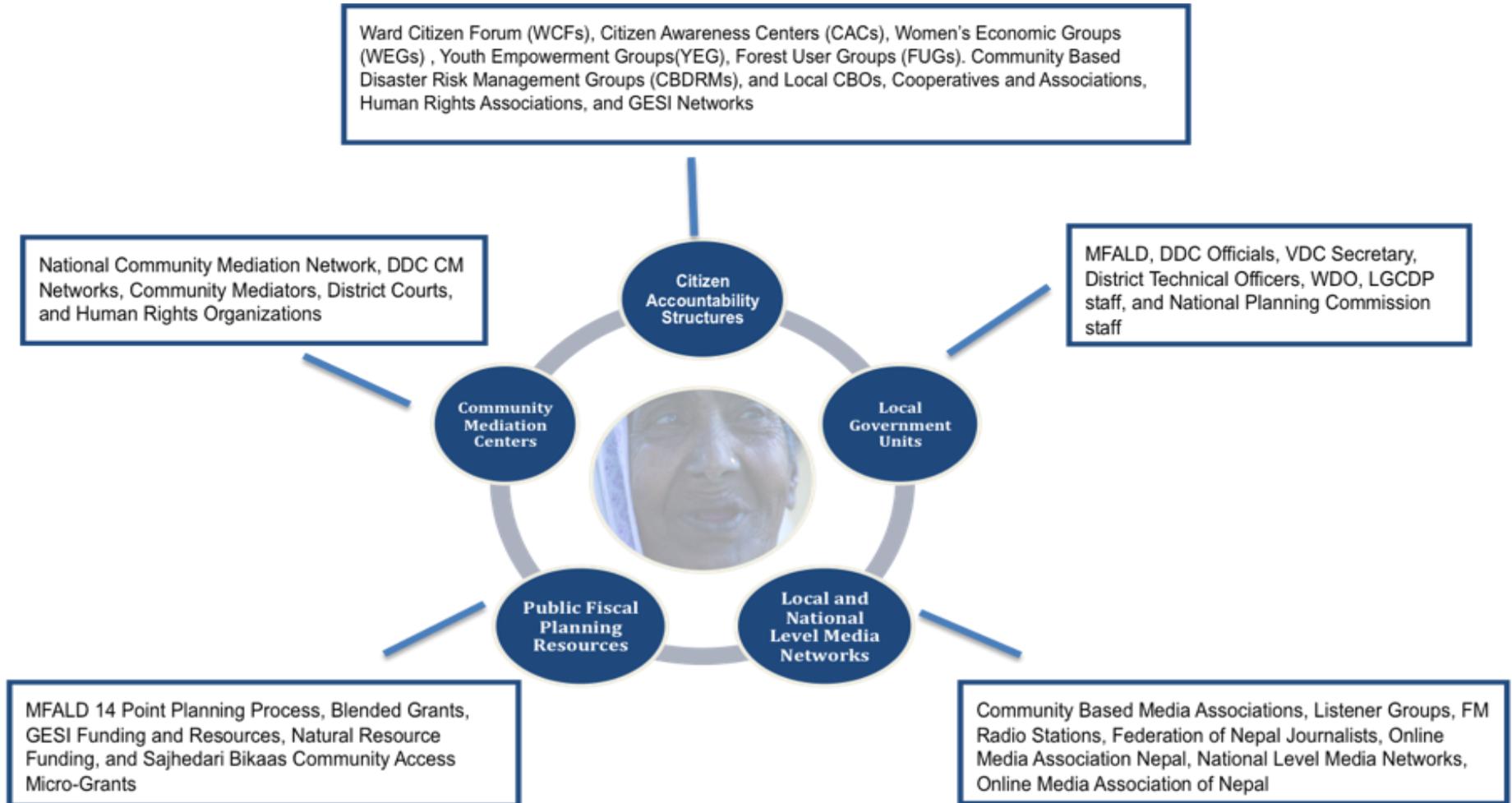
1. [LGCDP Policy and Guidelines](#)  
Summary: Includes all Policy and Guidelines for GESI as well as Social Inclusion Information from MFALD and LGCDPP.  
Language: Nepali and English
2. [Social Mobilization Guidelines](#)  
Summary: LGCDP guidance on social mobilization guidance for Local Bodies and Implementers.  
Language: Nepali
3. Social Mobilization Operational Manual for VDCs, July 2011  
Summary: Operational guidance for VDCs.  
Language: Nepali



## Resource Links for Project Management Committees and User Groups

4. Local Institutions, GESI Budgeting and Auditing Guideline  
Summary: Operational guidance for VDCs on GESI budgeting and auditing practices.  
Language: Nepali and English
5. [User Committee Guidelines](#)  
Summary: Operational guidance for User Committees.  
Language: Nepali
6. Scheme Implementation by User's Committees  
Summary: Operational guidance for User Committees to encourage transparency and accountability in practice.  
Language: Nepali

## SAJHEDARI BIKAAS COMMUNITY MOBILIZATION MODEL



# 9.0 IMPLEMENTATION

In the Community Contracting model, there are many aspects to be considered during subproject implementation: developing standard technical designs, disbursing to communities, procurement and financial management at the community level; monitoring and evaluation; and reporting by the community.

## 9.1 WHAT COMMUNITIES NEED TO KNOW ABOUT PROCUREMENT

CDD projects typically generate significant enthusiasm in communities. However, operations cannot capitalize on this momentum to achieve their development objectives unless funds flow quickly and predictably to communities. Designing flexible and efficient disbursement mechanisms is a crucial part of ensuring that funds reach communities, and ultimately promoting more effective operations and sustainable development outcomes.

One of the key challenges associated with CDD approaches is how to disburse funds to communities in an efficient and transparent way. To avoid graft, funds will only be transferred to the bank account of the implementing local partner who will be responsible for fund disbursement to the community. Payments on a lump-sum basis are the preferred method for subprojects that are large in number, small in scope, and technically simple. In this type of agreement, communities select subprojects based on pre-determined criteria. This method involves direct community participation, and will include in-kind labor or materials contributed by the community or subcontracting of procurement of goods and skilled labor. Community contributions provide stakeholders with a built in incentive for economy and efficiency.

For CDP Projects, funding will be in lump sums, based on the subproject's progress. As in some cases funding may be contingent on the VDC or community contribution so documentation, monitoring and confirmation of this contribution will be mandatory to receive a completion certificate.

### What Communities Need to Know about Procurement

- Communities are responsible for procuring goods related to the subproject. They will receive guidance and support from the DNGO.
- Communities should understand their responsibility to provide their contribution on time.
- Form a procurement committee (usually about four people).
- Plan what needs to be procured. Develop a procurement plan for the entire subproject (what is to be purchased, when it is to be done, and by whom).
- Include transport costs for transporting materials when pricing the materials.
- Always try to get the best prices and best value for the money. Getting at least three quotations allows you to compare and choose the best quality for the price.
- Get input from the project technical supervisor before using alternate materials from those listed on the schedule.
- Get receipts from vendors for all purchased goods.

The financing agreement is a contract between the PMC and the community, disbursements are made in one or more tranches on the basis of physical progress (outputs) and communities execute subprojects with or without subcontracting.

It is recommended that funds be disbursed in three tranches, with 33% being withheld until this match is met. But to avoid problems, the project must also be flexible, and document any difficulties the community has in meeting its obligation. This should be discussed with the PBC and the VDC secretary should these issues arise so that a reasonable resolution can be found with the community.

## 9.2. DISBURSING TO COMMUNITIES

For projects that finance a large number of small projects, the preferred method for financing communities is by using the lump-sum method. Essentially, the community is treated as a contractor and the financing agreement between the funding agency and community is based on a fixed-price or lump sum. The financing agreement is seen as a contract between the funding agency and the community against which disbursements will be made, usually in tranches and on the basis of physical progress. The review of the subproject focuses on the delivery of the end product described in the financing agreement. Activities at the community level include contributions of labor and/or material, as well as subcontracting and/or procurement of goods and skilled labor. Such subcontracting must comply with the financing agreement, and with the procurement procedures and financial management requirements set forth in the Pact Contract with USAID.

In lump-sum contracts, funds to communities are released in tranches based on physical progress. Each tranche is a percentage of total subproject costs. The initial payment is based on the approved subproject proposal and is made in line with the provisions of the financing agreement. Progress based payments are not considered advances because they are payments made against physical progress

In lump-sum contracts, subsequent payments are made based on physical progress reports and not on financial progress. Physical progress is certified by the DNGO through a Monitoring and Management plan in collaboration with the PMC and PBC. Even though release of tranches is not based on financial progress, the PMC should be required to submit regular (monthly) financial reports in order to demonstrate good accounting practice at the community level. The reports should summarize receipts and expenditures and should be submitted to the DNGO on a monthly basis accompanied by bank statements as applicable. These documents will be used during the Public hearings and Social Audits as well.

### Money Matters

One of the key challenges associated with Community Driven Development (CDD) approaches is how to disburse funds to communities in an efficient and transparent way. The design of disbursement mechanisms for CDD should be guided by the principles of simplicity, accountability, and cost effectiveness.

Disbursement mechanisms should be designed to ensure that:

1. Funds flow smoothly, adequately, regularly and predictably from those providing them to communities, CSOs or NGOs implementing project activities.
2. Information on the disbursement of funds flows smoothly between and among stakeholders in the community, government and the project team.
3. The disbursement mechanism is tailored to local circumstances.

For CDP Micro Grants, Pact staff will monitor as well these statements in collaboration with the DNGO on a monthly basis. Pact staff monitors regular submission of financial statements and the next tranche of payment is not released (even in lump-sum contracts) until the financial reports are up-to-date. These reports need not necessarily be accompanied by supporting documentation unless specified or requested by Pact.

### 9.3. PROCUREMENT AT THE COMMUNITY LEVEL

Because funds for implementation of the community subproject are disbursed directly to the community, the project management committee is primarily responsible for procuring materials, transport, and labor. Much of the procurement relating to community-identified subprojects is usually for contracts and materials below US \$5000 and is therefore carried out through direct purchase or local shopping by the communities themselves.

The community should develop a simple procurement plan for the overall subproject with help from the DNGO staff. The plan must take into account who will purchase goods, what will be purchased, and how. The project management committee should share the plan with the PBC who will oversee purchases made.



#### Procurement Lessons from the Field, Sri Lanka

A beneficiary community from Sri Lanka on a CDD project developed these guidelines.

##### **Forming a Procurement Committee**

The PMC is responsible for setting up a procurement committee consisting of at least four members (of whom two should be women) for procuring goods and material. The members of the committee should be well-respected members of the community, honest and willing to undertake the responsibility.

The members of the procurement committee should not be related to the chairperson or secretary or treasurer of the project management committee. It is the responsibility of the members of the procurement committee to ensure that procurement principles and guidelines are followed and that all procurement is guided by the principles of economy, efficiency, equal opportunity, and transparency.

##### Steps that should be taken when procuring goods:

Step 1: Works Subcommittee gives list of required items/supplies based on estimate to Procurement Committee.

Step 2: Procurement committee discusses and prepares a list of materials by quantity and by subproject (Procurement committee meets only if there is a request. All four members must be present)

Step 3: Procurement committee requests quotations from suppliers

Step 4: Quotations are discussed and best quotation is selected based on price and quality.

Step 5: Letter with selected quotation is supplied to management committee. All quotations are filed.

Step 6: The procurement committee keeps a log of goods and services procured with the name and address of authorized dealers, consultants, contractors, actual costs, quantity, quality of work, etc.

Step 7: The treasurer gives cash to the procurement committee based on the signature of the chair of the procurement committee. No cash is kept overnight. The goods are purchased on the same day.

Step 8: Goods are purchased in stages depending on project needs. Goods are checked for quality and counted before being purchased.

Step 9: Goods are handed over to PMC. The PMC signs and ensures quantity and quality before taking over the goods.

## **A. PROCURING MATERIALS**

All materials required for each subproject are detailed in the bill of quantities (BOQ) attached to the financing agreement. The thresholds for each method of procurement will be established by Pact procedures based on local realities.

The community financial records must clearly indicate the exact materials purchased during subproject implementation. The project management committee must balance the need to buy materials in advance so as not to disrupt subproject implementation, but also take into account the need for proper storage of perishable items such as cement. Communities purchasing materials frequently use the following methods:

- **Local shopping:** — At least three quotations are obtained from suppliers and the best buy is selected based on cost, quality, availability, and transport costs. Most supplies for community subprojects are procured through local shopping. This method requires that communities obtain three quotations/bids for the purchase of materials in order to compare costs. All pro forma invoices received, as a response must be maintained in the community files. Factors such as quality, availability, and transportation costs must be taken into account when comparing costs of potential suppliers.
- **Direct purchase:** — Procuring directly from the supplier without getting other quotations when there is only one supplier and/or the amount is small. In order to get the best price possible, communities should check with several sources before purchasing goods.
- **Work Force account:** — Community implements subproject using its own resources (skilled/unskilled labor, materials, equipment). Communities can also decide to execute part of the subproject using force account (hiring local labor and purchasing construction materials themselves) and subcontract the rest of the work to petty contractors by obtaining three quotations.

## **B. PROCURING SERVICES**

- **Consultant services:** — Communities may procure the assistance of NGOs and other consultants to provide technical assistance and help them manage the community project. Procedures must ensure competence of the incumbent as well as transparency and simplicity of the process. Clear selection processes must be made clear by the DNGO and documented in the sub agreement.
- **Labor:** — The needs for skilled labor will be estimated before the start of subproject implementation and included in the subproject financing agreement. Pact and the DNGO will provide standard pay rates for labor and these scales should not be exceeded. This information will be periodically updated as needed with Pact and the DNGO. Communities may decide whether to hire skilled labor for their subproject directly or to hire a contractor who in turn will hire the skilled labor. Regardless of who is hiring the skilled labor, preference must be given first to residents of the subproject community.
- **Contractors:** — In most subprojects the community will hire construction foremen and skilled laborers themselves. If part or all of a subproject is beyond the capacity of the project management committee to manage, a contractor may be hired to manage the work. The community must advertise through local methods (e.g., fliers, community meetings, local

newspapers, advertisements hung in public places, etc.) A community must hire a contractor only after receiving three bids. While a contractor's cost estimates are important elements of the selection criteria, selection should not be based solely on the lowest estimate. A contractor's technical experience must also be a key factor in the selection process. Interviews should be conducted by the project management committee together with the PBC and, if necessary, a representative of the DNGO (i.e., a technical supervisor, for example, who can help the community assess the technical quality of the contractor). Local contractors should be hired whenever possible.

- Direct contracting: — This method is usually used where only one supplier/contractor is available locally or when the cost of using a competitive process such as local shopping is likely to be much higher relative to the value of the goods procured directly from the available source.

While different options must be available to suit the varying capacities of communities, it is advisable that the community purchase materials. The contract with the contractor, meanwhile, covers labor, the contractor's fee, and specific services such as transport. The project management committee should specify the services provided by the contractor and the contractor must give the breakdown of the cost. The DNGO should provide communities with simple standard contracts for hiring skilled labor. In all cases where the community hires contractors/suppliers/consultants, simplified bidding/contracting documents should be used.

### **C. STORAGE**

Theft and waste of materials are common problems that must be addressed when securing storage space. A stock record keeping system (including designating persons responsible for stock management, recordkeeping of stocks in storage, and transfers of subproject materials in the PMC or PBC) should be implemented where materials are not kept on site, are stored for more than a day, or are allocated to a contractor.

### **D. TRANSPORT**

Communities often do not include transport costs in their subproject budgets. DNGO field staff working closely at the community level will be able to help communities get an accurate estimate of the size of trucks needed, number of trips and distances to be traveled based on the type of subproject to be implemented. This information may be gathered during the field appraisal and used to provide guidelines on costs for transport of materials.

### **E. ADMINISTRATIVE COSTS**

It is expected that the community will incur various administrative expenses in carrying out the subproject (e.g., stationery, travel, bank charges, etc.) Reasonable administrative, travel, and subsistence expenses for these purposes must be indicated in the community proposal budget and covered by the project.

## 9.4 OPENING A BANK ACCOUNT

Once the community has sufficient knowledge of formal banking procedures, Pact will provide a letter to the DNGO to facilitate assisting with cash transfers to the PMC. It is likely that Pact may be asked to provide a bank introduction letter to help facilitate the community's interaction with the formal banking sector. This letter will introduce Sajhedari Bikaas as well as the project management committee to the bank chosen by the community. It will inform the bank that the community subproject has been approved for project funding and request their assistance in establishing the subproject checking account. It must be noted that only one community bank account should be opened per subproject.

The account should be jointly operated by at least three elected signatories from the project management committee. This gives the community direct control over the signatories as well as the account. In order to monitor the community account, some projects include the name of a DNGO project staff member as a signatory. However, it must then stipulate that the staff member's signature is required only to withdraw a very large sum of money and not to conduct day-to-day transactions related to the community subproject.

Despite having to travel great distances to open and operate a bank account, community members still prefer to manage their own funds. Furthermore, once the account has been opened, the use of checks eliminates the need for travel to and from the Bank. It must be noted that not all projects require community groups to open bank accounts. Vouchers (i.e., payment promise notes) issued by the DNGO or central-level transit accounts can be used in situations where local banking branch networks are underdeveloped, or where communities distrust the banking system. Depending on the size of the project and the amounts concerned, Pact in collaboration with our DNGO partner may also explore informal methods used by the community to administer funds. Informal methods may, however, increase the risk to the "keepers" of the funds as well as encourage mismanagement unless clear and transparent rules are in place.

## 9.5 MOBILIZING COMMUNITY CONTRIBUTIONS

Communities can provide contributions in kind (sand, bricks), cash, or labor. The community must decide who should contribute, how, and when. In order to ensure smooth implementation of the subproject, it is important that community contributions are managed properly and are made available on time. If the contribution is in kind, it is necessary to establish how it will be valued. At the level of the funding agency, it is best if the evaluation is done using an output based (e.g., land is cleared) rather than an input-based (e.g., number of days of labor) approach, because measuring the latter becomes quite difficult. At the level of the community, the accounting for the beneficiary contributions may need to be based on inputs (e.g., man -days of labor) or agreed unit costs of work done (e.g., per kilometer of drain and

Communities need to maintain meticulous accounts (register) to record cash contributions (if any) and issue receipts (pre-numbered) for the cash received. Cash collections should be deposited in the community bank account as soon as possible.

As Sajhedari Bikaas also seeks to leverage VDC level contributions where appropriate DNGO staff and PMCs will also be asked to work with GON officials if part of the contribution is coming from central funds that flow down to the VDC after the annual planning process is complete. In Annex

One, a matrix of the Annual Planning Process is provided so that DNGOs can work with the Sajhedari Team to see what CDP projects can leverage VDC level planning processes. The most effective way to do this is to include on the PBC members of the WCF and also members of the VDC and Integrated Planning Committee (IPC). This will ensure that the DNGO looks at VDC level plans and also encourages as a criteria for the CDPs integration and leveraging of VDC plans and activities that are designed to benefit marginalized communities at the Ward level.

LGCDP has prepared a simple, user friendly guideline on ‘VDC Planning and Budgeting’, based on the provisions of the Local Self Governance Regulations (LSGR), 2056. This guide also integrates various policies and provisions made to date in Nepal on the planning process to ensure that it is more inclusive and integrated at the local level (VDC). It is essential that the DNGO work closely with communities on establishing their ‘contribution’ and also help ensure that the PBC is working with the PMC to monitor this. Information will be shared through Public Hearings and Audits over the life of the subproject.

## **9.6 DEVELOPING STANDARD TECHNICAL DESIGNS**

The use of appropriate simple standard designs helps maintain acceptable technical standards in community-managed projects. In addition to using sectoral ministry standards and designs, input of community members should be sought when developing/refining these models so that use of local materials, technology, and expertise within the community can be maximized. This is important, as the infrastructure subprojects to be managed at the community level must be designed so that they are in line with a community’s technical, managerial, and financial capacity.

## **9.7 FINANCIAL MANAGEMENT AT THE COMMUNITY LEVEL**

The project management committee must follow procurement and disbursement procedures laid out by Pact that are USAID compliant. Complete documentation must be kept at the community level on all financial transactions. The project management committee must call regular (monthly, at the least) community meetings to present its financial and physical progress reports. The financial report provides details of funds received from Sajhedari Bikaas, expenditures incurred by category, the balance of funds, and supporting documentation. These reports must be available for inspection by any member of the community during the meeting. The project management committee may also wish to display this information on a notice board close to the subproject site. Minutes and attendance records of these meetings must be kept.

The project management committee must undertake the following activities during implementation:

- Open and work with a checking account, check book, and bank statements.
- Maintain a subproject cashbook to account for all expenditures by type.
- Maintain receipts, labor registers, returned checks, and other documentation such that all expenses have corresponding documentary evidence.
- Maintain a cash box and a petty cash book for cash expenditures.
- Maintain a stock register to record materials kept for more than one or two days before use.
- Maintain a community contribution register to record any contribution (cash, labor, materials, etc.) from the community in the course of subproject implementation.

The project management committee must have a written record of all expenditures to back up the cashbook and petty cash book. These may be in the form of receipts, labor registers, cash receipts, or others. (Receipts generated by the community are usually allowed only for expenses made on transport fares where receipts cannot be obtained. Three project management committee members, including the chairperson and the recipient of the fares should sign these receipts.)

## **9.8 ADDRESSING MAINTENANCE ISSUES**

Communities that have managed implementation of a community asset are far more active in maintaining it. Training should be provided to communities, not only in technical maintenance aspects but also in areas such as fundraising (through contributions, user fees, etc.) and social aspects, such as hygiene education.

There are several types of maintenance committees — i.e., some may already be in place, such as local water users associations or Parent Teacher Associations, while others may be new committees formed specifically for this purpose. In the case of infrastructure managed by sectoral ministries, such as schools and health centers, committees should be ratified and accepted by the owners of the infrastructure. For projects in the water sector, where local associations are expected to manage the infrastructure after completion, much more extensive training in administration and fundraising is needed.

As discussed in the section on preparation of the subproject, maintenance issues and how to address them must be discussed very early in the project cycle. The subproject proposal must include a realistic financial plan for the next 3-5 years to demonstrate the capacity of the community to collect funds and maintain the assets created. In fact, whether or not communities can manage/maintain the asset after completion should be a key factor in determining whether a subproject proposal is financed.

Key activities in this process are:

- Election and training of a maintenance committee;
- Development of a simple maintenance plan;
- Setting up of a maintenance fund before completion of the subproject (any savings left over from subproject implementation may be added to the fund and set aside for maintenance purposes); and
- Preparation of a maintenance manual by DNGO and PBC and PMC members for use by communities.



## Other LGCDP and MFALD Resources

1. [VDC Planning and Budgeting Guideline](#), Released June 2011  
Summary: User-friendly guideline on VDC planning and budgeting systems based on the Local Self Governance Regulations (LSGR), 2056.

Language: Nepali

2. [VDC Planning And Budgeting TOT Manual](#) , Released June 2011  
Summary: Training guidelines for local associations working on VDC planning and budgeting with VDCs.

Language: Nepali

3. [VDC Grant Mobilization Guideline](#)  
Summary: Budget information on annual granting process to VDC.

Language: Nepali

4. [Public Hearing Guidance](#)  
Summary: Guidance on conducting Public Hearings at the local level.

Language: Nepali

5. [Public Audit Guidance](#)  
Summary: Guidance on conducting Public Audits at the local level.

Language: Nepali

# 10.0 M&E SYSTEMS

The monitoring and evaluation system of Sajhedari Bikaas will be shared with DNGO staff and stakeholders to ensure that the team understands how to assess impact and change in the VDCs and communities in which they work. Conflict sensitivity will be essential in understanding community dynamics and how the CDP projects and Sajhedari Bikaas activities are influencing local level transformation and change.

Our DNGO staff are our frontline providers and their insights, observations and access to community level input and perspective will help improve the quality and impact of everything Sajhedari Bikaas seeks to do. Lessons learned and good practice emerging from activities and work in the field should be disseminated widely. We will count on our DNGO staff as critical partners in helping us learn what works and doesn't work in the VDCs and communities that we will target over the five-year project period.

The responsibility for monitoring and evaluation of community subprojects rests Pact staff, our implementing partners (Saferworld, CELLRd, Equal Access and Youth Initiative), DNGO staff, project management committee, community members, and external evaluators. Two levels of monitoring are envisioned:

1. Monitoring by Pact staff and direct partners
2. Monitoring by the community.

The DNGO must ensure that all technical, financial, and social audits are conducted in a participatory manner. Involving communities in supervision and monitoring helps make the exercise less of a policing function and allows communities to better understand what is required of them. It also builds community capacity to provide better oversight of development resources at the local level. The PMC and PBC should also be actively involved in overall monitoring of the subproject.

The PMC must be made to understand that they are accountable not only to Sajhedari Bikaas but also to the community and their local leaders. In the same way, the larger community must be encouraged to play an active role in the monitoring process and be empowered to demand accountability and transparency from their project management committee.

## 10.1 MONITORING BY PACT AND IMPLEMENTING PARTNERS

The DNGO in partnership with Pact staff are responsible for the formal monitoring and evaluation of community activities, the performance of communities, and assessment of social and environmental impacts. Reviews must take into account technical aspects (e.g., quality, speed, and cost of construction, consistency with national norms); social aspects (e.g., level of community participation, analysis of who uses the infrastructure); impact on beneficiaries (e.g., numbers involved, reached, or assisted) and financial aspects (e.g., use and accounting of funds).

## A. FINANCIAL AND TECHNICAL MONITORING

Financial and technical monitoring must be linked in order to allow the DNGO and Pact staff to compare the community's expenditure against targets. Reporting formats must therefore combine information on physical and financial progress.

**Tranche system of disbursing:** — This is a key monitoring tool that allows for greater control and oversight and ensures that funds are accounted for properly and technical quality is maintained throughout the implementation process.

- **Audits:** — Under the lump-sum financing agreements, the community is treated as a contractor and is not normally subject to internal or external audits. However, given the fiduciary risks involved in the wide diffusion of funds, Pact staff will conduct sample random audits (typically 10 or 15% of low amount subprojects and 100% of all large amount subprojects).

- **Internal audits:** — As part of the internal control system, internal audits of community accounts may be undertaken periodically by Pact financial staff, or trained community members who are independent of the DNGO and the project management committee. The community groups may additionally decide to have their own committee responsible for internal audits (subject to them being trained to do so).

- **Ex-post audits:** — Ex-post internal audits of community accounts are often linked to the overall monitoring and evaluation of the community subproject and can be conducted by Pact staff or by trained community members. A simple, inexpensive internal ex-post audit of community accounts is conducted to confirm that funds have been spent on the intended purpose and that communities have received value for their money. Community accounts are audited not as part of Pact's audit requirements but for their own purposes and as part of the project reporting system documented in the financing agreement. Typically, a random sample of low amount subprojects and all high amount subprojects are audited.

- **External audit:** — The scope of the external audit will be adapted to the type of project being audited and DNGOs will be subject to one or more audits over the course of their partnership on Sajhedari Bikaas. If payments to communities are made on a lump sum basis, then the payment to the community is included in the project accounts and is audited; the community's expenditures, however, are outside the scope of the audit. An external audit will be conducted by a qualified auditor and will provide opinions on the overall project financial statements, the overall project internal controls, and the Statements of Expenditure.

Community groups if registered as legal bodies may have their own requirements under the local laws to be audited and to submit the audited financial statements (including management letter) to the statutory bodies. This should not be confused with the external audit of the funding agency which as described above will not include the expenditures of the subproject (except as part of internal management processes), but will be limited to payments/releases to the community groups.



In many one CC projects community groups in neighboring VDCs or communities are responsible for auditing the other and vice versa.

## **B. KEY PERFORMANCE INDICATORS**

Key performance indicators provide a valuable tool with which to monitor progress. Indicators can be divided into process, input, output, and or outcome indicators. Below are some examples of indicators that may be used on Sajhedari Bikaas that DNGOs and Implementing partners may contribute to:

### **Process indicators:**

- Number of Women’s Economic Groups formed
- Number of Ward Citizen Forum meetings that review the village development plan to ensure equitable distribution of local resources

### **Input indicators:**

- Funds disbursed, frequency and length of field visits, days of training delivered, etc.

### **Output indicators:**

- Number of micro grants provided for community development
- Number of local key stakeholders (community leaders, local government officials), trained in inclusive participatory planning
- Proportion of local oversight bodies that have adopted a charter on standards around inclusion in the management, implementation and monitoring of projects
- Proportion of Ward Citizen Forums who have tracked their budget allocation

### **Outcome indicators:**

- Proportion of citizens who feel that the administration of funds in the VDC is transparent
- Percentage of funds allocated to community projects in the VDC that is spend for services/goods provided by VDC community members
- Proportion of Ward Citizen Forum members who indicate that they can provide meaningful input to the village development plans

The reporting that Sajhedari Bikaas partners will be asked for will contribute to our efforts to track our progress in local communities and is one of the most critical activities of our program.

## **C. PERFORMANCE BASED MANAGEMENT SYSTEM**

A Performance Based Management System (PBMS) is a tool composed of accounting software and a database management system that allows the funding agency to organize both its accounting and non-accounting data. An effective PBMS is an important instrument for projects that oversee and manage a large number of small projects in a decentralized manner. It allows users to collect, analyze, store, and disseminate information useful for decision-making in a project. Sajhedari Bikaas will be using a PBMS system that will ask partners to assist in data capture, including data driven from reporting and indicator tracking to GPS locations of projects and activities.

## **D. QUALITATIVE MONITORING**

Given the demand-driven nature of CDD projects, systematic feedback from beneficiaries is an

essential evaluation tool and, as such, beneficiary assessments will be used in monitoring and measuring impact of CDP activities. A beneficiary assessment is a qualitative research tool that is used to get systematic feedback from community members. Its key features are an approach to information gathering that is qualitative, but quantified, systematic but flexible, and targeted to decision-makers. Usually structured around interviews and group discussions, the objective of the beneficiary assessment is to assess the value of an activity as perceived by project beneficiaries and to integrate these findings into project activities.

In addition to beneficiary assessments, the Sajhedari Bikaas M&E system will use a variety of participatory monitoring and evaluation techniques such as Participatory Rural Appraisal (PRA) and other types of participatory approaches to solicit community level feedback. Participatory monitoring and evaluation is an open-ended and iterative approach, and to be truly effective it needs to be incorporated into the overall project cycle and undertaken on a continuous basis. DNGO will be asked to work closely with community and GON stakeholders so that they are involved in deciding what will be monitored or evaluated, how and when data will be collected and analyzed, what the data actually mean, and how findings will be shared. Participatory monitoring and evaluation techniques may be used in parallel with conventional monitoring and evaluation processes to cross check the findings and foster local-level commitment to action.

## **10.2 COMMUNITY INVOLVEMENT IN MONITORING**

The DNGO and Sajhedari Bikaas partners must ensure that communities play an important role in monitoring their own projects. These steps include:

- The community developing its own monitoring indicators and describing a monitoring and evaluation plan on the subproject application form.
- Requiring all subproject accounting documents to be available for inspection by the community.
- Ensuring that audits are performed (community's role includes conducting Public Hearings and Social Audits and engaging auditors for internal/external audits).
- Understanding the contents of the financing agreement.
- Requiring project management committee to report to communities regularly.
- Ensuring that no individual is able to initiate, authorize, execute, or record a transaction without the active involvement of someone else (for example, all withdrawals and transactions should be witnessed and countersigned).
- Posting all financial information regarding the subproject in public places in the community.
- Ensuring that mitigation measures are put in place to address possible environmental and social impacts.

The community is also expected to report periodically to the DNGO and staff will receive guidance from the M&E Team of Pact regarding what information you will be required to collect at the Community level. This report will include a description of the physical progress of the subproject, a financial review indicating how funds received have been used, and problems encountered and solutions undertaken during the reporting month. The project management committee must notify community leaders and DNGO staff immediately if problems arise that may significantly delay subproject implementation.

# APPENDIX I

## SAJHEDARI BIKAAS ROLES AND RESPONSIBILITY TABLE

CDP Project	Sajhedari Stakeholder Roles and Activities			
Preparation	Community	Project Management Committee	Local Government	Sajhedari Bikaas District NGO Partner
	Elect PBC and PSC Identify and prioritize needs	Plan project and prepare application including Maintenance Plan	Raise awareness among local leaders/communities Assist community with preparing project	Develop overall information and education campaign targeting key stakeholders including contractors/suppliers and local leaders
	Agree on community Contribution and project plans	Develop community Contribution plan	Agree on LG contribution and Maintenance Plan	Develop annual program of support to communities Develop procedures and policies for implementation of subprojects
	Confirm understanding of Project costs/benefits	Submit application for funding	Coordinate with Local VDC development plans	Facilitate technical review of Subproject proposals with Sajhedari Bikaas PSU Team
	Participate in field appraisal and project selection and evaluation	Present project plan at field appraisal	Participate in field appraisal Approve subproject proposal and selection	Ensure subproject proposal and selection complies with Sajhedari Bikaas Grant Regulations

CDP Project	Sajhedari Stakeholder Roles and Activities			
	Community	Project Management Committee	Local Government	Sajhedari Bikaas District NGO Partner
Implementation	Mobilize community contribution	Monitor community contribution	Coordinate and work with community to leverage available VDC funds	Develop and implement capacity building and training for PBC, PSC, PMC and key stakeholders.
	Attend project launch ceremony	Organize project launch ceremony Sign financing Agreement (MOU)	Participate in project launch ceremony	Have Sajhedari Bikaas Representative sign financing agreement
	Attend Public Hearings and Social Audits Monitor PMC	Manage and supervise project implementation	Attend Public Hearings and Social Audits	Facilitate procurement of goods/services at community level Maintain unit cost database, list of pre-qualified contractors, develop standard designs
	Monitor accounting of subproject funds	Handle accounting of subproject funds	Monitor project implementation	Verify subproject expenditures
	Monitor procurement of materials/services Ensure that social audits are conducted	Hold Public Hearings and Social Audits		Facilitate timely financial disbursements to communities Provide/Coordinate technical supervision visits Oversee procurement of materials/services

CDP Project	Sajhedari Stakeholder Roles and Activities			
Implementation	Community	Project Management Committee	Local Government	Sajhedari Bikaas District NGO Partner
	Monitor procurement of materials/services	Procure materials/services	Resolve conflicts as necessary	Monitor operations against targets
		Contract independent technical supervision	Foster effective working relationship between Communities and local level institutions	Appraise and monitor subprojects/review progress reports
	Contract labor (skilled and unskilled)	Carry out internal audits/contract external audits		
	Ensure that social audits are conducted	Report to community, local government, and funding agency		Ensure training and technical oversight for community if sufficient
		Day to day monitoring of project implementation		Facilitate timely financial disbursements to communities Provide/Coordinate technical supervision visits Oversee procurement of materials/services

CDP Project	Sajhedari Stakeholder Roles and Activities			
Completion	Community	Project Management Committee	Local Government	Sajhedari Bikaas District NGO Partner
	Agree on maintenance plan and fees	Put in place maintenance plan and fees	Ensure implementation of Maintenance Plan and fees	Ensure implementation of maintenance plan and fees
	Attend inauguration ceremony	Organize inauguration ceremony	Certify completed projects	Documentation/ Certification of completed project
	Maintain project assets after completion Ensure maintenance committee/fund is in place	Sign off on completed projects	Sign off on completed projects	Sign off on completed projects Ensure maintenance committee/fund is in place



# APPENDIX II

PARTICIPATORY PUBLIC PLANNING IN NEPAL, MATRIX

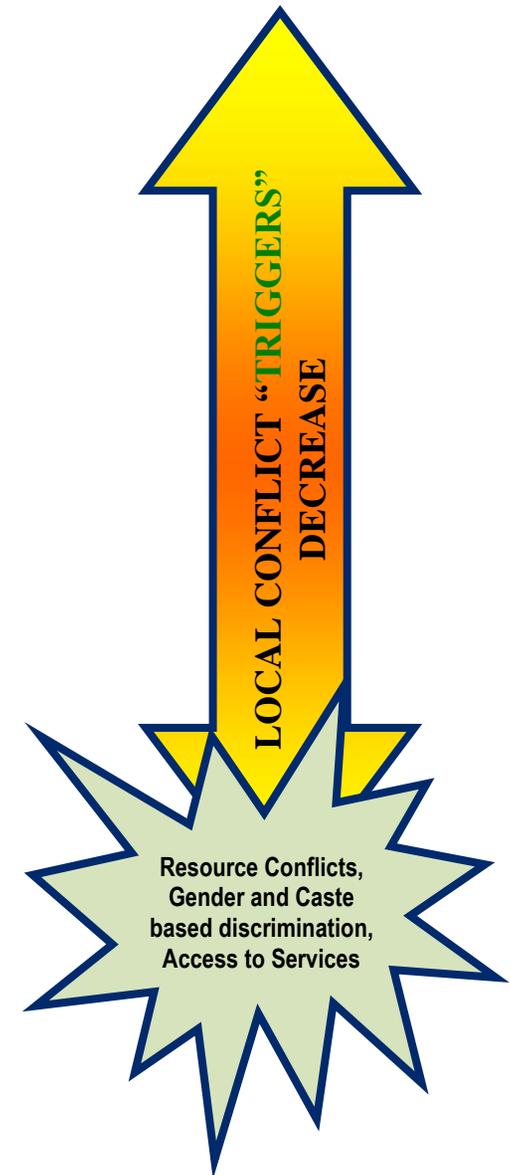
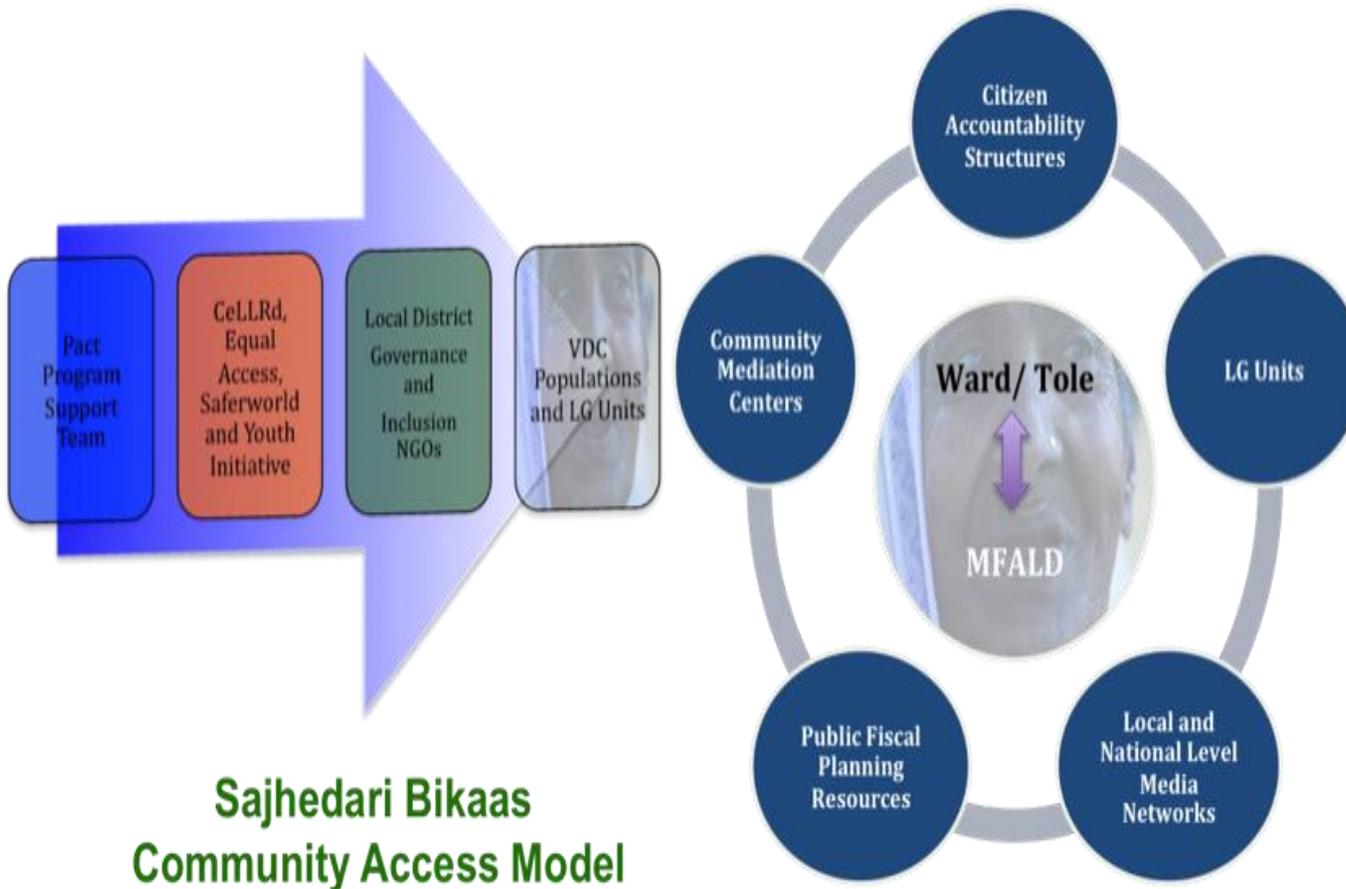
MFALD Planning Process	Function	Primary Activity	Roles and Timeline	Community Planning Support Opportunities (PSOs)
Pre Planning	Information	Data analysis and preparation of resource map	DDC Information Center	Primarily at the DDC and Central Level
STEP 1	Planning and Budget Guidelines	Developed to fix the budget ceiling (annual)	National Planning Commission (NPC) <b>Middle of November</b>	
STEP 2	Revision of Guidelines	Revision of Guidance and Budget Ceiling	DDC (s) <b>Third week of November</b>	
STEP 3	Planning Workshops Held	Discussion of Planning Priorities and Budgets with DDC members and Line Agency Representatives	DDC(s) <b>End of November</b>	
STEP 4	VDC Meeting(s)	Discussion of possible priority sector programs/ projects at the VDC level	VDC(s) <b>Third Week of December</b>	Should engage WCF members and Community Based Associations working on GESI planning priorities
STEP 5	Project Selection Process	Ward and Settlement level discussion period to prioritize projects and compile community level demands, issues and priority programs.	Ward and Settlement Level <b>Third Week of December</b>	
STEP 6	Ward Meeting (s)	VDC Compilation of Ward Level Priorities	Ward Meeting (s) <b>Last week of December</b>	From December – Mid January is the optimum time for VDC, Ward and Settlement level public discussions.
STEP 7	VDC Meeting (s)	Cost estimation, prioritization, and classification of projects. Divided by projects to be implemented with VDC resources and those to be forwarded to the Ilaka/ district level.	VDC (s) <b>First Week of January</b>	
STEP 8	VDC Council Meeting	Approval with or without alteration, of the VDC level planning outcomes and recommendations (Can include now VDC level Citizen Forums where applicable)	VDC Councils <b>Second Week of January</b>	

<b>STEP 9</b>	Ilaka Level Planning Workshop	DDC level discussion and prioritization of VDC Council planning priority projects.	Coordinated by Ilaka/ DDC Member <b>First week of February</b>	DDC and Ilaka level meetings.
<b>STEP 10</b>	Sectoral Planning Meeting	Classification of projects recommended from the Ilaka level. Prioritization and final recommendations for further processing.	Sectoral Committee of DDC VDC Councils <b>Third week of February</b>	Are not accessible to WCF members, but there may be increased opportunity during this period for VDC level representatives to stay engaged to ensure transparency during the prioritization process.
<b>STEP 11</b>	Integrated Planning Formation	Inclusion, exclusion and revision of priority projects based on recommendations and discussions of the Sectoral Planning Committee(s).	Integrated Planning Committee of DDC (s) <b>End of February</b>	
<b>STEP 12</b>	DDC Meeting (s)	<b>Analysis of prioritized projects from Sectoral Committees, IPCs etc.</b>  <b>Classification of projects based on other established criteria</b> (i.e. environmental compliance, social and economic feasibility)  Also: analysis of own source revenue, or central level resources through Sectoral ministry budgets.	DDC (s) <b>First week of March</b>	
<b>STEP 13</b>	DDC Council (s)	Approval of final programs and policies of each district.	DDC (s) <b>First week of March</b>	Generally closed meetings. But staff can attend depending on their relationship with the LDO and Planning Officer.
<b>Step 14</b>	Implementation Planning (Central Level)	Presentation of approved programs to the central agencies. Implementation of programs after final approval of all Sectoral Agencies.	DDC and Line Agencies <b>Fourth week of March</b>  DDC and Line Agencies <b>End of July</b>	
				Central and Line Level Process  Generally the start again of Planning for Implementation with Project Groups  Pre- Planning from March to July is critical for CC and project management preparation with VDC committees and WCF members.

# APPENDIX III

## SAJHEDARI BIKAAS THEORY OF CHANGE

Local Communities are **EMPOWERED** to direct their own development



# TOOLS AND HANDOUTS

## Handouts

- **Group Exercise, Nepal Annual Planning Process**
- **Handout 1, Reflecting on Practices for Peace (RPP)**
- **Handout 2, GESI Case Study**

## Tools

- **Tool 1, DNH Lessons and Framework**
- **Tool 2, Sample Terms of Reference for Rapid Assessment, DNGO**

## Resource Sites

- **List of Technical Resource Sites**

## TOOL 1

### DO NO HARM (DNH) LESSONS AND FRAMEWORK

1. Assistance becomes a part of the **CONFLICT CONTEXT**. It is not neutral, but becomes a part of the context.
2. There are two realities in any conflict situation: **DIVIDERS AND CONNECTORS**. Dividers are those factors that people are fighting about or cause tension. Connectors bring people together and/or tend to reduce tension.
3. Assistance has an **IMPACT** on both dividers and connectors. It can increase or reduce dividers or increase or reduce connectors.
4. **RESOURCE TRANSFERS** are one mechanism through which assistance produces impacts: what aid agencies bring in and how they distribute it.
5. **IMPLICIT ETHICAL MESSAGES** are the other mechanism of impact: what is communicated by *how* agencies work.
6. The **DETAILS** of assistance programs matter: what, why, who, by whom, when, where, and how.
7. There are always **OPTIONS** for changing assistance programs to eliminate negative impacts (increased conflict) or to improve positive contributions to peace.

#### **“DO NO HARM” / LOCAL CAPACITIES FOR PEACE ANALYSIS**

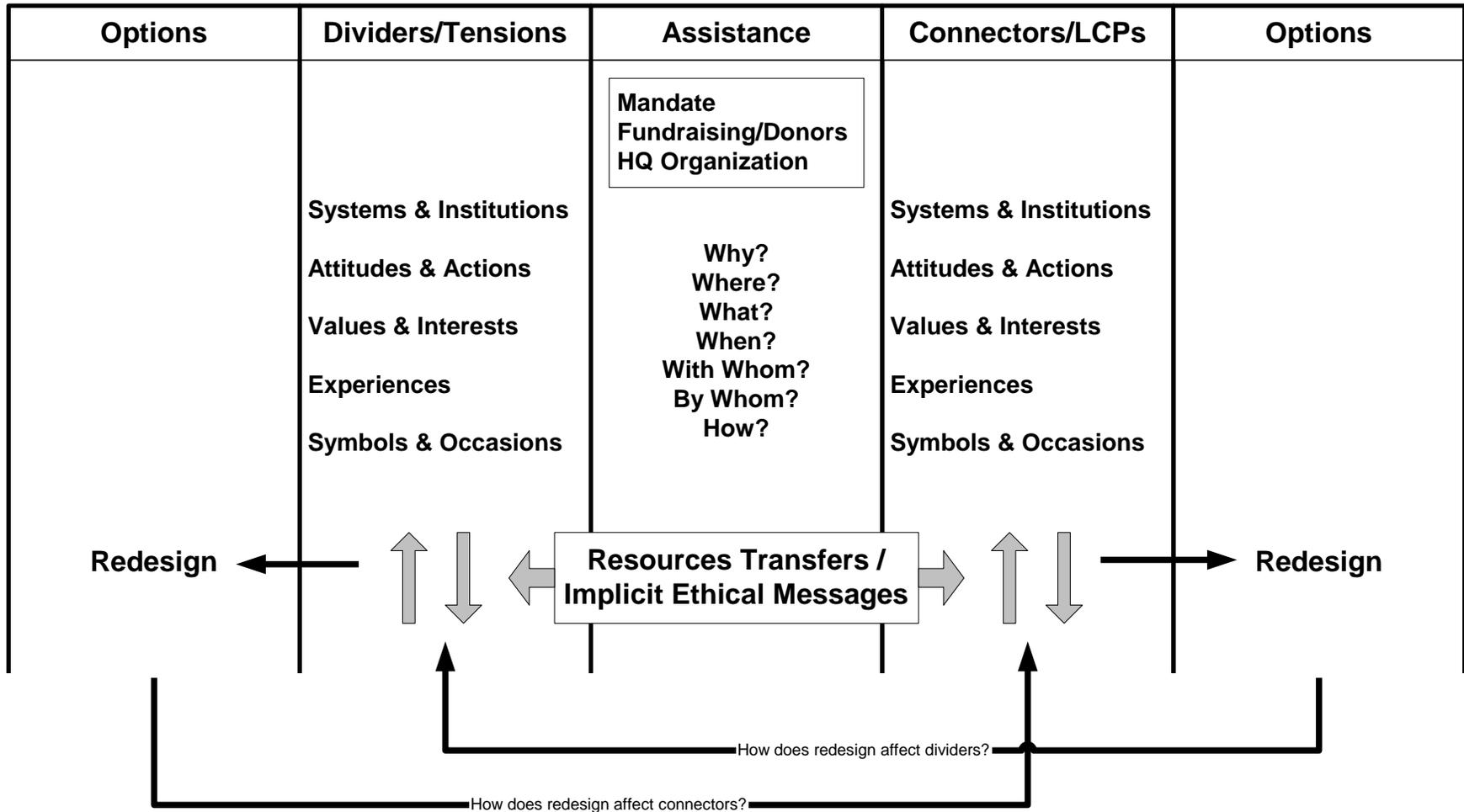
For aid workers, it is important to recognize both the limits and the power of their roles (in conflict settings). Some things happen in conflict settings that bear no relation to aid and on which aid has no effect. Even if aid workers applied all the lessons of past experience and carried out “perfect” aid programmes, wars would still happen.

There are also things that happen in conflict settings to which aid is connected and on which it has an effect. These events would happen whether aid existed or not, but because aid is in the context where they occur, it has an impact on them.

Finally there are events that aid, itself, causes to happen.

***"Do No Harm" Framework for Considering the Impacts of Aid on Conflict***

**Context of Conflict**





## TOOL 2

### SAJHEDARI BIKAAS TERMS OF REFERENCE FOR PARTICIPATORY RURAL APPRAISAL

The objective of the exercise is to assess the capacity of communities to self-manage and implement projects, as well as assess their past experience with maintaining the asset after completion. The DNGO should also assess the legal requirements for community groups to receive public funds. The following issues should be covered:

#### Issues on Community Contracting

These questions should be discussed during focus group discussions with the communities. All of the questions do not have to be asked in every community but it would be important to establish the extent to which communities have had experience or been involved in such projects. It would also be important to get a balanced GESI perspective. It is essential that these initial FGD include these perspectives.

13. Previous experience with self-managed projects.
14. Has the community completed any type of development project, which was undertaken by the entire community or community group? Was the experience positive/negative? Why?
15. How was the project identified? Was it a priority/need for the entire community? If not, why was it implemented?
16. Were there any community contributions (cash, labor, materials)? How was the community mobilized?
17. Who was responsible for managing implementation? An elected committee? Who participated in the elections? What were the skills necessary for being elected?
18. Was the committee legalized in order to receive public funds? What did they have to do?
19. What were the funding arrangements? How was the project implemented? Who managed the funds?
20. Did the community manage procurement of goods/materials? For example, did the community hire a contractor and purchase necessary materials such as cement, roofing sheets etc.?
21. Was an overall procurement plan developed? By whom? With input from the community?
22. Was the contractor a local contractor (from within the community or from a neighboring community) or was it a commercial contractor? What was the experience?
23. How was the contractor hired, e.g., how did they advertise, receive requests for quotations, develop bidding documents etc.? What were the requirements?
24. How was the contractor paid, lump sum, or tranches?
  1. Was there a contract signed? (Get copy of contract.) Who drew up the contract? Did community understand the different clauses, e.g. penalty, warranty clauses etc.?
  2. What procurement procedures were used, e.g., 3 quotations (shopping), direct contracting etc.?
  3. Who procured goods? Who approved them? Who verified them?
  4. What was the quality and availability of materials and services?
  5. What specifications were used for the project? Standard designs?

6. What technical skills did the community have in order to implement/supervise the project? If not, how was it managed?
7. Was community labor used?
8. How was wage rate established?
9. What training did the community receive?
10. What were the procedures used for arbitration of disputes? e.g., VDC Secretary as arbitrator, local mediation facilities, local leaders, courts etc.
11. What processes to ensure sustainability? Maintenance committee? User fees?
12. What was the timeline for completion of the project?
13. What was the cost of the project?
14. Who uses/benefits from the project?

**FOR COMMUNITIES WHICH HAVE NOT DONE ANY SELF-MANAGED PROJECTS:**

1. What activities have the community carried out as a group? For example, has the community collected funds as a group and carried out some activity.
2. Who has benefited from these activities?
3. What were the difficulties/strengths of carrying out these activities?
4. Who are the community leaders? Why are they considered leaders?
5. What are the community needs/priorities?
6. What has the community done to mitigate some of the problems?
7. What skills exist at the community (contractors, masons, carpenters, bookkeepers)?
8. Has the community or community members hired contractors?
9. What has been the experience?
10. How does the community purchase materials (hardware)?
11. How far are the hardware shops?
12. Is it difficult to reach?
13. Would you consider self-managing a project?
14. What do you see as the difficulties/strengths of self-managing a project?

**SOCIAL ORGANIZING ASPECTS**

1. What are the traditional institutions and the leadership patterns (variations across the VDCs and within the DDC) – Who resolves and supports matters such as land allocations, revoking lease to individual farmers, conflict resolution mechanism, interface with other more recent institutions if any. Interface with LG, Central government. This is important for the process of community mobilization for natural resource planning etc.
2. Land ownership and various forms of entitlements / access to common property resources such as forest lands, grazing rights, water lifting rights (if any) etc. what happens when land ownership is transferred?
3. Control of resources by women – what extent and what is the nature.
4. Are there other forms of interest groups within the communities based on trade, religion, and ethnicity? Are there conflict situations?

## **ECONOMIC ASPECTS**

3. More in-depth knowledge about choice of crops – cash versus food crops. Where do they source seeds? What prices did they get for the produce, and how much is the middle-brokers commission?
4. What has been the investment in land development (leveling, maturing, bundling etc) done by the farmers during the last 10 years?
1. Has there been any conflicts arising out of land ownership disputes. Has land grabbing by politically and socially powerful entities happened much?
2. Is there any collective management / action to acquire and operate and maintain assets.

## **METHODOLOGY**

DNGO staff must visit all targeted VDCs and spend 4 days in each VDC. Each staff will cover 2-3 VDCs each. For gathering information on the points mentioned here, the staff will visit at least three sample Wards/communities from different parts of the VDC, hold PRA type groups exercises and generate information through interactive methods. It is desirable that the exercises are done separately with women, youth and marginalized groups at least once of each in each VDC.

## **Budget**

A total of 20 days (including travel time and report writing) will be required for each of the DNGO staff teams.

## **Report**

Each of the teams should provide a concise report of not more than 30 pages detailing the responses to the above issues. If additional information is required, this should be provided in annexes.

The report should be submitted and received by the PBMS Manager, for Sajhedari Bikaas no later than XXXXXX date.

## SAJHEDARI BIKAAS RESOURCE LINKS

### Conflict Resources and Links

- [UN Nepal Human Rights Report \(October 2012\)](#)

Landmark report documenting and analyzing serious violations of international law that occurred during the ten-year (1996-2006) conflict in Nepal, along with a database of around 30,000 documents, designed to provide a tool for Nepalese institutions and civil society to kick-start the process of seeking truth, justice, and reconciliation for the crimes committed at that time.

- [International Crisis Group, Nepal](#)

Expert analysis on critical issues relating to the constitution, constituent assembly, elections and national level ethnic and political conflict. Reports and current analysis updated regularly.

- [NepalMonitor.org](#)

NepalMonitor.org is an initiative to assist in more effectively Monitoring and coordinating around Nepal's Human Rights and security situation. It's mission is to combine and openly distribute Human Rights and security information collected from multiple sources, including both local and international organizations, media, and direct reports from individuals on the ground.

- [LRA Crisis Tracker](#)

This is an example of a crisis tracker that was developed over one year period and reflects some of the most innovative ways to link social technology with policy advocacy for conflict prevention and action. The most innovative element of this tracker is the detailed codebook (*Resource CD\_ CPMM*) that accompanies it that allows greater integrity over the reporting and data management. This is the most critical piece of any crisis mapping and conflict early warning project that is all too-often ignored or rushed by most. The reports mapped on Crisis Tracker come from Invisible Children's local Early Warning Radio Network, UN agencies and local NGOs. Invisible Children's radio network also provides local communities with the ability to receive warnings of LRA activity and alert local security forces to LRA violence.

### Governance and CDD Resources and Links

- [MFALD and LGCDP Website and Archive](#)

Link to current documents on LGCDP and community development efforts made by the GON. All guidance on this site reflects the GON efforts to improve and integrate community development principles from the Local Self Government Act (LSGA). DDC, Illaka, VDC and Ward level information. All PSU staff of Sajhedari should review the following documents:

- [Community Driven Development, World Bank](#)

Complete website for resources relating to Community Driven Development and Social Fund information.

# TEMPLATES

- **Template 1, Sample Sub Project Application**
- **Template 2, Sample Scoring and Evaluation Form**
- **Template 3, Sample Field Appraisal Form**
- **Template 4, Sample Financial Agreement for PMC**
  - Addendum 1 – Capacity Building
  - Addendum 2 – Social Development and Community Infrastructure
- **Template 5, Sample Bank Account Letter, for PMC Account**

**TEMPLATE 1**  
**SAMPLE SUB PROJECT APPLICATION**

**COMMUNITY PROJECT APPLICATION FORM**

*This form should be filled out only after the whole community, including all social groups, participates in discussing their problems, solutions, and their highest priority project to be assisted by Sajhedari Bikaas in a Public Forum.*

- 1. Project name:**
- 2. Contact Person/ Address:**
- 3. Project location**

Village/Area:  
Ward/Settlement(s)  
District:

- 4. Population and Size of Project Area:**  
(Total population of the community to be impacted)

- 5. Project Details and Description:**  
List details below. Attach a separate list if there is not enough room

**Project description** (List what the project will include, services etc)

	<b>Name of Ward in the Project Area</b>	<b>Population</b>	<b>Distance from Project Site</b>
<b>1</b>			
<b>2</b>			
<b>3</b>			
<b>4</b>			
<b>5</b>			
<b>6</b>			
<b>7</b>			
<b>8</b>			
<b>9</b>			

- 6. Existing Services.** What are the problems?

**7. Previous Efforts.** State what the community has done to solve this problem.

**8. Expected benefits.** What are the expected benefits from the project?

**9. Identification of Adverse Environmental Effects and Mitigation Measures**

Stage	Potential Adverse Environmental Effects	Potential Mitigation Measures e.g.	Potential Limitations to Mitigation Measures

**10.** How will the community monitor environmental effects?

**11.** What other self-help projects has the community done in the past?

**12. Community participation.** How did the community, including women, participate in choosing this project as their first priority? Attach minutes of meetings, attendance lists or other evidence.

**13. Self-help contribution.** (For example: materials, labor, cash)

**14.** What contributions are already available?

Contribution	Amount	Distance from Site (km)	Contribution	Amount
<b>Material</b>			<b>Community Inputs</b>	
- Sand (Cubic meters)			Self Help Labor	
- Stones (Cubic meters)			Cash	
- Bricks (number)			Other	

**14. Maintenance.** What has the community already done to maintain existing facilities?

**15.** What would the community agree to do to maintain the facility itself after the project is completed?

**16. Committee selection.**

How was the committee elected?

When was it elected?

By whom was it elected?

	Name	Position	Signature
Who conducted the election?  (Give names, positions and signatures)			

**17. Committee members.** (List committee members who would be responsible for this project)

Position	Name	Male	Female	Ethnicity	Signature	Ward
Chairperson						
Vice Chairperson						
Secretary						
Vice Secretary						
Treasurer						
Vice Treasurer						

**18. Facilitators.** Were there any other facilitators who assisted with planning for the project or filling out this application, but are not members of the project committee? If yes, List their names.

Name	Position	Signature

**19.** School, Health and Postal Agency Projects are required to obtain line ministry written endorsement on this application. Please list the names in the table below:

Name	Position	Signature	Date & Official Stamp

**20. Date of Submission:**

**21. Application Directions**

Post/submit 2 copies of this form as follows

## **TEMPLATE 2**

### **SAMPLE SCORING AND EVALUATION FORM**

The community application or proposal must meet transparent criteria that are known to the community. Some sample criteria may include:

- Is the application consistent with the funding agency objectives?
- Is there a need for the type of subproject requested?
- Is the community committed to the subproject? Have any community contributions been collected? What has the community already done to solve the problem?
- Is there evidence that the majority of adults in the community participated in the application process? (Minutes of meetings may be submitted.)
- Is there a plan for maintenance and upkeep of the assets? (Has the community done anything to maintain already existing community assets? Or taken actions to mitigate natural resource degradation?)
- Will the subproject benefit the poor and vulnerable? (Compare the cost to the likely benefits and the likely beneficiaries.)
- Does the subproject require an environmental impact assessment?
- Where applicable has an environmental impact assessment been done? Is there a timetable for doing the environmental assessment? Have mitigation measures been identified?

Once the proposal passes the public review, the community is notified and a date is set to conduct the field appraisal of the proposals that scored within the top five. The community can determine this number in coordination with the PBC and the DNGO.

#### **Field Appraisal**

The field appraisal is carried out to check the information contained in the application and confirm the community's commitment to the activity. The field appraisal is conducted by the funding agency technical staff, line agency personnel, and/or local government staff, with participation from all relevant stakeholders such as community members, community leaders, NGOs, etc. The appraisal has two parts, social and technical, and should be done using a transparent scoring procedure to assess the following:

#### **Social Factors**

- Did the community participate fully in needs identification? Is this a priority for the entire community?
- Were women and vulnerable groups sufficiently involved in the decision making process?
- Was the project management committee popularly elected?
- Has the project management committee been registered? Is this necessary?
- Has a suitable commercial bank been identified for the subproject checking account?
  
- What additional training does the community/project management committee need to carry out the assigned tasks?
- Does the community understand and agree to mobilize the community contribution?
- Has the community agreed on an acceptable plan for settling disputes and has it identified a suitable local arbitrator?

### Technical Factors

- Is the subproject technically viable?
- Are the cost estimates accurate?
- Is the selected site technically viable and socially acceptable?
- Is there a realistic maintenance plan?
- What is the environmental impact of the subproject?
- Have appropriate steps been taken to mitigate negative environmental impacts?

Below is a sample of possible weights that can be used:

	Criteria	Weight
1	Technical quality	15
2	Economic and financial soundness	10
3	Expected benefits	10
4	Implementation capacity of community	20
5	Beneficiary participation	10
6	Sustainability	25

**TEMPLATE 3**  
**SAMPLE FIELD APPRAISAL FORM**

**PART ONE: IDENTIFICATION**

1. Project Name:
2. Contact Address:
3. Date(s) of the Field Appraisal:
4. Project Location:
  - a. Village/Area:
  - b. Ward:
  - c. District:
5. Type of Project: Instruction: indicate relevant sector by using the following codes:
  - a. Water
  - b. Health
  - c. Education
  - d. Economic Infrastructure

**PART TWO: COMMUNITY PARTICIPATION**

6. **Review of Participation:**  
What was the community's role in selecting, planning and applying for this project?
7. **Report on Community Needs Assessment Exercise:**  
What is the result of the participatory community needs assessment exercise? Does it confirm or change the community's priority for a project?
8. **Project Committee Appraisal:** If the current committee was not selected according to Sajhedari Bikaas principles, the community before proceeding further with the field appraisal should popularly elect a new committee for project preparation.

**PART THREE: NEEDS VERIFICATION**

9. **Current situation:** (Number, type and condition of current buildings; distance and numbers of current users of services; current staff and supplies, including items that are usually provided by the government.) Attach detailed answer.

10. **Unmet needs:** Confirm the names, populations and locations of the villages/areas in the project community (attach if needed). Estimate the number of persons in the community who are not receiving services according to sectoral standards.

**PART FOUR: SUB - PROJECT PLANS**

11. Sub - Project Activities: List sub-project activities.

Sub-project Activities: (list all)

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_
- d. \_\_\_\_\_
- e. \_\_\_\_\_
- f. \_\_\_\_\_
- g. \_\_\_\_\_
- h. \_\_\_\_\_
- i. \_\_\_\_\_
- j. \_\_\_\_\_
- k. \_\_\_\_\_
- l. \_\_\_\_\_







**TEMPLATE 4**  
**SAMPLE FINANCIAL AGREEMENT FOR**  
**PROJECT MANAGEMENT COMMITTEE (PMC)**

This FINANCING AGREEMENT has been made and entered on this **(Insert date)** between Pact, Worldwide and the Sajhedari Bikaas Project and the Project Management Committee for the **(Insert Project Title)**.

WHEREAS USAID/Nepal desires to assist communities in carrying out projects to help them take a more engaged role in community level planning and decision making and has set up in partnership with Pact Worldwide, the Sajhedari Bikaas Community Development Project Fund (CDPF) as one means for providing such assistance, and

**The community of «LOCATION\_VILLAGE», located in «LOCATION\_DISTRICT»** district has applied to the Sajhedari Bikaas Community Development Project Fund (CDPF) for assistance with the following project:

Title: **«PROJECT\_TITLE»**

The project has been appraised by the Project Selection Committee (PSC), Sajhedari Bikaas partner staff, and the VDC Secretary and relevant local and district government authorities, reviewed and recommended by the CDPF management unit and approved by the Project Selection Committee (PSC) on **«DATE\_OF\_PSC\_APPROVAL»**,

THEREFORE the Sajhedari Bikaas Community Development Project Fund (CDPF) and the Project Management Committee hereby agree to the following:

The **«PROJECT\_TITLE» «PROJECT\_NUMBER»** shall consist of the following components:

<b>Component</b>	<b>Number</b>	<b>Activity</b>
------------------	---------------	-----------------

**(Insert Documentation of Project Details per coding for PBMS Team)**

The total estimated cost of carrying out the project, based on current prices is: (Insert amount in local currency). The respective contributions of the community and of the Sajhedari Bikaas CDPF to the total project shall be as set out in the attached schedules of quantities for materials, labor, transport and other inputs. Based on current prices, the value of these contributions are estimated as:

From the Sajhedari Bikaas CDPF: **(Insert total amount in local currency)**

From the Community: **(Insert total amount in local currency or other)**

The Project Management Committee has opened a current account special for this project in the: **«PROJECT\_BANK\_NAME»** at **«PROJECT\_BRANCH\_NAME»** with the name of the account being **«PROJECT\_TITLE»** and provided Sajhedari Bikaas with the account number and names of signatories. This current account shall only be used for deposit of Sajhedari Bikaas CDPF contributions prior to their use in the project.

**BANK ACCOUNT NUMBER:** (insert all details)

**BANK ACCOUNT NAME:** (insert all details)

The Sajhedari Bikaas CDPF contribution to the project will be provided in four tranches. The first tranche of (insert local amount in NR) shall be provided either in the form of a cheque to the project committee after the signing of this Financing Agreement or will be deposited directly in the project Bank account within seven days of the signing of this Agreement.

The second and subsequent tranches shall be affected upon fulfillment of the conditions stated below:

- Receipt of a written request from the Project Committee stating the intended use of the tranche, consistent with the terms of this Agreement.
- Receipt of an up-to-date Monthly Progress Report from the Project Committee by the Project Manager/ Social Mobilizer from (insert DNGO details) assigned to the project.
- Proper and justified utilization of at least 75% of the previous tranche and 100% of any prior tranche as evidenced by a Project Financial Report submitted by the Project Management Committee to the Sajhedari Bikaas CDPF Management Unit in (Insert Pact address) along with original receipts and a recent bank statement.

Prior to the fourth tranche, (Insert DNGO name) will review with the Project Management Committee the remaining material and other requirements of the project. If all procurement has taken place in accordance with Sajhedari Bikaas CDPF guidelines, and there are no serious problems with the project, the amount of the fourth tranche will be adjusted to allow completion of the project in accordance with the original Bills of Quantity and other required inputs. This allows for price inflation. In exceptional cases a supplemental tranche will be added for the same purpose.

The Project Management Committee is responsible for keeping adequate records of all project related financial transactions, use of materials and labor and community contributions, and for adequate safe - keeping of materials. These records and systems must be shared with Pact and **(insert name of the DNGO)** as requested.

The Project Management Committee is responsible for procuring all goods, materials, labor, transport and other inputs for the works. Quantities of goods, materials, labor, transport and other inputs should not exceed those indicated on the schedules attached without prior written approval of the **(insert Project Manager details from DNGO)**.

Unit and total prices paid should not exceed those indicated in the attached schedules including the schedule of Basic Price List for materials. In order to get the best price for purchases of less than 10,000 NR in value, the Project Management Committee will be guided by the Basic Price List and shall obtain quotations from three sources whenever practical. Three written quotations are required if there are any single purchases costing 10,001 NR and up to and including 35,000 NR at any one time. For cheques in excess of 35,000 NR in value will be endorsed by the DNGO Project Manager.

The Project Management Committee agrees to complete the project in not more than twelve months from the date of signing this agreement. The expected completion date is **(insert date)**.

The Project Management Committee is not permitted to use the funds provided by Sajhedari Bikaas CDPF for activities or works other than the agreed project components.

Project Management Committee shall provide complete information regarding the progress of the works or any related aspect or any matter relating to this agreement on a regular basis to the entire community, to designated representatives of the district executive committee and to Sajhedari Bikaas and the **(insert name of DNGO)**.

**(Insert name of DNGO)** and designated representatives of the VDC will monitor the execution of the work.

Acceptance of the works at the time of completion will be affected in the presence of representatives of Sajhedari Bikaas, the Project Management Committee and any others concerned. The work will be reviewed and if found satisfactory by the Sajhedari Bikaas CDPF representative, provisional acceptance will be affected.

Sajhedari Bikaas can stop and suspend the works if it becomes evident that the Project Management Committee is not performing its works satisfactorily as per the terms of this Agreement. If there are serious problems such as financial irregularities, misappropriation, lack of physical progress, failure to report, or lack of community support Sajhedari Bikaas can recommend to the Project Beneficiary Committee that the project be cancelled.

This Agreement may be amended or cancelled by mutual consent of Sajhedari Bikaas and the Project Management Committee in writing.

If during implementation of the works, any dispute arises between Sajhedari Bikaas, the **(insert name of DNGO)** and the Project Management Committee relating to any aspects of this Agreement, the Parties shall first attempt to settle the dispute through mutual and amicable consultation. If the dispute is not settled through such consultation, the matter may be referred for dispute resolution by:

**Insert the Following:**

- **Pact Flow downs for dispute resolution for Grants Under Contract (GUC)**
- **USAID Flow Downs per Contract Documents, USAID Nepal**
- **Pact World wide Flow downs for GUC Accountability and Fraud Protection**

**Addendum 1 – Capacity Building & Training  
Financing Agreement**

This FINANCING AGREEMENT has been made and entered on this **(Insert date)** between Pact, Worldwide and the Sajhedari Bikaas Project and the Project Management Committee for the **(Insert Project Title)**.

WHEREAS USAID/Nepal desires to assist communities in carrying out projects to help them take a more engaged role in community level planning and decision making and has set up in partnership with Pact Worldwide, the Sajhedari Bikaas Community Development Project Fund (CDPF) as one means for providing such assistance, and

**The community of «LOCATION\_VILLAGE», located in «LOCATION\_DISTRICT»** district has applied to the Sajhedari Bikaas Community Development Project Fund (CDPF) for assistance with the following project:

Title: **«PROJECT\_TITLE»**

The project has been appraised by the Project Selection Committee (PSC), Sajhedari Bikaas partner staff, and the VDC Secretary and relevant local and district government authorities, reviewed and recommended by the CDPF management unit and approved by the Project Selection Committee (PSC) on **«DATE\_OF\_PSC\_APPROVAL»**,

THEREFORE the Sajhedari Bikaas Community Development Project Fund (CDPF) and the Project Management Committee hereby agree to the following:

The **«PROJECT\_TITLE» «PROJECT\_NUMBER»** shall consist of the following components:

<b>Component</b>	<b>Number</b>	<b>Activity</b>
------------------	---------------	-----------------

**(Insert Documentation of Project Details per coding for PBMS Team)**

1. The Project Management Committee has prepared an action plan for the capacity building activities (such as, (i) training in management and leadership, financial management and accounting, procurement, exposure visits, dissemination of the GESI guidelines among the community members etc. setting up of the WEG (basic furniture, office infrastructure etc; (ii) setting up of information and monitoring system) and included the same in the approved Village Development Plan (VDP). Separate budget for the capacity building activities are attached to this document.
2. Under this financing agreement, the Sajhedari Bikaas Community Development Project Fund (CDPF) will provide an amount of **(insert local amount in NR)** to the Project Management Committee as per the agreed budget and for the agreed activities.
3. It is understood that the funds provided for Capacity building and training activities will not include any recurring costs of the office (including salaries of the staff) and will not be used for any other activities under the VDP, for which separate funds will be provided by the (insert contribution partner). On signing of this agreement, Sajhedari Bikaas CDPF will transfer an amount of **Insert**

**Amount** (20% of the total budget) to the Project Management Committee solely for the purposes of this component.

4. The second and subsequent tranches shall be effected upon fulfillment of the conditions stated below:
  - Receipt of written request from the Project Management Committee stating the intended use of the tranche consistent with the terms of this Agreement and Guidelines;
  - Receipt of an up-to-date Monthly Progress Report from the Project Management Committee;
  - Proper and justified utilization of at least 75% of the previous tranche and 100% of any prior tranche as evidenced by a Project Financial Report submitted by the Project Management Committee along with a copy of the latest bank statement.

**SIGNATURES:**

1. (Insert Name and Signature of Pact Representative, Sajhedari Bikaas)  
Sajhedari Bikaas Finance Manager
2. (Insert Name and Signature of DNGO Project Manager)
3. Project Manager, DNGO
4. (Insert Name and Signature of Project Management Committee Chairperson)  
Project Management Chairperson  
For the Community (Project Management Committee)
5. (Insert Name and Signature of Project Management Committee Secretary)  
Project Management Secretary  
For the Community (Project Management Committee)
6. (Insert Name and Signature of Project Management Committee Treasurer)  
Project Management Treasurer  
For the Community (Project Management Committee)

**Attachments:**

- |                   |   |
|-------------------|---|
| Attachment One:   | Description and Budget for Capacity Building & Training activities  |
| Attachment Two:   | Action plan and time line for implementation of Capacity building and Training Activities and Milestones. |
| Attachment Three: | Procurement Plan (what is to be procured, who will procure and when Procurement will occur)               |
| Attachment Four:  | Certification Procedures and Responsibility Table   |

**Addendum 2 – Community and Social Infra -Structure Activities  
Financing Agreement**

This FINANCING AGREEMENT has been made and entered on this **(Insert date)** between Pact, Worldwide and the Sajhedari Bikaas Project and the Project Management Committee for the **(Insert Project Title)**.

WHEREAS USAID/Nepal desires to assist communities in carrying out projects to help them take a more engaged role in community level planning and decision making and has set up in partnership with Pact Worldwide, the Sajhedari Bikaas Community Development Project Fund (CDPF) as one means for providing such assistance, and

**The community of «LOCATION\_VILLAGE», located in «LOCATION\_DISTRICT»** district has applied to the Sajhedari Bikaas Community Development Project Fund (CDPF) for assistance with the following project:

Title: **«PROJECT\_TITLE»**

The project has been appraised by the Project Selection Committee (PSC), Sajhedari Bikaas partner staff, and the VDC Secretary and relevant local and district government authorities, reviewed and recommended by the CDPF management unit and approved by the Project Selection Committee (PSC) on **«DATE\_OF\_PSC\_APPROVAL»**,

THEREFORE the Sajhedari Bikaas Community Development Project Fund (CDPF) and the Project Management Committee hereby agree to the following:

The **«PROJECT\_TITLE» «PROJECT\_NUMBER»** shall consist of the following components:

<b>Component</b>	<b>Number</b>	<b>Activity</b>
------------------	---------------	-----------------

**(Insert Documentation of Project Details per coding for PBMS Team)**

The detailed sub-project proposal will cover the following:

- Objective of the activity
- Beneficiaries of the activity
- Cost schedules (the cost will include 10% of the total sub-project costs as service fee paid to the Project Management Committee to help the PMC to meet administrative costs).
- Activity Milestones and fund requirement (installments) at each milestone. The installments will be calculated to provide funds to complete each milestone and an additional amount of 10% of the total Sajhedari Bikaas CDPF share of project funds as a buffer until the release of the next installment. The 10% of the total amount provided as a buffer will be adjusted in the final installment).
- Community contributions (in kind or cash) required at each milestone, including upfront contribution
- Procurement plan
- Operation and maintenance plan for at least 3 years post completion of the sub-project.

1. The sub project proposal has been approved by the Project Selection Committee and the Project Beneficiary Committee (with minimum representation of 33% women, marginalized group members and youth).
2. The Technical Advisory Committee and the Project Selection Committee have cleared the sub project proposal prepared as per the above guidelines.
3. The agreed amount of up-front cash contribution of **(insert local amount)** has been deposited in the current bank account on **(insert date)** and is evidenced by a copy of the bank deposit slip attached.
4. Work completion milestones have been agreed as below:

Milestone/Activity (description of the milestone)	Amount (in installments)	Project Share	Community Contribution (in cash)	Community Contribution (in kind/labor)
Upfront Contribution (cash)				
Milestone 1 – (description of physical indicator/s)				
Milestone 2 – (description of physical indicator/s)				
Milestone 3 – (description of physical indicator/s)				
<b>Total</b>				

5. On signing of this addendum, the Project Manager, **(insert DNGO details)** will arrange to release the funds to the Project Management Committee as per the following funding plan:

Installment Number and Amount	Activity/ Milestone to be Completed before release of installment	Date Completed
Installment 1 – 10% of the estimated project cost plus cost of Milestone 1	7. Signing of this addenda to Umbrella Financing Agreement 8. Community cash contribution for Milestone 1 has been 9. Deposited into project bank account or fully documented.	
Installment 2 – cost of Milestone 2	10. Certification of completion of Milestone 1; 11. Community cash contribution for Milestone 2 has been deposited into project bank account and all other contributions (labor and material) have been mobilized; 12. Satisfactory financial reports have been submitted to DNGO and Sajhedari Bikaas PBMS unit	
Installment 3 (final) – cost of Milestone 3 minus 10% of the total estimated project cost.	13. Certification of completion of Milestone 2; 14. Community cash contribution for Milestone 3 has been deposited into project bank account and all other contributions (labor and material) have been mobilized; 15. Satisfactory financial reports have been submitted to DNGO and Sajhedari Bikaas PBMS unit	
Total		

6. On completion of the each milestone as agreed above, the Project Management Committee will submit a status report (both financial and physical) to the **(Insert name of DNGO)** certifying completion of the milestone in accordance with the technical and quality standards and relevant Sajhedari Bikaas guidelines) and request for release of the next installment of the project share of funds as per the above schedule.
7. The Project Management Committee will inform the Village General Body about the status of the sub-project activity and the financial progress.
8. On receipt of the status report, the Operations Manager, **(Insert name of DNGO)** will arrange for technical evaluation of the completed milestone(s) within ten days, and arrange to release the next installment of project funds to the Project Management Committee .
9. On successful completion of the sub-project, the Project Management Committee will submit a

Completion Progress Report giving complete details on the achievement of the sub project objectives, monitoring indicators as well as physical and financial report. The completion report will be ratified by the Project Beneficiary Committee – at least 66% membership certifying completion of the activity in accordance with the agreed Sajhedari Bikaas principles and guidelines and breakdown of the actual costs. The final report will also show savings (if any), and evidence that the savings have been transferred to the Village Savings Account with an agreement that these funds will be used for future operation and maintenance of the village assets created under the sub-project.

10. It is understood that the funds provided for sub project activity will not include any recurring costs of the office and will not be used for any other activities under the Village Development Plan.

**SIGNATURES:**

(Insert Name and Signature of Pact Representative, Sajhedari Bikaas)  
Sajhedari Bikaas Finance Manager

(Insert Name and Signature of DNGO Project Manager)  
Project Manager, DNGO

(Insert Name and Signature of Project Management Committee Chairperson)  
Project Management Chairperson

(Insert Name and Signature of Project Management Committee Secretary)  
Project Management Secretary

(Insert Name and Signature of Project Management Committee Treasurer)  
Project Management Treasurer

**Attachments:**

- |                   |  |
|-------------------|--|
| Attachment One:   | Description and Budget for activities  |
| Attachment Two:   | Action plan and time line for implementation of Activities and Milestones.               |
| Attachment Three: | Procurement Plan (what is to be procured, who will procure and when it will be procured) |
| Attachment Four:  | Certification Procedures and Responsibility Table  |

## TEMPLATE 5 SAMPLE BANK ACCOUNT LETTER FOR PMC ACCOUNT

(Insert Sajhedari Bikaas Letterhead)

(Insert Date)

To: The Manager, (Insert Bank Branch Information)  
Re: Account Opening for (Insert Name of Project) for USAID/Sajhedari Bikaas

Dear Sir/Madam

The community of (Insert Name of VDC), in (Insert Name of District) will be receiving a grant from USAID/ Sajhedari Bikaas for the execution of a (Insert Project Type) project. The Project Management Committee will be directly responsible for the management of these funds. According to the principles of Sajhedari Bikaas, communities must operate project accounts under current account terms in order to facilitate easy transactions.

The account will initially bear three signatories by the following community members:

- The Project Secretary, (Insert Full Name and Signature)
- The Project Treasurer, (Insert Full Name and Signature)
- Project Management Committee Member, (Insert Full Name and Signature)
- DNGO Staff Representative, (Insert Name of DNGO and Full Name and Signature)

The procedure for issuing of cheques will be as follows:

- Up to 10,000 NR            any two signatories
- 10,001 – 35,000 NR        three signatories
- 35,0001 or above         four signatories including DNGO, representative

The total estimated contribution of USAID/Sajhedari Bikaas to this project is (Insert Total Agreement Amount) which will be allocated in approximately four tranches. Each new tranche is dependent on a proper justification by the project committee of the previous expenditures. This justification will require up to date bank statements, which will be requested from time to time by the project committee. The project is expected to take no more than 12 months from provision of the first tranche of funds until closure.

### **Standing Instructions for Bank Account Openings and Closings:**

You are expected to provide three copies of bank statements without vouchers for this (Insert name of Project) Bank Account every month even in times of little or no activity and should be distributed as follows:

1. Sajhedari Pact Office Location (Insert Full Address and Title)  
Attention:        Head of Finance
2. DNGO Office Location (Insert Full Address and Title)  
Attention:        Project Manager

3. PMC Chairperson (Insert Full Address and Title)  
Attention: PMC Chairperson

The cost should be charged to the project bank account. The usual bank statement with paid cheques or vouchers must be sent directly to the Chairman of the Project except where you are specifically requested by the Project Manager or the Head of Finance. The Project Manager and the Head of Finance shall also be signatories to these accounts in order to enable them request any information deemed necessary for the control and smooth implementation of projects at the community level. Specimen signatures will be sent to you in due course.

Cash withdrawals in excess of 10,000 NR at any point in time by Project Committee Members who are signatories to the account should not be allowed.

This account should never be allowed to be OVERDRAWN.

We will be most grateful if you can assist the project management committee to open a current account in the name of the project mentioned above.

Yours faithfully,

(Insert Name and Signature of Pact Representative, Sajhedari Bikaas)  
Sajhedari Bikaas Finance Manager

(Insert Name and Signature of DNGO Project Manager)  
Project Manager, DNGO

(Insert Name and Signature of Project Management Committee Chairperson)  
Project Management Chairperson

**U.S. Agency for International Development**

1300 Pennsylvania Avenue, NW

Washington, DC 20523

Tel: (202) 712-0000

Fax: (202) 216-3524

**[www.usaid.gov](http://www.usaid.gov)**