



MONITORING REPORT NOVEMBER 2007



on Project No. 12

**Reconstruction of Pikee Lower Secondary School
Loding, Thamakhani ward 7, Solu-Khumbu District, Nepal
for Sydthy Rotary Klub, District 1440, Danmark
and Rotary Club of Kathmandu, District 3290, Nepal
with copy for Himalayan Trust, District Educational Office in Salleri and presented in
the Website of Himalayan Project for anyone who is interested.**

**the Monitoring Report is submitted by Kurt Lomborg
member of Skivehus Rotary Klub, District 1440, Denmark and Chairman of Himalayan
Project, Denmark**

Preface:

The school were constructed in 1961 by Sir Edmund Hillary.

It burned down to the ground in April 2006.

By December 2006 Himalayan Trust and Sir Edmund Hillary had completed the reconstruction of the main raw building.

By 27. October 2006 the Project Description on the completion of the school were submitted for Sydthy Rotary Klub.

Shortly after Sydthy Rotary Klub agreed to run the project in cooperation with Rotary Club of Kathmandu and Himalayan Project, Denmark.

In February 2007 the first installment of supportive funds were transferred from Sydthy Rotary Klub through Rotary Club of Kathmandu to Loding School Construction Committee Chairman, Mr. Krishna Shrestha.

The project work started in early spring 2007 and is still ongoing.

On 15. April 2007 the project site were visited by Rotaract Baburam Khadka, Rotaract Club of Kathmandu, who gave a "Supervision Report" to involved partners in the project. At the same time the site were visited by two Danish students, Mr. Rasmus Johansen and Mr. Gustav Mathiasen, and Rotarian Narayan Khatri, Rotary Club of Kathmandu.

In June 2007 the second installment of supportive funds were transferred from Sydthy Rotary Klub through Rotary Club of Kathmandu to Loding School Construction Committee Chairman, Mr. Krishna Shrestha.

On 29. October 2007 a big welcoming ceremony were held at the school for Kurt Lomborg and Namgyal Jangbu Sherpa, Manager of Himalayan Project, Nepal, with attendance of 500 villagers - one third of the whole population of Thamakhani Valley.

On 13. November 2007 the construction site and the account were checked by Kurt Lomborg and Namgyal Jangbu Sherpa.



Monitoring approach

On our first approach at the school we were met by 500 villagers waiting for us in all the school land with banners, khata and flower garlands, all clapping their hands and offering big smiles. We were weighed down by 15-20 kg of flowers and khata. Beautiful students were entertaining with nepali dance and shebru. Many chairmen of many committees were giving nice speeches about development and prosperity. And finally, on behalf of Rotary, I presented Mr. Krishna Shrestha a Rotary Medal for his hard and dedicated work on developing his Valley. A nice day for all of us being a social event on behalf of development works.

On our actual monitoring visit 2 weeks later we were told that the account were not completed although we had asked them to do so and although we came one day later than announced. Therefore our examination of the account and the actual situation on construction site were postponed to mid afternoon. But unfortunately this going through the details revealed too many irregularities, which made this monitoring event the worst of all the projects we monitored through this autumn.

The following will describe all the details of our examination. There isn't taken any approach to clarify how far the irregularities are results of deliberate actions or simple lack of awareness and knowledge. It shall be decided by the two involved Rotary Clubs, how far they want: a) a clearing up on this issue, b) to impose measures against the irregularities, c) to ignore and complete the project or d) to withdraw from the project.

The going through all details were done by Construction Committee Chairman Mr. Krishna Shrestha and Headmaster of Loding School Mr. Chet Bahadur Magar on the one side, and Mr. Namgyal Jangbu Sherpa and Mr. Kurt Lomborg on the other side.

Project Description

Several copies of the Project Description have been delivered for the Construction Committee but they were not able to present even one copy.

They claimed that their capacity of reading the English language were limited and therefore they couldn't understand and follow the details.

It seems that they didn't understand that the Project Description is a document describing the project being approved by both parties in the project, the local school and the donor.

Anyhow they decided during the course of the construction to do according to their immediate wish without consulting other involved parties, to do changes in the premises of the project and in the budget.

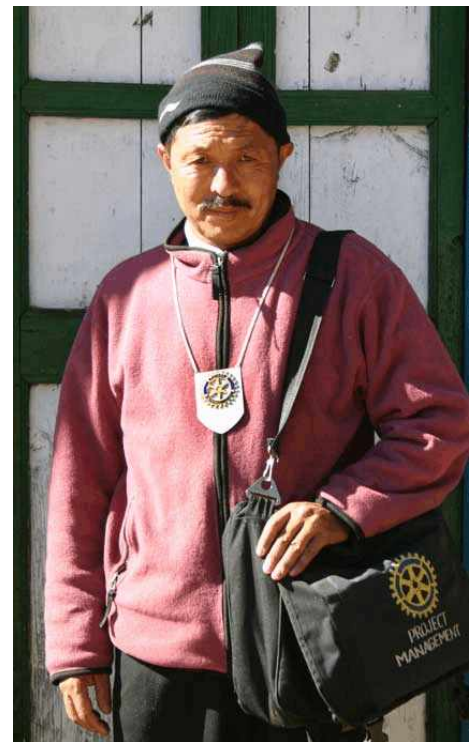
Accounting Method

As mentioned the aggregate account were not done at our arrival with the claim that they were in lack of time and also in lack of knowledge about doing account. The committee have several times been done aware that account shall be done on day-to-day basis. On our demand it was completed within 1-2 hours.

A Ledger Book concerning this particular project existed containing many sub-accounts and detached details. When the Aggregate Account were presented it was done in a piece of paper.

This gave us the first impression that not every thing were regular.

The bills and invoices were presented in several smaller heaps, saved various places, and they were



not identified by serial number.

Several bills and invoices contained purchase of goods for this project, for other projects as well and for private purposes on the same piece of paper.

No bills or invoices contained any information about discount. But in other cases we were told that a considerable reduction of price were negotiated and obtained.

The Aggregate Account

The Aggregate Account is shown on next page placed together with the budget for comparison.

In the account were several expenses which belong to the account of Himalayan Trust constructing the building. It was for instance planks for floor, stairway for first floor office room and some details of the veranda. These expenses were shown openly, so it was easy to find them, and it wasn't our impression that other expenses were hidden inside other posts. All the posts belonging to the proceeding construction were rejected although it seems that the budget of this part from Himalayan Trust were lower than the expenses in reality, but this shall be a matter between Himalayan Trust and the school.

Many posts were in lump sum including labor cost and materials in one post, but on request it could be split by going into the sub-accounts in the ledger book.

In neither aggregate account or ledger book were mentioned any names on the persons who received salary or compensation, and neither there were presented any receipts from concerned persons.

On request giving names it was only mentioned, various Villagers.

Remaining work on the project

At the date of monitoring visit still some parts of the project were remaining.

The wall at the road and main entrance of the school hasn't been commenced.

The main stair from upper terrace down to playground hasn't been commenced.

The wall at the nursery is very simple and not completed.

The toilet construction were ongoing with cement plastering, mud plastering, skylight, outgoing and ingoing installations and top lining of septic tank still remaining.

Producing the students furniture were still ongoing, but as the most of the furniture were rejected by the monitoring team it can be regarded as undone.

Many other furniture details is regarded as undone, but it might be cancelled hereafter.

Educational materials still isn't purchased.

Establishing PC's hasn't been initiated.

Budget

As this is actually the first of the Rotary Projects prepared by Himalayan Project is has some lacks due to lack of experience. Some posts in the account were not mentioned in the budget although it is necessary to do the work. It is sand and gravel for concrete, nails for ceiling work and equipment for stone workers. In total **46.195 Rs** which should have been in the Budget from the very beginning.

The equipment for stone workers is entered in the account with a very high amount. It is probably because so many individual villagers took part in the breaking of stone, and by some reason they all seems to be equipped quite well.

The budget for toilet construction were from an early stage, where the construction details of the toilet were not completed in details. It has later shown that the budget is rather 250.000 Rs than the mentioned 161.600 Rs, raising the budget with **88.400 Rs**.

The reality budget therefore should have been **920.000 Rs** instead of the 785.500 Rs which is mentioned in the existing budget. Himalayan Project regret any inconveniences which arose due to this reason.

ACCOUNT & BUDGET SUBJECT		WOODWORK		STONWORK		TOILET		FURNITURE		REST BUDGET
		Budget	Account	Budget	Account	Budget	Account	Budget	Account	
February 2007 from Sydthy RK	242.114	All amounts in Nepaleese Rupee - Currency rate approximately 12 NRS/DKR								
Juli 2007 from Sydthy RK	426.839									
TOTAL:	668.953									
5 hat planks for ceiling - 1470 pieces	80,700	94.080								
Salary for wood work top- and side-ceiling	62,100	63.000								
18 sacks of cement for wall topping - incl. transp			24.500	36.000						
56 pile of stone for walls			68.200	61.600						
Salary for 45 m wall at playground			31.000	17.250						
Salary for wall at upper terrace			7.000	7.500						
Salary for nursery wall			5.900	21.450						4.000
Salary for levelling of ground			0	10.000						
Salary for stairs at toilet (& main stairway)			12.600	7.500						4.000
Salary for westwall and wall at road			16.400							23.000
85 tin of sand			-	5.100						
Equipment for stonework etc.			-	11.095						
Ceiling in earthquake resistant building	0	28.000								
200 kg of nails	-	18.000								
Salary for leveling toilet ground					0	13.000				
Constructing septic tank including stone					8,900	11.000				
20 sacks of cement for toilet - incl.transp.					52,500	40.000				
200 tin gravel & 100 tin sand					-	12.000				
8 mm iron rod - 55 kg						6.700				
4 mm iron rod - 20 kg					15,000	2.400				
2 toilet pans					7,000	2.500				
roof tin - 3 bundles - incl.transp.					25,000	33.000				
500 l plastic tank - incl. transp					2,000	4.500				
13 pile stone for toilet					15,400	14.300				
Wood for beams and doors					7,000					
Salary for constructors					23,000	44.480				
Nails, ironnet, pipe, wire, gavin etc					4,000	10.720				
30 pairs of students deskand bench							21,000	21.000		29.500
4 tables for teachers room							1,000	8.000		
3 cupboards							0	9.000		
Headmaster table + chair & 8 plast chairs							8,300	8.700		
5 benches							0	5,000		
Budget for other work which were not started at visit										1.500
Budget for Educational materials and PC-related										165,000
TOTAL BUDGET:	142,800		165,600		159,800		30,300		227,000	725,500
TOTAL ACCOUNT:		203,080		177,495		194,600		51,700		626,875

Volunteer labor by Villagers

It was agreed in the premises of initiating the project and it is mentioned clearly in the Project Description that the Villagers of Loding should deliver the volunteer labor force on following simple excavation work:

Leveling of Upper Terrace

Cutting a trail from road down to school

Levelling the Playground

Taking down old toilet, leveling toilet ground, making access way, digging for foundation.

Even it was agreed and even it seems reasonable that the local population also give their share, they decided to give only one day of volunteer labor from each household.

Even this one day of labor for many of the involved became a kind of festival day with enjoying and drinking.

Even the small work they did were neither regular or serious.

The Construction Committee therefore decided to hire laborers to do a proper work.

In total **23.000 Rs** were taken from the budget to hire workers to do the job, which should have been done by the villagers.

And still no work have been done on cutting of trail down to the school.

This decision isn't to blame on Construction Committee but on the villagers as a whole. How can they expect foreigners to come here just delivering a prepacked solution without proper contribution from their own side. The school burned down and Loding were in acute need of reconstruction. But nevertheless they just wanted to receive contributing and only offering less. This attitude should be remembered in future when the villagers of Loding is applying for new projects.

Wood

It seems that bigger quantities of wood were produced than mentioned in the budget. The account show a 13% excess above budget. And even the price of wood per unit were lower in reality than calculated in the budget.

The roof ceiling in the two big classrooms in the main building were not done although mentioned in budget.

The partition between Teachers Office and Headmasters Office were done on our account although it should have been done including in the building construction. But as it is a minor issue it should be accepted being equal to the missing above mentioned roof ceiling.

The "Earthquake Resistant Building" were not affected by the fire and therefore not a part of this project from any of the donor sides. Even the room is considered as a community meeting room rather than a room necessary for the school. Nevertheless it has been furnished with ceiling on wall and roof by our project. The

Construction Committee claim that they have asked for consent by Mr. Rasmus Johansen, who visited the school in April 2007. And according to the committee impression he should have given his permission on behalf of Himalayan Project to do this work. But asked directly Mr. Rasmus claim that he have never given any consent on this matter, and are quite puzzled by this claim. The value of this wood is approximately one third of the stock, which is **30.000 Rs**.

The carpenter who shall produce the furniture for a price which includes wood, have now



been delivered the wood from the surplus stock. This issue will be discussed under a later chapter. We didn't see any rest store of surplus planks anywhere, except at the furniture carpenter.

Labor cost on wood work

The labor costs are according to the agreement in the budget.

The work is done properly although not with full accurate fittings. The carpenter has been well paid for his work. The account on this part is accepted.

The work on ceiling in the "Earthquake Resistant Building" was paid with **28.000 Rs** which actually isn't part of the budget.

The overall impression of the classrooms is, that they are very beautiful, warm and quite.



Stonecutting for walls and stairs

The wall of Upper Terrace were extended with 2 feet in height x 1½ feet wide x 110 feet long, which is equal to **330 feet³**. This is according to Project Description.

Under this wall a very tiny and incomplete wall is build to support a small garden. It is 3-4 feet high incl foundation x 1 foot wide x 75 feet long, which is equal to **265 feet³**, although it in Project Description is estimated to 490 feet³ because it should have been higher and more thick.

The wall at south side of Playground were build 5 feet high x 1,5 feet wide x 148 feet long, which is equal to **1.110 feet³**. In Project Description it was mentioned that there should be an extension of the wall in width to make a seat. This wasn't done because it could make the wall unstable and could cause the wall to fall down. In the budget the wall is therefore calculated to 1.800 feet³, but

the current modified work is approved

The wall at west side of the playground isn't build according to description, as there is a hope that the school can extend the playground with the land by the west. Therefore the wall is only build up partly by around **250 feet³** instead of 374 feet³ as mentioned in budget. This step is also approved.

The stairs between the eastern end of Upper Terrace and Playground have been cancelled and instead it has been constructed between Road, Toilet and Playground, which makes good reason and looks nice. A rough calculation gives a volume of **550 feet³**, which is very near to the budgeted two stairs.

The stair at west end is still not



reconstructed and no stones have still been cut on this behalf.

The wall and entrance at the road is not implemented yet and no stones have been cut on this behalf. The total budget of stones were 55 piles for the construction of 4.420 feet³ of wall. The account claim 56 piles for the construction of 2.505 feet³ of wall.

A pile of stone is build up as a block of stone 5 feet x 5 feet x 5 feet = 125 feet³. The rough stones will leave many free spaces between the stones, and regularly stone cutters are trying to cheat by making bigger spaces centrally in the pile. When constructing a wall the stones will anyhow be added together in a more compact way reducing the original volume to something less.

Depending on the quality of works, the stones will even be cut more or less to fit better in the wall. Also the quality of the stone gives reduction in utilization, as crumbling stoned has less utilization than hard stone. The reduction in volume is regularly 50-70% for completely rectangularly cut sides and very well fit for house walls. It is 40-60% for quite well cut and well fit house walls, and 25-35% for quite rough house walls. The reduction for well fit compound walls is 25-40% and 15-30% for more rough walls.

In the budget there is calculated with a reduction in volume on 36% although the resulting walls seemed more to look like a reduction on only 25% in average. But the volume of stones appearing in the account, the reduction can be calculated to 65%.

Mr. Shrestha explains that he were absent for Kathmandu in the period of producing and piling the stones, so he handed over the responsibility to Mr. Magar, who admit that his controlling of the produced stones were very superficial from a distance. Later Mr. Shrestha checked the remaining piles and found them suitable compact.

Even with an utilization on 65% (reduction on 35%, which is low) the total piles of stones necessary for the actually constructed walls is 30 piles, but the budget have paid for 56 piles. Each pile costs 1.100 Rs delivered on construction site, therefore more than **28.600 Rs** has been paid for stones not entered in the actual construction.

Cement for wall topping

In budget 14 sacks is mentioned at a price of 1.750 Rs per sack to cover the top of southern wall at Playground.

Actually 15 sacks were used for the purpose and the price were 2.000 Rs per sack.

The price on cement has rose because of crisis in transportation sector, so the excess of budget is approved.

Construction work on Stones

The salary to construct stone walls were in the budget agreed to be 12-15 Rs/foot³ depending on how far there should be dug for foundation or not and how distant the transportation were from piles to site.

As 2.505 foot³ is constructed the total salary should be 30.000-37.500 Rs, means 35.000 Rs, adding the budget for cement topping of two walls 3.000 Rs, which gives a result on 38.000 Rs.

But in the account it is 53.700 Rs , which is **15.700 Rs** too much.

Toilet Construction

The work on the toilet is still actively ongoing, so an account is difficult to monitor.

The work on the septic tank is overrunning the budget with **2.100 Rs** of no obvious reason.

The septic tanks are constructed square instead of round, although recommended in the description.

Round walling will be much stronger than a straight wall, so with the current construction there will be a risk that the tanks can collapse.

The cement lids for the tanks seems well constructed and strong enough.

The sewage pipes from the toilet pans will not be branched for each tank but will be shifted after some years. This arrangement were accepted.

The Iron Rod Concrete floor seems well done.

The walls are relatively well constructed although with not so well dressed stones, but this is claimed to be due to relatively bad quality of stones. This rough build-up leaves big cavities which has to be filled with expensive cement when plastering the wall.

A small part of the wall were plastered with cement. Hopefully this is not representing the future plastering as it is a lot too weak blend - probably 1:6-7 - where it is described as 1:4.



The urinal, soap-corner and ramp for bench in dressing room isn't build up with the wall, so they have to be added later with the risk that they will not be attached regularly and can break off.

The roof were put on with only tinplates although it was described that there should be skylight plates over each toilet room and over shower room. This will be done, but then 3 tinplates will be in surplus at a value of **2.750 Rs**.

The constructors seem to be very well paid, and even the construction is far from completed. But all in all it will be difficult to criticize the account, as the more extensive "Construction Description" were completed several months after the budget.

Students furniture

The budget price of one set of students furniture is quite high with 1.000 Rs per set, but it was accepted because the school demanded very heavy and durable quality. The budgetted price were including wood and other materials.

40 sets were ordered but at the monitoring day only 23 desks and 12 benches were presented. And they definitely were of no proper quality. Some were even already dismantling. The supportive ribs were only nailed to the leg and seat instead of being grooved and rabbet. The whole appearance were simple and crude. The materials were remaining planks and nails from the other wood work at the school, and therefore excluded from the budget price.

The furniture carpenter is the same as the ceiling carpenter. Of unknown reasons he already have been paid 21.000 Rs for delivering the students furniture, which means that he have received around 16-18.000 Rs in advance payment for very bad work.

All students furniture were rejected by the monitoring team and were demanded being remade in a proper quality. It can be accepted that the future budget will be 700 Rs per set



in a high quality, when wood from store is delivered. Which means that the budget will be 28.000 Rs instead of 40.000 Rs, saving **12.000 Rs** on the budget.



Teachers furniture

Headmaster desk and chair were completed in a high quality within the budget.

11 wooden chairs for office were replaced by one wooden chair and 8 plastic chairs. The argumentation that chairs some times are need other

places, and wooden chairs is heavy and difficult to move, were accepted, even though it should have been discussed with donor. It was purchased a little above budget.

4 tables for office with two drawers in each were replaced by two tables without drawer. The rest will be produced in near future, although the carpenter already have received 8.000 Rs for this work. This is overbudgeting with more than **3.200 Rs**, even if it had been done according to description with 2 drawers - and even it is paid in advance before delivery without expenses for wood.

There were produced 5 long benches in a crude but strong quality to replace the unbuild armchairs.

The idea can be good enough but it is still not according to agreement and project description and therefore over-budgeting with **5.000 Rs** although it should be considered for approval even so.

9 sets of teachers furniture for classrooms were still not done, but on the way.

As a conclusion on the furniture as a whole is that the budget say 66.200 Rs including materials, but now wood is delivered from stock the budget shall be reduced to something like 45.000 Rs. But already 51.700 Rs is paid.

As the construction of furniture is still ongoing the account still can't be settled. But on the other hand it still can be settled in a proper way, by clarifying with the carpenter all the irregularities with advance payment and very low quality on students furniture.

The remaining furniture shall be done within the budget taken in notice that the materials is delivered without expenses for the carpenter.

All in all the construction chairman and the headmaster shall pull themselves together to do an effort to settle this nonsense details about furniture.

Educational materials

Nothing has still happened on the purchasing of educational materials as the school barely is completed.

And nothing should happen until Sydthy Rotary Klub have given their decision and recommendation on the whole project.

PC-related expenses

Nothing has happened on this issue.

And for the moment the are no reason whatsoever to proceed, as there is no stable and sufficient electricity in Loding. Only a small peltric set is supplying with few kW, so the expenses will not meet even the less demand on utilization.

It will be recommended from the monitoring team, that this part of the project is cancelled or postponed until it can be secured that it can come into proper function.

Teachers salary

As a curiosity it can be mentioned that the Headmaster claim that Mr. Narayan Khatri from Rotary Club of Kathmandu has promised in a speech, that his club will provide half of a teachers salary. The club doesn't know about this. Can this also be a baseless assertion like the approval of the furnishing of the "Earthquake Resistant Building"?

Summary

There are so many irregularities in this project as above described.

There can be many reasons. There really could be problems understanding the English text in the descriptions. There could be problems understanding how a project is implemented. There could be a general concept that donor just are giving and later don't care, and really there are lots of examples on this assumption in Upper Solu with other donors than Rotary and Himalayan Project. It could also be a general carelessness. There could be a lack of capacity to run a project like this. There could be a lack of commitment towards the donor. There could be some opportunism. There could be lack of internal monitoring. There could be individual and personal dependancies towards fellow villagers. There could be various degree's of nepotism. There even could be something worse.

From Himalayan Project side we must admit that our lack of experience, on this early stage of many projects run in 2007, haven't prepared ourselves and the local committees on the demands to run a project for a Rotary Club. In future projects we will make the local committees more aware about their commitment when they agree in a Project Description. And we will make them aware that any deviation from the Project Description shall be reported to and shall be approved by the donor or their representatives.

Anyhow, among the 11 projects run in 2007 by Rotary through Himalayan Project, there have been very few irregularities. Only in this project the irregularities have shown quite a lot, with undocumented and quite excessive exceeding of the budget.

Subject	Budget	Account	Budget Exceedings	
			Approved	Unapproved
Total Budget	725,500			
Approved budget exceedings	134,595			
New total budget	860,095			
Budget on Educ. Materials	-25,000			
Budget on PC-related	-165,000			
Budget on actual reconstruction	670,095			
Account by 13. November 2007		626,875		
Budget on rest garden wall		4,000		
Budget on main stairway		4,000		
Budget on wall at road		16,400		
Budget on furniture		15,500		
Budget on remaining toilet construction		50,000		
Total Project Account		716,775		
Sand, gravel, nails, equipment			46,195	
Improved Toilet Compound design			88,400	
Volunteer labor by villagers				23,000
Wood for "Earthquake Building"				30,000
Sallaries for "Earthquake Building"				28,000
Excess of stones "delivered"				28,600
Work on stone walls				15,700
Surplus of 3 tin plates				2,750
Production of 5 long benches				5,000
Office tables				3,200
Total Budget Exceedings			134,595	136,250

As it can be seen from above table even the exceeded account and remaining budget can meet the

original project budget if educational materials and PC-related expenses is taken out. Even in this case it can be seen that the already transferred support is exactly covering this reduced budget amount. But maybe it isn't appropriate to take educational materials out of the budget.

The budget exceeding on toilet and forgotten smaller items should be considered seriously and seen on with lenience, as it is caused by Himalayan Project.

The unapproved exceeding of budget can with full fairness be demanded refunded or at least given a reasonable explanation. Some amounts can be explained, others can probably be considered as lost, but some should be possible to recover.

From my personal side I am not feeling able to deliver judgment in this case in spite of my broad experiences with the local people and with the local customs and practices.

Conclusion

According to the Monitoring Team, we can see 3 ways out of this:

- A) Sydthy Rotary Klub can transfer a remaining amount according to a calculation based on above given informations - in case the Club consider the irregularities to be excusable and because of lack of experience.
- B) Sydthy Rotary Klub can demand the Construction Committee to rectify all irregularities by proper and full explanation and/or by reproducing the exceeding amounts which can't be properly explained, before they resume their support - when the Club decide the over budgeting being due to carelessness.
- C) Sydthy Rotary Klub can withdraw from the project, not transferring their third and last installment - in case the Club decide that the irregularities occurred in this case is severe and beyond the limits of honesty.

Postscript

I am very sorry to feel forced to describe this project in such a harsh way. But as Rotary and Himalayan Project wants to proceed in our development work in Upper Solu in a proper way, it has to be done this way, as the responsible persons haven't done a satisfactory performance.

But with an overview contemplation on the other hand, the result of the efforts of Himalayan Trust and Sydthy Rotary Klub is a very beautiful school with many facilities which is preparing the school going into the next decennium as a very modern school after local standards. It has definitely until now developed into being the most beautiful school of Upper Solu.

