

***Evaluation of the Commission of the European Union's
Co-operation with Nepal –
Country Level Evaluation***

Final Report

Volume 2 – Annexes

March 2012

Evaluation for the Commission of the European Union





Development
Researchers'
Network

Italy



Aide à la Décision Economique
Belgium



PARTICIP GmbH
Germany



Deutsches Institut für
Entwicklungspolitik

German Development
Institute

Deutsches Institut für Entwicklungspolitik
Germany



Overseas Development Institute
United Kingdom



European Institute for Asian Studies
Belgium



ICEI Instituto Complutense
de Estudios Internacionales
Instituto Complutense de Estudios
Internacionales
Spain

A consortium of
DRN, ADE, PARTICIP, DIE, ODI, EIAS & ICEI
c/o DRN, leading company:

Headquarters

Via Ippolito Nievo 62
00153 Rome, Italy
Tel: +39-06-581-6074
Fax: +39-06-581-6390
mail@drn-network.com

Belgium office

Square Eugène Plasky, 92
1030 Brussels, Belgium
Tel: +32-2-732-4607
Fax: +32-2-706-5442
bruxelles@drn-network.com

Framework contract for
**Multi-country thematic and regional/country-
level strategy evaluation studies and
synthesis in the area of external co-
operation**

**LOT 4:
Evaluation of EC geographic co-operation strategies
for countries/regions in Asia, Latin America, the
Southern Mediterranean and Eastern Europe (the
area of the New Neighbourhood Policy)**

Ref.: EuropeAid/122888/C/SER/Multi

**Evaluation of the Commission of the
European Union's co-operation with
Nepal**

(Country Level Evaluation)

**Final Report
Volume II**

This evaluation is being carried out by



March 2012

This report has been prepared by the consortium led by DRN, with **Particip**, ADE, ODI, ICEI, EIAS and DIE.

The core evaluation team comprised of: Jan Douwe Meindertsma (Team leader), Malcolm Mercer, Chhaya Jha and Jonas Lovkrona. The core team has been supported by: Georg Ladj (QA expert); Tino Smail (evaluation coordinator); Sarah Seus and Claus-Peter Hager (junior consultants).

The evaluation is being managed by the Evaluation Unit of DG DEVCO.

The author accepts sole responsibility for this report, drawn up on behalf of the Commission of the European Union. The report does not necessarily reflect the views of the Commission.

List of abbreviations

AAP	Annual Action Plan
ADB	Asian Development Bank
AEPC	Alternative Energy Promotion Centre
AF	Action Fiche
AIDCO	EuropeAid Co-Operation Office (became part of DG DEVCO in 2011)
AIDS	Acquired Immune Deficiency Syndrome
ALA	Asia-Latin America
ANE	see NSA
APP	Agricultural Perspective Plan
ARIP	Advocacy for the Rights of Indigenous People
AsDF	Asian Development Fund
ASIC	Action for Social Inclusion of Children Affected by Armed Conflict in Nepal
ASIP	Annual Strategic Implementation Plan
AUP	Aid to Uprooted People
AusAid	Australian Agency for International Development
AWP	Annual Work Plan
AWPB	Annual Work Programme and Budget
BIMSTEC	Bay of Bengal Initiatives for Multi-Sectoral Economic Cooperation
BIWMP	Bagmati Integrated Watershed Management Programme
BOG	Basic Operating Guidelines Group
BPEP	Basic and Primary Education Programme
BS	Budget Support
BWP	Bagmati Watershed Project
CA	Constituent Assembly
CA	Contribution Agreement
CBO	Community Based Organisations
CBS	Central Bureau of Statistics
CBSS	Country Based Support Schemes
CCI	Cross-Cutting Issues
CDC	Curriculum Development Centre
CDMC	Community Disaster Management Committees
CDNHRC	Capacity Development of National Human Rights Commission Project
CESP	Community Energy Service Providers
CIAA	Commission for the Investigation of Abuse of Authority
CIP	Core Investment Programme
CMP	Conflict Mitigation Package
CO	Community Organisations
CPA	Comprehensive Peace Agreement
CPN	Unified Communist Party of Nepal, Maoist
CRIS	Common RELEX Information System
CRPD	Convention on the Rights of Persons with Disabilities
CSO	Civil Society Organisations
CSP	Country Strategy Paper
CSSP	Community School Support Programme
CWG	Core Working Group
Danida	Danish International Development Agency
DC	Development Cooperation
DCC	District Coordination Committee/Council
DCI	Financing instrument for development co-operation
DDC	District Development Committee
DDH	EU Initiative for Democracy and Human Rights
DEAN	Democracy and Election Alliance Nepal

DEC	District Education Centre
DEO	District Education Office
DEP	Dalit Empowerment Programme, Western and Central Nepal
DEP	District Education Plans
DfID	Department for International Development
DFP	Development for Peace
DFTQC	Department of Food Technology and Quality Control
DG	Directorate General
DG Trade	Directorate General for Trade
DHRC	Disabled Human Rights Centre
DHRO	Dalit Human Rights Organization
DOE	Department of Education
DoI	Department of Irrigation
DP	Development Partner
DPE	Directorate of Primary Education
DRIP	Dalit Rights and Inclusion Project
DRMP	Disability Rights and Mainstreaming Project
DTIS	Trade and Competitiveness Study
DVD	Digital Versatile Disc
EADWHS	Equal Access of Dalit Women to Health Services
EAMR	External Assistance Management Reports
EBA	Everything But Arms
EBuNeP	Europe Buying Nepalese Products
EC	European Commission
ECCE	Early Childhood Care and Education
ECD	Early Childhood Development
ECECO	EC established Education Coordination Office
ECHO	European Commission - Humanitarian Aid & Civil Protection
EC-TRA	EC Trade Related Support
EDPA	Economic Development and Policy Analysis Centre
EDS	Environmental Development Society
EEC	European Economic Community
EFA	Education for All
EFA NPA	Education for All National Plan of Action
EIA	Environmental Impact Assessment
EIDHR	European Instrument for Democracy and Human Rights
EMIS	education management information system
ENRTP	Thematic Programme for Environment and Sustainable Management of Natural Resources including Energy
ENTReC	Enhancing Nepal's Trade Related Capacity
ENV	Environment Renewable Energy and Climate Change Adaptation
EPA	Economic Partnership Agreements
EQ	Evaluation Question
ESAP	Energy Sector Assistance Programme
ESPSP	Education Sector Policy Support Programme
ESPSP-EFA	Education Sector Policy Support Programme for the EFA programme
EU	European Union
EU EOM	EU Election Observation Mission
EU-CfP	EU-Call for Papers
EUD	Delegation of the European Union
EUD-I	Delegation of the European Union to India
EUD-N	Delegation of the European Union to Nepal
EUFF	EU Food Facility
EUR	Euro
FA	Financial Agreement

FAO	Food and Agriculture Organisation
FAR	Financial Administration Regulations
FCA or FCS	Finance, Contracts & Audit Section (within the EUD)
FDI	Foreign Direct Investment
FEDO	Feminist Dalit Organization
FFS	Farmer Field School
FINNIDA	Finnish International Development Agency
FMIS	financial management information system
FMR	Financial Monitoring Report
FNCCI	Federation of Nepalese Chambers of Commerce and Industry
FSI	Food Security Initiative
FSTP	Food Security Thematic Programme
FTI	Fast Track Initiative
FTQC	Fault-Tolerant Quorum Consensus
FWC	Framework Contract
FY	Financial Year
GAAP	Governance and Accountability Action Plan
GARDP II	Gulmi Arghakhanchi Rural Development Project Phase II
GBP	United Kingdom Pound Sterling
GCC	Global Climate Change Initiative
GDP	Gross Domestic Product
GEOC	General Election Observation Committee
GER	Gross Enrolment Ratio
GESI	gender equality and social inclusion
GIR	Gross Intake Ratio
GIS	Geographical Information Systems
GIZ	German Technical Cooperation (formerly GTZ)
GNI	Gross National Income
GoN	Government of Nepal
GPI	Gender Parity Index
GSP	Generalised Scheme of Tariff Preferences
GSP+	Special Incentive Arrangement for Sustainable Development and Good Governance
GTZ	German Technical Cooperation
HACCP	Hazard Analysis and Critical Control Point
HADRIP	Human and Dalit Rights Integrated Project
HDEG	Highly disadvantaged ethnic groups
HDI	Human Development Index
HELP	Helping to Enhance Local Productivity for Food Security
HH	Household
HIPC	Heavily Indebted Poor Countries
HIV	Human immunodeficiency virus
HMG/N	His Majesty's Government of Nepal (now GoN)
HQ	Head Quarter
HR	Human Rights
HRAP	Human Right Awareness Project
ICT	Information and Communication Technology
IDA	International Development Association
IDP	Internally Displaced Persons
IF	Identification Fiche
IFC	International Finance Corporation (World Bank Group)
IFPRI	International Food Policy Research Institute
IFSC	Integrated Framework Steering Committee
IFTFT	Integrated Framework Trust Fund
IFWG	Integrated Framework Working Group
IGA	Income generating activities

IMF	International Monetary Fund
IMR	Infant mortality rate
INGO	International Non-Governmental Organization
IO	International Organisation
IP	Indigenous People
IP	Indicative Programme
IPO	Indigenous People's Organisations
IPR	Intellectual Property Rights
ISC	Interagency Security Committee
ISO	International Organization for Standardization
ISWM	Integrated Sustainable Waste Management
IT	Information Technology
IT&C	Information Technology & Communications
ITC	International Trade Center
ITU	International Telecommunication Unit
JANSEEP	Janajatis Social and Economic Empowerment Project
JAR	Joint Annual Review
JC	Judgement Criteria
JCM	Joint Consultative Meeting
JFA	Joint Financing Arrangement
JICA	Japanese Agency for International Cooperation
JRM	Joint Review Mission
KIRDARC	Karnali Integrated Rural Development and Research Centre
KPI	Key Performance Indicators
KW	Kilowatt
KWp	Kilowatt-Peak
LDC	Least Developed Countries
LFA	Less Favoured Areas
LGBTI	Lesbians, gay, bisexuals, transgender and intersex
LPAC	Local Project Appraisal Committee
LWF	Lutheran World Federation
M&E	Monitoring and Evaluation
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
MFA	Multi Fibre Agreement
MFN	Most Favoured Nation
MIP	Multi-year Indicative programme
MIS	Management Information Systems
MOAC	Ministry of Agriculture and Cooperatives
MOE	Ministry of Education
MoES	Ministry of Education and Sports now MOE
MoICS	Ministry of Industry, Commerce and Agriculture (later divided in two ministries, MoI and MCS)
MoPR	Ministry of Peace and Reconstruction
MoU	Memorandum of Understanding
MP	Members of Parliament
MR	Monitoring Report
MS	Member States
MT	Million Tons
MTEF	Medium-term expenditure framework
MTR	Mid-Term Review
MW	Megawatt
NBA	Nepal Bar Association
NBSM	Nepal Bureau of Standards and Metrology
NCED	National Centre for Educational Development

NDC	National Dalit Commission
NDF	Nepal Development Forum
NEFIN	National Federation of Indigenous People
NeLRaLEC	Nepali Language Resources and Localisation for Education and Communication
NER	Net Enrolment Ratio
NFDIN	National Foundation for Development of Indigenous Nationalities
NFE	Non Formal Education
NFEC	Non-Formal Education Centre
NGN	Naulo Ghumti Nepal
NGO	Non Governmental Organisation
NHRC	National Human Rights Commission
NHRI	National Human Rights Institutions
NIP	National Indicative Programm
NJA	Nepal Judicial Academy
NORAD	Norwegian Agency for Development Co-Operation
NPA	National Plan of Action
NPC	National Planning Commission
NPR	Nepalese Rupee
NPTF	Nepal Peace Trust Fund
NSA	Non State Actors
NTCS	Nepal Trade and Competitiveness Study
NTIS	Nepal Trade Integration Strategy
NWC	National Women Commission
OAG	Office of the Attorney-General
OBC	Other Backward Class
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OHCHR	Office of the High Commissioner for Human Rights
ONG-PVD	EU NGO budget line (French: ONG – Pays en Voie de Développement)
OS	Operation section (EUD)
OVI	Objectively Verifiable Indicators
OWP	Overall Work Plan
PBCD	Peace Building and Consolidation of Democracy
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIF	Project Identification Fiche
PPP	Purchasing Power Parity
PRC	People's Republic of China
PRRO	Protracted Relief and Recovery Operation
PRSP	Poverty Reduction Strategy Paper
PSC	Public Service Commission
PSC	Project Steering Committee
PTA	Parent Teacher Association
PTF	Project Task Force
PTF	Peace Trust Fund
PTR	Pupil Teacher Ratio
PV	Photovoltaic
PVD	Actions in Developing Countries
PVS	Participatory Variety Selection
QA	Quality Assurance
QSG	Quality Support Group
RBA	Rights-Based Approach
REDP	Rural Energy development Prorgamme
REH	Rehabilitation thematic budget line
RELEX	European Commission External Relations

REP	Renewable Energy Project
RET	Renewable energy technologies
RG	Reference Group
ROM	Results Oriented Monitoring
RoO	EC Regulation for originating products
RP	Resource Person
RRM	Rapid Reaction Mechanism
RRN	Rural Reconstruction Nepal
SAARC	South Asian Association for Regional Cooperation
SAFTA	South Asia Free Trade Area
SAMANATA	Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal
SBNBCC	Safe birthing/new born care centre
SBS	Sector Budget Support
SCG	Savings and Credit Groups
SCP	Sustainable Consumption and Production
SEIPEV	Socio-economic Improvement Programme for Ex-Kamaiyas and Other Vulnerable Communities
SESP	Secondary Education Support Programme
SHS	Solar Home Systems
SHWS	Solar Hot Water Systems
SIP	School Improvement Plan
SLC	School Leaving Certificate
SM	Social Mobilizers
SMAP	Small and Medium Sized Accommodation Providers)
SMC	School Management Committees
SME	Small and Medium Enterprises
SMTQ	Standards, Metrology, Testing and Quality
SNV	Netherlands Development Organization
SOD	Strategic and Organization Development
SPS	Sanitary and Phytosanitary Measures
SPSP	Sector Policy Support Programme
SQG	Sector Quality Group
SRD+G	Strengthening Rural Development and Governance (EC-funded project)
SREP	Scaling Renewable Energy Program in Low Income Countries
SRI	System of Rice Intensification
SS	School Supervisor
SSR	School Sector Reform
SSRP	School Sector Reform Programme
SWAp	Sector wide Approach
SWASHTHA	Strengthening Water, Air, Sanitation and Hygiene Treasuring Health
SWITCH Asia	EC regional environment programme to promote SCP among SMEs
TA	Technical Assistance
TAP	Technical and Administrative Provisions
TBT	Technical Barriers to Trade
TEP	Teacher Education Project
TEPC	Trade and Export Promotion Centre
TLP	Tuberculosis Leprosy Project
ToR	Terms of Reference
TRA	Trade Related Support
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TVET	technical and vocational education and training
U5MR	Under-five mortality rate
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development

UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
UNMIN	United Nations Mission in Nepal
UNOHCHRHR	United Nations Office of the High Commissioner for Human Rights
UPR	Universal Periodic Review
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollars
VDC	Village Development Committee
VEC	Village Education Committee
VEP	Village Education Plans
VSO	Voluntary Service Overseas
WASH	Water, Sanitation and Hygiene
WB	World Bank
WFP	World Food Programme
WFP-FFW	WFP – Food for Work
WOREC	Women Rehabilitation Centre
WSS	Water-supply and sanitation
WTO	World Trade Organisation
WUA	Water user Associations

Table of Contents

1	Annex 1: Terms of Reference.....	1
2	Annex 2: Detailed information matrix.....	23
2.1	EQ1: Social exclusion.....	24
2.2	EQ2: Democracy and the Rule of Law.....	43
2.3	EQ3: Education policy.....	63
2.4	EQ4: Access to Education.....	90
2.5	EQ5: Trade.....	114
2.6	EQ6: Rural development and food security.....	127
2.7	EQ7: Renewable energy and the environment.....	145
2.8	EQ8: Responsiveness.....	162
2.9	EQ9: Synergies.....	192
3	Annex 3: Detailed country context.....	209
3.1	The Country and its people.....	210
3.2	Political situation.....	210
3.3	Economic situation.....	211
3.4	Social situation.....	214
3.5	Environment.....	217
3.6	The development priorities of the Government.....	218
3.7	The Donor community in Nepal.....	220
4	Annex 4: Detailed list of EC interventions in Nepal (2002-2010).....	222
5	Annex 5: Power point presentation with main results of the evaluation.....	241
6	Annex 6: Evaluation methodology.....	270
6.1	Introduction.....	271
6.2	Evaluation process.....	271
6.3	Identification of the Evaluation Questions.....	272
6.4	Data collection.....	273
7	Annex 7: List of institutions and persons met.....	278
8	Annex 8: List of documents.....	282
9	Annex 9: Minutes of the in-country seminar.....	289
10	Annex 10: Map of Nepal.....	298

1 Annex 1: Terms of Reference



COMMISSION OF THE EUROPEAN UNION

**Evaluation of the
Commission of the European Union's
co-operation with**

Nepal

Country Level Evaluation

**Final version
August 2010**

1. MANDATE AND OBJECTIVES

Systematic and timely evaluation of its programmes is a priority of the Commission of the European Union (further referred to as 'Commission'). The focus is on the **results and impact** (effects) of these programmes against a background of greater concentration of external co-operation and increasing emphasis on **result-oriented approaches**, particularly in the context of the programmes of the Relex Family¹.

The evaluation of the Commission's co-operation with **Nepal** is part of the **2010** evaluation programme as approved by External Relations and Development Commissioners.

The main objectives of the evaluation are:

- to be accountable and provide the relevant external co-operation services of the Commission and the wider public with an overall independent assessment of the Commission's past and current cooperation relations with **Nepal**;
- to identify key lessons in order to improve the current and future strategies and programmes of the Commission.

2. BACKGROUND

2.1. Context information

Nepal is a landlocked country in the eastern Himalaya. The country (147,184 square kilometres) is bordered by the Tibet region of China in the north and by India in the east, west and south. With 28.8 million inhabitants in 2009 (2% of average annual growth²) including 31% below the national poverty line², Nepal belongs to the LDC (Low development countries). Concerning IDH, Nepal belongs to the lower part of the Medium human development countries, ranked 144 among the 182 countries on the whole. Due to its difficult geography and tormented history, socioeconomic progress has not been rapid and Nepal remains the poorest country in South Asia.

On May 14, 2008 the newly elected Constituent Assembly declared Nepal a Federal Democratic Republic, abolishing the 240-year-old monarchy. On July 3, 2008 Ram Baran Yadav of the Nepali Congress became the first president of the Federal Democratic Republic of Nepal and a new Government was set up with the Maoist party. In May 2009, the fragile compromise government fell apart when Pushpa Kamal Dahal, the country's Maoist prime minister, resigned. On May 23, 2009, Madhav Kumar Nepal became the new prime minister. Nepal's main difficulty is building the foundations for its new nationhood.

The Nepalese economy is one of South Asia's most open and trade-dependent economies. Between 1988 and 2008 the share of agriculture has dropped from 50,9 to 33,7%, the share of industry remained almost the same (from 16,2 to 16,7%) and the share of service increased from 32,9 to 49,6%². The industry sector is driven by the production of goods for export markets mainly in the US, Germany and India, such as garments, carpets, pashmina, textiles, food items and chemicals. Tourism is a key economic sector and 80% of Nepal's tourists

¹ Directorates General of External Relations (RELEX), Development (DEV) and the EuropeAid Co-operation Office (AIDCO).

² Nepal at a glance, World Bank, 2009.

arrive by air. The country's real annual economic growth averaged about 4-5 percent over the last two decades and grew 5,3 % in 2008².

A major economic development in the 1990s, critical in terms of helping Nepal's economy was the growth in foreign employment for the Nepalese. In 2007, over 800 000 Nepalese were working abroad and their remittances represented over five times the tourism receipts. The country has also to adjust rapidly to post-MFA (Multifibre Arrangement), to the new India trade policy with LDCs, and to the WTO obligations.

Water and hydropower are Nepal's most important natural resources with an estimated power potential of 83 000 megawatts of which only 0,5% was exploited in 2007³. Much of Nepal's land surface is still covered by forest, although there has been significant deforestation. Nepal's natural environment has been greatly affected by climate change and the UNDP ranks Nepal 5th in its risk rating scale regarding the vulnerability of its population to flooding.

Despite economic growth of the last two decades, Nepal has increasingly developed into an unequal society in which Brahmins, Chethris, Newars and most people living in the Kathmandu valley have prospered while many other communities, such as the Baisya, Yadav, Dalits, indigenous Janjati, etc. and people living in remote districts have not. Social inclusion has consequently emerged as a core challenge to Nepal's development agenda.

The first PRSP (2002-2007) was the Tenth Nepal Five Year Plan.

2.2. Cooperation between the EC and Nepal

EC assistance to Nepal dates back to 1977.

In June 1996, the EC-Nepal Framework Co-operation Agreement came into force and ended in 2001. Development aid has been granted in areas such as irrigation and watershed management, animal health, reproductive health, primary education, refugees and institutional capacity building.

The allocation in the CSP 2002-2006 amounted to €70 million with three concentration areas: Nepal's poverty reduction; Consolidation of democracy; Integration into the international economy. It was partially implemented due to some technical problems and delays. In 2005, the EC suspended all programming activities, in response to the royal takeover. However, several commitments were made outside of the CSP. All cooperation activities were reactivated in June 2006.

The current CSP (2007-2013) amounts to €120 million and has three focal sectors:

- Education: assist Nepal in the education sector, by creating and enabling environment to achieve the MDGs and implemented mainly through a Sector policy support programme;
- Stability and peace building which could be coordinated with other Nepal development partners;
- Trade facilitation and economic capacity building.

The main cross cutting issues (and essential elements) mentioned in this CSP are human rights (including those of the children and indigenous peoples), gender inequalities, risk of HIV/AIDS, access to technical and vocational training, and social exclusion, conflict

³ Nepal EC Country strategy paper, 2007-2013.

prevention and good governance. Despite that environment is not mentioned in the CSP as a cross-cutting issue or a specific sector, past and on-going EC's support to the Government of Nepal contains environmental projects.

In addition to EC aid in the framework of the CSP/NIP, Nepal has also benefited of thematic programs (NGO co-financing, EIDHR, AUP, Asia Invest, Asia Link, etc.) since 2002 with an increase of the number of projects selected since 2005.

The RSP (Regional strategy paper) for the same period (2007-2013) has three priorities: Support to regional integration; Policy and know-how based cooperation on environment, energy and climate change, higher education and support to research institutes and cross-border cooperation in animal and human health; Support to uprooted people.

Due to the political situation of Nepal and the presence of Bhutanese refugees, humanitarian assistance has been and is still provided through ECHO funds. Moreover, Nepal being one of the most disaster prone countries in the world, humanitarian assistance is also provided in favour of most vulnerable people affected by natural disasters. In that framework, Disaster Preparedness (DIPECHO) is becoming the most important component of ECHO's humanitarian assistance in the country.

3. SCOPE OF THE EVALUATION

3.1. Temporal and legal scope

The scope of the evaluation is the Commission's co-operation strategies and their implementation during the period 2002-2010.

The Consultants must assess:

- the relevance and coherence⁴ of the Commission's co-operation strategies (all instruments included) for the period (strategic level);
- the consistency between programming and implementation for the same period;
- the value added⁵ of the Commission's interventions (strategic and implementation levels);
- the 3Cs: coordination and complementarity of Commission's interventions with other donors' interventions (focus on Member States), and coherence⁶ between Commission's interventions in the field of development and cooperation and other Commission policies likely to affect the partner country;
- the **implementation** of the Commission's co-operation, focusing on impact, sustainability, effectiveness and efficiency for the period and on intended effects for the period under the programming cycle 2007-2013;
- whether cross-cutting and key issues⁷ were actually taken into account, on the one hand, in the programming of documents and, on the other hand, to what extent these issues have

⁴ Coherence corresponds here to the evaluation criterion (see annex 6).

⁵ See annex 5.

⁶ Coherence refers here to one of the 3Cs (see annex 6).

⁷ The Consultants have to offer well argued proposal which cross-cutting and key issues they recommend to focus on. Cross-cutting issues are those of the European Consensus on Development (Article 101): Human rights; Gender equality; Democracy; Good governance; Children's rights; Indigenous peoples rights; Environmental sustainability; Combating HIV/AIDS.

been reflected in the implementation modalities and in the effects of the interventions (strategic and implementation level);

3.2. Thematic scope

The Consultants must assess the following co-operation areas:

- Support to the poverty reduction strategy, particularly in the education sector,
- Peace building and consolidation of democracy⁸,
- Trade facilitation and integration in the international economy,
- Environment.

These areas should be evaluated in a dynamic way taking into account the variety of instruments and their evolution all along the evaluation period.

Interventions funded by ECHO are not to be evaluated. However, coherence and complementarity of the interventions under evaluation and the ECHO activities have to be examined. In that regard, the evaluation should cover the LRRD (Linking Relief Rehabilitation and Development) issues.

The following cross cutting issues and essential elements should, in principle, be taken into account: human rights, gender equality, democracy, good governance, conflict prevention, children rights and indigenous peoples, environmental sustainability and combating HIV/AIDS.

The Consultants must also deal with the issue of funding modalities and instruments, past and future (Programmable and Non Programmable; National and Regional; Projects, programmes, SWAP, Budget support operations ...), given their diversity in the context of Nepal.

NB: The results of completed evaluations (mid, final or ex-post) of Commission's interventions are important material on which the Consultants have to build. They are part of the secondary information to be collected and used as such.

4. KEY DELIVERABLES

The overall methodological guidance to be used is available on the web page of the EuropeAid Joint Evaluation Unit under the following address:

http://ec.europa.eu/europeaid/how/evaluation/introduction/introduction_en.htm

Following the signature of the contract, the main key deliverables are⁹:

- The inception meeting where evaluation questions and judgement criteria will be presented;
- The inception report;
- The desk report;
- The draft final report (including the PowerPoint presentation synthesising the results of the evaluation);
- The seminar in the country;

⁸ The recommendations made after the elections should be taken into account.

⁹ The Consultants have to provide, whenever asked and in any case at the end of the evaluation, a list of all the documents read, data collected and databases built.

- The final report;
- The methodological note on the quality control system¹⁰.

NB: For all reports, the Consultants may either accept or reject the comments made by the Joint Evaluation Unit and/or the Reference Group, but in case of rejection they must justify (in writing) the reasons for rejection (the comments and the Consultants' responses are annexed to the report/deliverable). When the comment is accepted, the reference to the text of the report (where the relevant change has been made) has to be included in the response sheet.

4.1. The inception meeting

Upon approval of the launch note by the Joint Evaluation Unit, the Consultants proceed to the structuring stage leading to the production of an inception report.

The main part of the work consists in the analysis of all key relevant documents regarding the Commission's co-operation with Nepal. The Consultants will also take into account the documentation produced by other donors and international agencies.

If relevant, a brief exploratory country mission could be organised.

On the basis of the information collected and analysed, the Consultants will propose evaluation questions and prepare explanatory comments for each. The choice of the questions determines the subsequent phases of information and data collection, elaboration of the methods of analysis, and elaboration of final judgements. The Consultants will also identify appropriate judgement criteria.

A meeting will be held with the reference group to discuss:

- the evaluation's central scope;
- the scope extended to related policies¹¹;

and to validate:

- the intervention logic according to official documents (and using logical diagrams);
- the evaluation questions;
- explanatory comments associated to each evaluation questions (when possible, indicate judgement criteria).

Upon validation by the Reference Group, the evaluation questions become part of the ToR.

4.2. Inception report

At the end of the inception phase, the Consultants must deliver an **inception report**, which finalises the evaluation questions and judgement criteria and describes the main lines of the methodological design including the indicators to be used, the strategy of analysis and a detailed work plan for the next stages.

The inception report contains the following elements:

- the national background/context (political, economic, social, etc.);

¹⁰ Note to be produced within the framework of the quality control activities accounting for 2,5% of the total budget of the evaluation excluding the seminar.

• ¹¹ This covers key contextual issues related to the central scope.

- the cooperation context between the Commission/EU and the partner country;
- the intervention logic (both faithful and actual) of Commission's cooperation;
- the validated evaluation questions;
- a limited number of appropriate judgment criteria per evaluation question;
- a limited number of quantitative and/or qualitative indicators related to each judgment criterion;
- a proposal containing suitable working methods to collect data and information in the Commission's headquarters and EU Delegations, including information coming from the country itself and other donors in the country;
- a first outline of the strategy and the methods to analyse the collected data and information indicating any limitations;
- a concise description of the development co-operation rationale of the Commission with Nepal related to each evaluation question;
- a detailed work plan for the next stages.

If necessary, the report will also confirm the content of the launch note concerning the following points:

- the final composition of the evaluation team and
- the final work plan and schedule.

The two latter points will be agreed and confirmed through a formal exchange of letters between the Consultants and the Commission.

This phase may include a short preparatory and exploratory visit of the Consultants to the field (if not already done before).

4.3. Desk report

Upon approval of the inception report the Consultants proceed to the final stage of the desk phase. At the end of this phase, the Consultants will present a desk report setting out the results of this phase of the evaluation including all the following listed elements:

- the evaluation questions with the agreed judgement criteria and their corresponding quantitative and qualitative indicators;
- progress in the gathering of data. The complementary data needed for the analysis and to be collected in the field have to be identified;
- first analysis and first elements of answer to the evaluation questions (when available), remaining assumptions to be tested in the field phase;
- an exhaustive list of all the activities covered during the period and an exhaustive list of all activities examined during the desk phase, bearing in mind that activities analysed in the desk phase (including ROM) have to be representative;
- methodological design, including evaluation tools ready to be applied in the field phase: (i) suitable methods of data collection within the country indicating any limitations, describing how the data should be cross-checked and specifying the

sources, (ii) appropriate methods to analyse the information, again indicating any limitations of those methods in Nepal;

- a work plan for the field phase: a list with brief descriptions of activities for in-depth analysis in the field. The Consultants must explain their representativeness¹² and the value added of the visits.

The field mission cannot start before the evaluation manager has approved the desk report.

4.4. Field reporting

The fieldwork shall be undertaken on the basis set out in the desk report and approved by the reference group (which includes the Delegation). The work plan and schedule of the mission are agreed in advance with the Delegation concerned. If during the course of the fieldwork it appears necessary to deviate from the agreed approach and/or schedule, the Consultants must ask the approval of the Joint Evaluation Unit before any changes may be applied. At the conclusion of the field mission the Consultants present the preliminary findings of the evaluation:

- (1) presentation during a de-briefing meeting with the Delegation;
- (2) presentation to the reference group shortly after their return from the field.

4.5. Final reports and seminar in the country

4.5.1. The Draft Final Report

The Consultants will submit the draft final report in conformity with the structure set out in annex 2. Comments received during de-briefing meetings with the Delegation and the reference group must be taken into consideration.

If the evaluation manager considers the report to be of sufficient quality (cf. annex 3), he/she will circulate it for comments to the reference group. The reference group will convene to discuss it in the presence of the evaluation team.

Along with the draft final report, the Consultants shall produce a short presentation (PowerPoint) synthesising the main results of the report and following the structure outlined in annex 4. This presentation, the structure of which could be used for the Consultants' presentation during the seminar, will become an annex of the final synthesis report.

4.5.2. The in-country seminar

The Consultants will make the appropriate amendments based on comments expressed by the reference group and the Joint Evaluation Unit. The accepted draft final report will be presented at a seminar in Nepal. The purpose of the seminar is to present the results, the conclusions and the preliminary recommendations of the evaluation to the National Authorities, the Delegation as well as to all the main stakeholders concerned (EU Member States, representatives of civil society organisations and other donors, etc.).

The Consultants shall prepare a presentation (PowerPoint) for the seminar. This presentation shall be considered as a product of the evaluation in the same way as the reports. For the

• ¹² Statistical representativeness is not strictly required but its different dimensions (percentage of funds, sample size and choice – diversity, illustration of the chosen interventions ...) must be mentioned in order to allow a robust evaluation.

seminar up to 100 copies of the report with annexes on CD-Rom (see annex 2 of the ToR) have to be produced and delivered to the EU Delegation in Nepal (the exact number of reports and delivery date will be specified by the Joint Evaluation Unit at least three weeks before the seminar). The electronic version of the report and the annexes has to be provided to the Joint Evaluation Unit.

Consultants shall produce minutes of the seminar, these minutes being also a product of the evaluation.

4.5.3. The Final Report

The Consultants will prepare the final report based on the comments expressed at the seminar and on the basis of further comments from the reference group, the Delegation and/or the evaluation manager. Both the presentation (PowerPoint) synthesising the results of the evaluation and the presentation made at the seminar will be revised in accordance to the final report and annexed to it.

The final report has to be approved by the Joint Evaluation Unit before being printed.

110 copies of the **Final Main Report** must be sent to the Joint Evaluation Unit with additional 10 reports with all printed annexes. A CD-Rom with the Final Main Report and annexes has to be added to each printed report (PDF format).

The evaluators have to hand over on an appropriate support (electronical or paper) all relevant data gathered during the evaluation.

For publication on internet, the Joint Evaluation Unit must also receive the different versions (if different languages) of the executive summary, both in WORD and PDF format.

The contractor shall submit a methodological note explaining how the quality control and the capitalisation of lessons learned have been addressed.

The Joint Evaluation Unit makes a formal judgement on the quality of the evaluation (cf. annex 3).

5. EVALUATION QUESTIONS

The evaluation will be based on a set of evaluation questions (limited to a maximum of ten). The set of evaluation questions will cover all seven evaluation criteria: relevance, effectiveness, efficiency, impact, sustainability, coherence and the Commission's value added.

Besides the evaluation criteria, evaluation questions will also address: cross-cutting issues, the 3Cs, other key issues.

More information on the evaluation criteria and key issues and on the main principles for the drafting of evaluation questions can be found in annexes 5, 6 and 7.

6. RESPONSIBILITY FOR THE MANAGEMENT AND THE MONITORING OF THE EVALUATION

The Joint Evaluation Unit is responsible for the management of the evaluation with the assistance of the reference group.

Information will be given to the Consultants after the signature of the contract concerning the documents referred in Annex 1.

7. THE EVALUATION TEAM

The evaluation team should possess a sound knowledge and experience in:

- evaluation methods and techniques in general and, if possible, of evaluation in the field of external relations;
- South Asia countries and the Nepal's specificities;
- the following fields: Education, Peace building and conflict prevention, Trade and Capacity building, Environment;
- the following EC instruments: Projects and programmes; Budget support and the related sectors of macro economy and public finance management; Financing through non geographical Thematic programmes, the European Instrument for Democracy and Human Rights (EIDHR), Instrument for Stability (IfS).
- the following language(s): English and Nepali¹³.

The Joint Evaluation Unit strongly recommends that the evaluation team should include Consultants from the country or the region (notably, but not only, during the field phase) with in-depth knowledge of key areas of the evaluation.

Consultants must be independent from the activities evaluated. Conflicts of interests must be avoided.

It is highly recommended at least for the team leader to be fully familiar with the methodological approach set by the Commission (cf. Joint Evaluation Unit's website: http://ec.europa.eu/europeaid/how/evaluation/introduction/introduction_en.htm).

¹³ The evaluation team must be able to communicate in the main language(s) spoken in the country and the Final report must include the executive summary both in English and Nepali.

8. TIMING

The indicative framework below has to be filled by the Consultants.

<i>Evaluation Phases and Stages</i>	<i>Notes and Reports</i>	<i>Dates</i>	<i>Meetings/Communications</i>
Desk Phase			
Structuring Stage	Short presentation (intervention logic, EQs and 1 st set of JC)	Sept 2010	RG Meeting
	Draft Inception Report		Optional: Short preparatory visit of the Consultants to the field.
	Final Inception Report		A formal exchange of letters between the Consultants and the Commission confirms the final composition of the evaluation team and the final work plan and schedule.
Desk Study	Draft Desk Report		RG Meeting
	Final Desk Report		
Field Phase			De-briefing meeting with the Delegation.
	Presentation		RG Meeting
Synthesis phase (seminar in the country)			
	1st draft Final report		RG Meeting
	Revised draft Final report		Seminar in Nepal Up to 100 copies of the report with annexes on CD-Rom have to be delivered to the Delegation; electronic version of the report and the annexes has to be provided to the Joint Evaluation Unit.
	Final Report	Oct 2011	110 copies of the Final Main Report must be sent to the Joint Evaluation Unit with additional 10 reports with all printed annexes. A CD-Rom with the Final Main Report and annexes has to be added to each printed copy. The different versions of the executive summary must be sent in WORD and PDF version, and the methodological note.

The final timing will be the one annexed to the contract signed.

9. COST OF THE EVALUATION

The overall costs include:

- The **evaluation** as such;
- 2.5% of the total budget excluding the costs of the seminar are to be used for **quality control**;
- A **seminar** in the country.

The total of these 3 elements must not exceed **€200.000**.

NB: The budget for the seminar (fees, per diems and travel) will be presented separately in the launch note.

10. PAYMENTS MODALITIES

The payments modalities shall be as follows:

- 30% on acceptance of the Inception Report, plus 2.5% of the agreed budget to be used for quality control;
- 50% on acceptance of the Draft Final Report;
- the balance on reception of hard copies of the accepted final report, the methodological note on the quality control system and the list of all the documents red, data collected and databases built.

Seminar related costs are to be invoiced and paid separately.

ANNEX 1: INDICATIVE DOCUMENTATION FOR THE EVALUATION

General documentation

- Communications of the Commission;
- Various regulations.

Country

- CRIS¹⁴ (information on the projects and ROM¹⁵) and other databases concerning the financed projects, engagements, payments, etc.;
- Cooperation strategies;
- Conclusions of the Mid-term and End-of-Term Reviews (to be provided after the signature of the contract);
- Key government documents of planning and policy;
- Evaluation reports of the projects;
- EU EOM (Election Observation Mission)'s final report:
<http://www.euomnepal.org/English/default.html>
- The recent evaluation of the ECHO strategy in Nepal:
http://ec.europa.eu/echo/policies/evaluation/countries_en.htm#nepal
- Relevant documentation provided by the local authorities and other local partners, and financial backers, etc.

The main above documentation and others can be found on internet websites.

The four following documents are to be handed to the Consultants:

- On access to the information contained by the ROM system for an evaluation;
- Methodological note from Eureval concerning North-South approach to country level evaluations;
- Template for Cover page;
- Example of executive summary – Mozambique evaluation.

In addition, the Consultants will have to consult the documentation available on Internet (DAC/OECD and EU Inventory, if necessary) as well as the documentation listed or available within the Joint Evaluation Unit (AIDCO/0/3 Library).

¹⁴ Common RELEX Information System

¹⁵ Results Oriented Monitoring

ANNEX 2: OVERALL STRUCTURE OF THE FINAL REPORT

The overall layout of the report is:

- **Final report**
 - Executive summary (1) in English and Nepali
 - Context of the evaluation
 - Answers to the evaluation questions
 - Conclusions (2)
 - Recommendations (3)

Length: the final report must be kept short (70 pages maximum excluding annexes). Additional information regarding the context, the activities and the comprehensive aspects of the methodology, including the analysis, will be put in the annexes .

(1) Executive summary

The executive summary of evaluation report should be maximum 5 pages. The template and structure for the executive summary are as follows:

- a) 1 paragraph explaining the challenges and the objectives of the evaluation;
- b) 1 paragraph explaining the context in which the evaluation takes place;
- c) 1 paragraph referring to the methodology followed, spelling out the main tools used (data of the projects visited, of the interviews completed, the questionnaires sent, the focus groups, etc. have to be listed);
- d) The general conclusions related to sectoral and transversal issues on one hand, and the overarching conclusion(s) (for example on poverty reduction) on the other hand, have to be clearly explained;
- e) The 3 to 5 main conclusions should be listed and classified;
- f) The 3 to 5 main recommendations should be listed according to their priority.

Points a) to c) should take 1 to 2 pages.

Points d) to f) should not take more than 3 pages.

(2) Conclusions

- The conclusions have to be assembled by homogeneous "clusters" (groups). It is not required to set out the conclusions according to the evaluation criteria;
- The general conclusions related to sectoral and transversal issues and the overarching conclusion(s) (for example on poverty reduction) have to be explained in detail;
- The chapter on "Conclusions" has to contain a paragraph or a sub-chapter with the 3 to 5 principal conclusions presented in order of importance;
- The chapter on "Conclusions" must also make it possible to identify subjects, for which there are good practices and the subjects, for which it is necessary to think about modifications or re-orientations.

(3) Recommendations

- Recommendations have to be linked to the conclusions without being a direct copy of them;
- Recommendations have to be treated on a hierarchical basis and prioritised within the various clusters (groups) of presentation selected;

- Recommendations have to be realistic, operational and feasible. As far as it is practicable, the possible conditions of implementation have to be specified;
- The chapter on "Recommendations" has to contain a sub-chapter or a specific paragraph corresponding to the paragraph with the 3 to 5 principal conclusions. Therefore, for each conclusion, options for action and the conditions linked to each action as well as the likely implications should be set out.
- **Annexes (non exhaustive)**
 - National background
 - Methodological approach
 - Information matrix
 - Monograph, case studies
 - List of institutions and persons met
 - List of documents consulted
 - Synthetic presentation of the main results of the evaluation (5 slides per evaluation question)

NOTE ON THE EDITING OF REPORTS

- The final report must:
 - § be consistent, concise and clear;
 - § be well balanced between argumentation, tables and graphs;
 - § be free of linguistic errors;
 - § include a table of contents indicating the page number of all the chapters listed therein, a list of annexes (whose page numbering shall continue from that in the report) and a complete list in alphabetical order of any abbreviations in the text;
 - § contain one (or several) summaries presenting the main ideas. For example, the answers to the evaluation questions and the main conclusions could be summarised and presented in a box.
- The executive summary has to be very short (max. 5 pages);
- The final version of the report shall be typed in single spacing and printed double sided, in DIN-A-4 format;
- The font shall be easy to read (indicative size of the font: Times New Roman 12);
- The presentation shall be well spaced (the use of graphs, tables and small paragraphs is strongly recommended). The graphs must be clear (shades of grey produce better contrasts on a black and white printout);
- The main report shall not exceed 70 pages including the cover page, the table of content, the lists of annexes and abbreviations;
- The content must have a good balance between main report and annexes;
- Reports shall be glued or stapled; plastic spirals are not acceptable due to storage problems.

The Cover page must use the template mentioned in annex 1.

Please note that:

- The Consultants are responsible for the quality of translations and their conformity with the original;
- All data produced in the evaluation are property of the Commission.

ANNEX 3 - QUALITY ASSESSMENT GRID

Concerning these criteria, the evaluation report is:	Unacceptable	Poor	Good	Very good	Excellent
1. Meeting needs: Does the evaluation adequately address the information needs of the commissioning body and fit the terms of reference?					
2. Relevant scope: Is the rationale of the policy examined and its set of outputs, results and outcomes/impacts examined fully, including both intended and unexpected policy interactions and consequences?					
3. Defensible design: Is the evaluation design appropriate and adequate to ensure that the full set of findings, along with methodological limitations, is made accessible for answering the main evaluation questions?					
4. Reliable data: To what extent are the primary and secondary data selected adequate? Are they sufficiently reliable for their intended use?					
5. Sound data analysis: Is quantitative information appropriately and systematically analysed according to the state of the art so that evaluation questions are answered in a valid way?					
6. Credible findings: Do findings follow logically from, and are they justified by, the data analysis and interpretations based on carefully described assumptions and rationale?					
7. Validity of the conclusions: Does the report provide clear conclusions? Are conclusions based on credible results?					
8. Usefulness of the recommendations: Are recommendations fair, unbiased by personnel or shareholders' views, and sufficiently detailed to be operationally applicable?					
9. Clearly reported: Does the report clearly describe the policy being evaluated, including its context and purpose, together with the procedures and findings of the evaluation, so that information provided can easily be understood?					
Taking into account the contextual constraints on the evaluation, the overall quality rating of the report is considered.					

ANNEX 4: STRUCTURE OF THE (POWERPOINT) PRESENTATION SYNTHESISING THE MAIN RESULTS OF THE DRAFT FINAL REPORT

1. The presentation shall comprise not more than five slides for each evaluation question and shall be structured as follows:
 - a) The first slide will recall the (potential) link between the question and the synthetic logical diagram(s) of impact;
 - b) The second slide will present us with the reasoning chain indicating, for each EQ, the selected Judgement Criteria and Indicators (accompanied, when relevant, by target levels), as agreed during the structuring stage of the evaluation;
 - c) The third slide will display the evaluators' findings, following the same structure as in b);
 - d) The fourth slide shall present the limitations of the demonstration and of the findings;
 - e) If need be, some explanatory text may be added in a fifth slide.
2. In addition, further slides will be added for overall conclusions and recommendations.

ANNEX 5: EVALUATION CRITERIA AND KEY ISSUES

- (1) Definitions (or links leading to the definitions) of the **five OECD-DAC evaluation criteria** (sometimes adapted to the specific context of the Commission) can be found in the glossary page of the Joint Evaluation Unit's website, at the following address:

http://ec.europa.eu/europeaid/evaluation/methodology/glossary/glo_en.htm

- (2) As regards **coherence** (considered as a specific Commission's evaluation criterion) and the **3Cs**, their meaning and definition can be found in Annex 6.

- (3) **Value added of the Commission's interventions:** The criterion is closely related to the principle of subsidiarity and relates to the fact that an activity/operation financed/implemented through the Commission should generate a particular benefit.

There may be three practical elements to illustrate possible aspects of the criterion:

- 1) The Commission has a particular capacity for example experience in regional integration, above those of the Member States;
- 2) The Commission has a particular mandate in the framework of the '3Cs' and can draw Member States to a greater effort together;
- 3) Commission's cooperation is guided by a common political agenda embracing all Member States.

ANNEX 6: NOTE ON THE CRITERION OF COHERENCE AND ON THE 3Cs

Practice has shown that the use of the word "COHERENCE" brings a lot of questions from both evaluation team and evaluation managers. This situation comes from the use of the same word "COHERENCE" in two different contexts.

Indeed, coherence is one of the two evaluation criteria that the Commission is using in addition to the 5 criteria from DAC/OECD and coherence is a specific concept for the development policy as defined in the Maastricht Treaty. The definitions of the same word in the two different contexts are not overlapping and give misinterpretation; to solve this problem the following decision is taken.

Decision:

The definitions of relevance and coherence from Commission's budget glossary must be used for the evaluation criteria¹⁶:

- Ø **Relevance:** the extent to which an intervention's objectives are pertinent to needs, problems and issues to be addressed;
- Ø **Coherence:** the extent to which the intervention logic is not contradictory/the intervention does not contradict other intervention with similar objectives, in particular within the Commission's external assistance policies;
- Ø **The notion of complementarity as evaluation criteria has to be deleted.**

The definition of the 3Cs has to be given with reference to the Maastricht Treaty modified by the Amsterdam Treaty (articles 177 up to 181, to be adapted if necessary with the Lisbon Treaty):

- **Coordination** (article 180):
 1. The Community and the Member States will coordinate their policies on development cooperation and will consult each other on their aid programmes including in international organisations and during international conferences. They may undertake joint action. Member States will contribute if necessary to the implementation of Community aid programmes.
 2. The Commission may take any useful initiative to promote the coordination referred to in paragraph 1.
- **Complementarity** (article 177):

The Community policy in the sphere of development cooperation, which is complementary to those pursued by Member States, shall foster: (.....)¹⁷

¹⁶ According to the DAC Glossary the **relevance** is the extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies. The terms 'relevance and coherence' as Commission's evaluation criteria cover the DAC definition of 'relevance'.

¹⁷ The Lisbon Treaty foresees reciprocal relations between the Community and the Member States and not anymore univocal direction Member States towards the Commission.

- **Coherence** (article 178):

The Community shall take into account of the objectives referred to in article 177 (Community policy in the sphere of development cooperation) in the policies that it implements which are likely to affect developing countries.

The 3Cs have to be dealt with as key issues for the Community policy in development cooperation and have never been seen as evaluation criteria.

ANNEX 7: PRINCIPLES REGARDING THE DRAFTING OF EVALUATION QUESTIONS

Main principles to follow when asking evaluations questions (EQ)

- (1) Limit the total number of EQ to 10 for each evaluation.
- (2) In each evaluation, more than half of EQ should cover specific actions and look at the chain of results.
 - § Avoid too many questions on areas such as cross cutting issues, 3Cs and other key issues which should be covered as far as possible in a transversal way, introducing for example specific judgement criteria in some EQs.
- (3) Within the chain of results, the EQs should focus at the levels of results (outcomes) and specific impacts.
 - § Avoid EQs limited to outputs or aiming at global impact levels,
 - § In the answer to EQs, the analysis should cover the chain of results preceding the level chosen (outcomes or specific impacts).
- (4) EQ should be focused and addressing only one level in the chain of results.
 - § Avoid too wide questions where sub-questions are needed (questions à tiroirs),
 - § Avoid questions dealing with various levels of results.
(for example looking at outcomes and specific impacts in the same EQ).
- (5) The 7 evaluation criteria should not be present in the wordings of the EQ.
- (6) General concepts such as sustainable development, governance, reinforcement, etc. should be avoided.
- (7) Each key word of the question must be addressed in the answer.
 - § Check if all words are useful,
 - § Check that the answer cannot be yes or no,
 - § Check that the questions include a word calling for a judgement.
- (8) EQ must be accompanied by a limited number of judgement criteria; some of them dealing with cross cutting and some key issues (see point 2 above).
- (9) A short explanatory comment should specify the meaning and the scope of the question.

2 Annex 2: Detailed information matrix

2.1 EQ1: Social exclusion

Evaluation Question 1: To what extent has EC support addressed the various dimensions of social exclusion existing in Nepal?

Introduction

Nepal has a diverse population of different caste and ethnic groups. Over centuries some social groups have received better opportunities than others because of gender, caste and ethnicity based practices and due to their geographic location. These have led some groups to do well and enjoy the benefits of progress in the country. For others it has meant exclusion. Gender and social inclusion has consequently emerged as a core challenge to Nepal's development agenda. Following EU's definition of social exclusion¹ and the general consensus in Nepal regarding socially excluded groups, this evaluation has defined social exclusion as the experience of groups who are systematically and historically disadvantaged because they are discriminated against on the basis of their caste, gender, ethnicity, disability or religion or an overlapping combination of these. Thus the excluded are those who are **economically excluded**, i.e. the poor of all caste, ethnicity, location and sex. The **socially excluded groups** include: women, Dalits, Adibasi Janajatis, Madhesis, Muslims, people with disabilities, LGBTI² and people of geographically remote areas.

Recognising the need to address exclusion, the Commission's strategic approach, with the introduction of the Rapid Reaction Mechanism (RRM) in 2002, has focused on (i) addressing the issues facing local populations which, if not addressed, could exacerbate exclusion and (ii) building mechanisms at grass root level in order to facilitate dialogue and consensus development between the various population groups, as well as between the population and local authorities. The analysis of the root causes of the conflict in Nepal led the Commission to the conclusion that social exclusion, deeply entrenched and historically embedded discrimination towards several categories of population, especially in rural areas, was largely responsible for the conflict and that no durable peace could be established without starting to deal in parallel with protecting and promoting the rights of discriminated social groups and without addressing the improvement of their daily lives through provision of basic services and immediate assistance. This approach is reflected both in the CSP 2002-2006 and in the CSP 2007-2013 and has been translated into the implementation of several interventions aiming at tackling social exclusion and funding by a variety of financing instruments (see below for more details on the overview of interventions implemented).

The evaluation team has approached this EQ on the basis of three Judgment Criteria (JC). Each JC, in turn, is assessed on the basis of three indicators. These judgement criteria and their indicators are premised on the understanding that meaningful and sustainable development will occur only when people of different social groups improve their livelihoods (i.e. improve health, education, income and employment aspects) and ability to claim rights and influence decisions (i.e. enhance their voice). Along with this, rules that control the distribution of assets, opportunities and voice to different individuals and groups have to be made more equitable. Thus, the first JC explores whether the design of the EC interventions has identified the barriers of the excluded and whether the interventions address the three

¹ The EU defines social inclusion and exclusion as follows: *Social exclusion is a process whereby certain individuals are pushed to the edge of society and prevented from participating fully by virtue of their poverty, or lack of basic competencies and lifelong learning opportunities, or as a result of discrimination. This distances them from job, income and education and training opportunities, as well as social and community networks and activities. They have little access to power and decision-making bodies and thus often feel powerless and unable to take control over the decisions that affect their day to day lives.*

Social inclusion is a process which ensures that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life and to enjoy a standard of living and well-being that is considered normal in the society in which they live. It ensures that they have a greater participation in decision making which affects their lives and access to their fundamental rights. (EC Joint Report on Social Inclusion (2004); Extracted from Social Exclusion and the EU's Social Inclusion Agenda, Paper Prepared for the EU8 Social Inclusion Study, Document of the World Bank, Draft 2007 - website: siteresources.worldbank.org/INTECONEVAL/Resources/SocialExclusionReviewDraft.pdf)

² Lesbians, gay, bisexuals, transgender and intersex.

domains of change. The second JC attempts to identify what the results of the EC interventions have been: whether women, poor and the excluded have participated in policy formulation, has there been strengthening of their voice and influence, and finally whether there have been increased opportunities to earn an income or access basic services. The third JC focuses on gender issues and identifies whether gender equality and women's empowerment are addressed by EC interventions and whether disaggregated data and evidence is used.

JC1-1 Needs of vulnerable groups that face exclusion identified and addressed during the design of EC supported interventions for the period 2002-2013

2.1.1.1 Main findings

Based on the review of documents, interviews with EUD staff, project beneficiaries and other stakeholders, the key findings include:

- **Needs and barriers of women, poor and excluded are generally well identified and addressed.** Social practices of discrimination and inadequate capacity to claim rights are a key need across different social groups that the EC projects have highlighted. Caste/ethnicity and gender based discriminatory practices have been identified by most projects, e.g. about single women, Dalits, social norms affecting women.
- However, **the use of a more detailed evidence based assessment is limited.** Disaggregated qualitative and quantitative data and assessment of the available evidence have not often been used consistently. Additionally, a gender analysis is absent except in a few projects targeting women. The gender differentiated issues of women and men within a specific caste/ethnic/other social group have not been highlighted.
- Moreover, analysis of existing policies (supporting/constraining the target group) and formal institutional structures and processes have not been assessed to understand how exactly social inequities based on gender, caste, religion, ethnicity and location have been created and/or maintained. The key actors in these existing structures have also not been critically assessed in terms of their ability (and incentives) to change their behaviour and values, and to transform processes and mechanisms to make them more Gender Equality and Social Inclusion (GESI) sensitive.
- The EC funded interventions covered a variety of social groups³ such as Dalits, Adibasi Janajatis, persons with disability, lesbians/gay/bisexual/transgender/intersex (LGBTI), women and conflict affected children by the Commission funded interventions. But there are very few interventions with social groups such as Muslims or Madhesi Other Backward Class. Additionally, a common vision that guides a more comprehensive approach to multicultural rights is missing. **Each specific group is supported in isolation.** Moreover, the Evaluation Team found that the projects did not include activities to encourage that each socially excluded group recognises that, along with the rights of their groups, other groups too have rights which may overlap or clash with their demands. Social groups have been fighting for their own rights and identity, which is of course essential but they have not recognised that there could be cross-issues where they can build solidarity and strengthen the voice for inclusion.
- Capacity building of women and the excluded and strengthening their **abilities to raise voice** along with addressing policy gaps/ discriminatory social practices have been **key dimensions in several EC-funded projects.** This has contributed, as discussed below, to the capacities of women and people of other excluded groups to access resources and influence service providers in their favour. But there has been limited support for increasing assets or services of women, poor and the excluded, probably a key need for this group due to their poor development indicators. There is very limited evidence (either

³ See Section "3.4.3 Social exclusion" of the present document for the definition of excluded groups in Nepal.

in project documentation or in information gathered during the field phase) that the EC interventions systematically address economic and other livelihood opportunities.

2.1.1.2 Detailed evidence

2.1.1.3 Ind1.1.1 Existence of a detailed analysis of barriers and needs of vulnerable groups in project documents

Detailed evidence at Indicator level

The review of project documents of sampled projects and discussions with project staff indicates that, in the situation analysis of some projects, barriers and needs are well described.

For instance, the Country Strategy Paper (CSP) 2007-13 has recognized that “Among the most critical development failures is the exclusion of caste and ethnic groups (e.g. Dalits, Madhesis and Janajatis) and certain regions (mid- and far-Western hills and the Terai) from the benefits of growth and human development. In the project “Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal (commonly called SAMANATA)”⁴, the barriers and needs of Terai Dalits are properly identified in the project proposal:

"The major barriers identified are: work and descent-based discrimination, (extremely low and unfair wages, lack of alternative source of income), lack of citizenship, landlessness, poor family health status, inadequate access to common property natural resources and specific women and children issues (education, health and other gender-based discrimination)" (Description of the Action, Grant Contract - Annex I)

Similarly, in the project for "Equal Access of Dalit Women to Health Services"⁵, issues regarding literacy, health practices and access to health services (esp. gynaecological services) are also well identified. In the project ‘Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal’,⁶ through detailed baseline survey of each highly disadvantaged ethnic groups (HDEGs), widespread illiteracy, low access to education, limited asset ownership, very low food security, limited income opportunities, and total lack of political power were identified as barriers whereas needs such as greater employment and income opportunities or better food security were identified..

During consultations and field level discussions⁷, project partners reconfirmed that the issues and needs experienced by the target group are identified in the project documents. In various cases since it are the people’s organizations themselves which are preparing the documents, the analysis of barriers and needs is based on their own experience and past history of work. Good examples are projects implemented by Feminist Dalit Organization (FEDO), Disabled Human Rights Centre (DHRC) and the Nepal Chepang Association⁸. In other cases, implementing NGOs conducted field visits and discussions with target groups during the project identification phase to identify barriers and key needs to be addressed. This was for example done by the Environmental Development Society (EDS) for the project on Rajis, a highly marginalised ethnic group, in Surkhet.

However, none of the reviewed project documents assess existing policy mandates and institutional frameworks for the different social groups. Hence, the barriers and needs caused by the policies or institutional arrangements were not identified.

Most projects (except for e.g. project on mobilisation of single women) have not done a gender analysis or identified how this analysis will affect the project activities. The projects analysed do not have really captured that the impact of culture on indigenous women and men can be different and there maybe gender-differentiated existing knowledge.

⁴ Decision DDH/2006/018-139, contract 129635

⁵ Decision DCI-NSAPVD/2007/019-404, Contract 161787.

⁶ Decision ONG-PVD/2004/006-239, contract 94675

⁷ Consultation meeting with Implementing Partners, Hotel Annapurna, June 1, 2011

⁸ Discussion meeting, Chitwan, June 8, 2011 for “Enhancing cultural diversity for dignity and development of indigenous communities in Nepal” project

Sources of Information

Documentation (proposal, narrative and financial reports, description of actions, Interim and final reports, monitoring reports, logframe, financial reports, explanatory note, etc.) related to 20 selected projects. Examples of project documents analysed:

- Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal (commonly called SAMANATA), Dec 2006, DDH/2006/129-635
 - Grant Contract, Description of the action
 - Care Nepal. 2008. Monitoring Report, 2008, Promoting Rights and Social Inclusion for Terai Dalits in Nepal
 - Care Nepal. 2009. Annual Narrative Report (January 2007 - December 2008), Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal: SAMANATA.
- Equal Access of Dalit Women to Health Services (EADWHS), 2008, DCI-NSA PVD/2008/161-787
 - Grant Contract, Description of the action
 - Feminist Dalit Organization (FEDO). 2009. Final Narrative Report, Equal Access of Dalit Women to Health Services (EADWHS), Submitted to European Commission
 - Feminist Dalit Organization (FEDO). 2010. Interim Narrative Report, Equal Access of Dalit Women to Health Services (EADWHS), Submitted to European Commission.
- Improving Social Inclusion and Human Rights of Sexual and Gender Minorities in Nepal, 2009, EIDHR/2008/019-719.
- Mobilisation of single women as peace makers in three districts of far western region (Bajura, Doti and Kailali), 2007, DDH/2006/018-139.

Site visits in Surkhet and Chitwan.

Semi-structured interviews or focus group discussions with: National Dalit Commission, National Women Commission, National Federation of Indigenous Peoples, Ministry of Women, Children and Social Welfare and representative organizations of women, Dalits, Adibasi Janajatis and the third gender.

2.1.1.4 Ind1.1.2 Evidence that EC-funded interventions have actually been designed to address the barriers and needs of vulnerable groups (esp. regarding: i/ access to services; ii/ building their voice and influence; iii/ changing non-supportive policies and mind-sets)

Detailed evidence at Indicator level

From the documentation analysed and the field visits made, it seems that the project interventions do respond to the barriers and needs of vulnerable groups, when properly identified.

Interventions focus primarily on strengthening voice and influence of women, poor and the excluded, as well as in changing non-supportive policies/mindsets which establish the formal and informal rules of the game.

This is for example the case of the project “Janjatis Social and Economic Empowerment Project (JANSEEP)”⁹ which aims at developing Indigenous People’s Organisations (IPOs) and District Coordination Committee (DCC) so that they can help right holders to organize themselves for claiming and exercising their rights at community, district and national level”. The claim of implementing agencies, such as CARE and NEFIN (National Federation of Indigenous People) that the project had contributed to strengthening the identity and rights of highly marginalized indigenous groups and had supported 4000 households in increasing

⁹ Decision ONG-PVD/2005/017-215; contract 119627

skills for higher income¹⁰ was later confirmed during field discussions. In the project “Disability Rights and Mainstreaming Project –II (DRMP-II)”¹¹ people with disabilities developed and presented a media program “disability voice” by covering disability related issues in DRMP to increase visibility of issues and inform the target groups.

The project “Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal”, Dec 2006,¹² aimed for “enhanced understanding and awareness among 1,800 women about Dalit and women rights and their priority concerns.”

In the project “Dalit Empowerment Programme, Western and Central Nepal”¹³ various activities were designed against different forms of traditional caste based discriminatory practices like untouchability, Khalo Partha (Fixed low wages in grains), Haliya Partha (A kind of bonded Labour in which one should plough for the local money lender against the interest of loan even brought by their ancestor), Doli Partha (a traditional practice in which, one should carry groom or bride in palanquin in the wedding procession) as well as raising common voice against violence against women

In projects that are not directly linked to health or education or income generation. support is usually limited to skills training and small Income Generating Activities (IGA)s, e.g. in the project “Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal”¹⁴, goat farming and shops were promoted and different livelihood training programmes like furniture making training were provided. In the project ‘JANSEEP’¹⁵ bamboo-based production training, potatoes and medicinal plants cultivation were promoted. Activities related to income which had the potential of a deeper impact was adopted in the project “Improving livelihood security of socially-excluded communities in Nepal”¹⁶ where leasehold farming was used as a strategy to improve land limited and food insecure families' access to productive resources. In the project “Saamarthaya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal”¹⁷ income generating activities was one of the major tasks of the Savings and Credit Groups (SCGs) and Co-operatives. These efforts have assisted the target groups in improving their income sources a little but since the forward and backward linkages are not inbuilt into the project activities and the scale is very small, the resultant change in livelihood conditions is very limited.

The focus of EC interventions is often on either livelihoods, voice or sometimes on policy change but never with equal focus on all the three domains as identified through the document review and acknowledged by partners.¹⁸ While it is understood that it is sometimes not feasible to address all three dimensions at once, it is crucial that the supported interventions address these different needs of women, poor and the excluded (who require services, strengthening of their voice and positive/supportive policies). Both the progress reports and the interviews with the beneficiaries, has highlighted the fact that the EUD does not have this overall approach.

Sources of Information

Documentation (proposal, narrative and financial reports, description of actions, Interim and final reports, monitoring reports, logframe, financial reports, explanatory note, etc.) related to 20 selected projects.

Examples of project documents analysed:

- Janjatis Social and Economic Empowerment Project (JANSEEP) Feb. 2007- Jan. 2012, Decision Nr ONG-PVD/2005/017-215, contract nr 119627
 - Grant Contract, Description of the action

¹⁰ Discussion meeting with CARE on May 31, 2011 and with NEFIN on June 1, 2011

¹¹ Decision DDH/2006/018-139, contract 137324

¹² Decision DDH/2006/018-139, contract 129635

¹³ Decision ONG-PVD/2005/017-215, contract 95157

¹⁴ Decision DDH/2006/018-139, contract 129635

¹⁵ Decision ONG-PVD/2005/017-215, contract 119627

¹⁶ Decision ONG-PVD/2004/006-239, contract 95462

¹⁷ Decision ONG-PVD/2004/006-239, contract 94675

¹⁸ i/ access to services; ii/ building their voice and influence; iii/ changing non-supportive policies and mind-sets.

- o Care Nepal.2008. Interim Narrative Report (July 2008-January 2010).Janajati Social and Economic Empowerment Project (JANSEEP). Contract number: ONG-PVD/2006/119-627
- o Magar, CBB.2008. Baseline survey of three highly marginalized janajatis (thami, surel and dhanuk) of dolkaha and Dhanusa districts, Nepal.
- o Monitoring Report 2009, MR-108622.02. Janajati Social and Economic Empowerment Project (JANSEEP).
- Disability Rights and Mainstreaming Project II (DRMP-II), decision Nr DDH/2006/018-Contract Nr 139137324
 - o Grant Contract, Description of the action
- Improving livelihood security of socially-excluded communities in Nepal. April 2006 - March 2010, Decision nr ONG-PVD/2004/006, contract nr 23995462
 - o Practical Action.2009.Outcome Assessment Report 2009.Improving Livelihood Security of Socially Excluded Communities in Nepal. (ONG-PVD/2005/095-462)
 - o Practical Action.2010.Final Report (April 2006-March 2010). Improving Livelihood Security of Socially Excluded Communities in Nepal. (ONG-PVD/2005/095-462). Submitted to the Delegation of the European Union to India
 - o EU.2008.Monitoring Report MR-108621.01. Improving Livelihood Security of Socially Excluded Communities in Nepal

Site visits in Surkhet and Chitwan.

Semi-structured interviews or focus group discussions with: National Dalit Commission, National Women Commission, National Federation of Indigenous Peoples, Ministry of Women, Children and Social Welfare and representative organizations of women, Dalits, Adibasi Janajatis and the third gender.

2.1.1.5 Ind1.1.3 Complementarity in the programming and design of humanitarian assistance and of other interventions in support of most vulnerable groups

Detailed evidence at Indicator level

Evidence gathered from documents concerned the EC support to the Bhutanese refugees that seems to have benefitted from a close cooperation between the EC and WFP for the delivery of food and basic household items and between the EC, UNHCR and ECHO for the implementation of joint monitoring visits (November 2009). Overall, only limited evidence could actually be extracted from project documents or field interviews for this indicator.

The Appraisal mission – Conflict mitigation package 1 Study Report¹⁹ - states that the development aid surrounding communities of the Bhutanese refugee camps was located too far away from the Bhutanese refugee camps and that they were therefore not directly affected by the situation in the area. But the EC had at the time of the appraisal in 2003 already allocated 2 million EUR to the areas surrounding the Bhutanese refugee camps from the budget line for uprooted people. These projects, supported by DG ECHO, covered drinking water and WASH sectors. Women's participation was found to be strong in these projects. Evidence of women's involvement was found in all aspects of the project cycle including at design stage, with strong representation in committees, and often in maintenance groups.

All humanitarian assistance projects were designed with long term sustainability and phase out in mind. However, according to the Evaluation of ECHO Action in Nepal 2006-09²⁰, the Community Disaster Management Committees (CDMC) that had strong women's

¹⁹ Appraisal mission – Conflict mitigation package 1, Study Report, 28 July – 29 August 2003.

²⁰ Willitts-King, B., Morris-Iveson, L and Dhungana, K. B. 2010. *Evaluation of the Edge ECHO's Action in Nepal. Main Report*. European Commission. ECHO/ADM/BUD/2009/01207 DDH/2006/129-635

involvement, where women were appointed as chair person or secretary, were more likely to function in the long term. For instance, a Tharu community in Kailali district had elected a woman as chairperson of CDMC, with many CDMC members also women and past experience has indicated that these kinds of groups remain active.

Other projects such as the CARE implemented Shakti²¹ have interventions to increase capacity of people to prevent disasters (such as training on disaster risk reduction, development of emergency plans and small scale mitigation measures) and no component for humanitarian assistance.

The Evaluation of ECHO Action in Nepal notes that:

"Despite being an explicit reason for opening a DG ECHO office in 2005, coordination with other donors was insufficient, including with the EC (now EU) Delegation. In part this has been due to the lack of humanitarian donors based in Nepal, but opportunities have been missed to use DG ECHO's on-the-ground knowledge to influence other donors and inform their strategies. DG ECHO has had a separate office outside the EU Delegation premises since it opened in Nepal in 2005. This may have served to highlight the independence of the EC's humanitarian action during the conflict years, but it has also made effective coordination between DG ECHO and other Commission services more challenging".

It seems that non-optimal coordination has potentially limited the synergies that could have been achieved between EC-funded humanitarian and development actions and this, despite certain similarities and complementarity in terms of geographical coverage and objectives between the types of actions.

Sources of Information

UNHCR Final report on contribution agreement REH/2004/098-453 01/07/2004 TO 31/ 12/ 2004.

Mid-term Evaluation of Aid to Uprooted (AUP) People Activities in Nepal—"UNHCR on-going project "International protection and assistance to Bhutanese refugees in Nepal (2009).

Willitts-King, B., Morris-Iveson, L and Dhungana, K. B. 2010. Evaluation of the DG ECHO's Action in Nepal. Main Report. European Commission Contract No.ECHO/ADM/BUD/2009/01207.

Appraisal mission – Conflict mitigation package 1, Study Report, 28 July – 29 August 2003.

ECHO / Aguaconsult (2010): Evaluation of the DG Echo's Action in Nepal.

Site visits, semi-structured interviews or focus group discussions with beneficiaries, EUD staff and national stakeholders.

JC1-2 Increased capacity to claim rights and access services of vulnerable groups who were targeted in EC supported interventions

2.1.1.6 Main findings

There is evidence of increased participation of women and excluded in processes which build capacity and there are examples of how these groups have accessed services from local government bodies and other service providers.

There have been interventions aiming at formal and informal policy shifts and at increased access to services. The target groups have been constantly supported by the implementing partners, who primarily have been representative organizations themselves. This has strengthened the capacities of the partner organizations too.

The focus of EC interventions has been in reaching the most excluded groups – e.g. Terai Dalits, third gender, the highly marginalized amongst the Adibasi Janajatis, Dalit and single women amongst women. Thus those experiencing multiple exclusions have also been engaged in the process.

²¹ "Empowering Women in the Churia to Improve Their Livelihoods" // CRIS reference: Decision ONG-PVD/2006/018-227; Contract 133412.

The focus of the EC support has been on building capacity of different social groups to claim their rights. But the interventions have not focused adequately and consistently on enhancing the capacity of the extreme poor within these groups.

Though micro-opportunities to increase income and related skills have been provided, the focus on livelihood empowerment is inadequate. Links with other EC funded projects working on livelihood issues is minimal.

A EC wide thematic approach to GESI and mainstreaming of GESI in all EC funded project interventions is absent, resulting in lesser access of women, poor and excluded to services and lower capacities to claim rights.

2.1.1.7 Detailed evidence

2.1.1.8 Ind1.2.1 Evidence on increased engagement of vulnerable groups in discussions and decisions related to policy formulation and changes in discriminatory social practices

Detailed evidence at Indicator level

In the EC supported projects, women and the excluded have participated in processes to shift attitudes, values, mindsets to encourage supportive policies and also for drafting of anti-discriminatory policies. Regarding the project “Improving Social Inclusion and Human Rights of Sexual and Gender Minorities in Nepal”²² the bill drafted by the lesbian, gay, bi-sexual, transgender and intersex (LGBTI) community is an example; another example is the 45 percent discount on vehicle movement that single women group could negotiate for in one district (Kailali) in the project “Mobilisation of single women as peace makers in three districts of far western region (Bajura, Doti and Kailali)”²³. In the project “Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal”,²⁴ highly marginalized indigenous groups like the Botes and Majhis negotiated with the National Park authorities to increase fishing rights to nine months from six months.

The Evaluation Team found numerous examples of target groups working to address informal policies (social norms/practices, values etc) both in project documentation and during field visits – single women (widows) working to reduce discrimination, people with disabilities addressing stigma, Dalits working to reduce untouchability and LGBTI groups fighting for their identity.²⁵ E.g. in Chitwan, the EC supported local NGO has been fighting for citizenship rights of transgender people and for increased acceptance of people with different sexual orientations at family and community levels.²⁶

Many project activities are related with working with policy makers (at different levels, from committees to local and central government and the Constituent Assembly) for:

- a more positive understanding of issues of specific social groups,
- inclusion in the constitution for specific groups,
- allocation of budget for their groups e.g, like Terai Dalits in their programme and so on.

There is evidence that the target groups have participated in formal and informal policy formulation though it may not have been so in all the projects and for all the groups. EC-funded project interventions have contributed to these changes along with other influences of media and different projects.

Discussions with partners and field visit observations indicate that this participation in processes has led to output level results but it is a struggle for agencies to maintain these achievements in a sustainable way. For example, campaigns against untouchability or for

²² Decision EIDHR/2008/019-719 Contract nr158203

²³ Decision DDH/2006/018-139, Contract 137246

²⁴ Decision ONG-PVD/2004/006-239, contract 94675

²⁵ Consultations/meetings in Kathmandu, Surkhet and Chitwan, May 30 to June 8, 2011.

²⁶ Focus group discussion with Human Conscious Society, Chitwan, June 7, 2011. Decision EIDHR/2008/019-719, Contract no 158203

cultural rights of Indigenous Peoples' may have created a positive environment during the project phase. But the situation reverts to the pre-project realities after the exit of the programme unless there is continued investment by the partner agency, even if it is through other funding sources or because of their mandate.²⁷ There are chances of the results being long-term when representative organizations have been the implementing partners. E.g. the core mandate of organizations like Nepal Chepang Association, Feminist Dalit Organisation, Women for Human Rights or Disabled Human Rights Centre is to advocate for the rights of their constituencies and they continue to do so whether they have funding or not. But, in other cases, after the ending of the EC funding, the work with specific groups that were supported is not continued. And, in this type of situations, the progress of those specific groups remains quite slow. For example, the Dalit women's group or the single women's group in Surkhet during the field visit of the evaluation team did not have any specific activity as there were no ongoing projects. They rarely came together for meetings or for discussions but board members or other organizational members would sometimes visit them because the parent organization's institutional structure existed.²⁸

Sources of Information

Documentation (proposal, narrative and financial reports, description of actions, Interim and final reports, monitoring reports, logframe, financial reports, explanatory note, etc.) related to 20 selected projects. Examples of project documents analysed:

- Mobilisation of single women as peace makers in three districts of Far Western Region, Aug 2009 Contract No: DDH/2007/137-246, 137246
- Improving Social Inclusion and Human Rights of Sexual and Gender Minorities in Nepal, Contract Ref.: EIDHR/2009/158-203, 158203
- Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal (commonly called SAMANATA), Dec 2006, DDH/2006/018-139, 129635
 - European Commission. Description of the Action (Annex I), Grant Contract, Promoting Rights and Social Inclusion for Terai Dalits in Nepal
 - Care Nepal. 2008. Monitoring Report, 2008, Promoting Rights and Social Inclusion for Terai Dalits in Nepal
 - Care Nepal. 2009. Annual Narrative Report (January 2007 - December 2008), Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal: SAMANATA
- Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal, Decision ONG-PVD/2004/006-239, contract 94675
 - Action Aid UK. 2010. Final Narrative Report (March 2006 – February 2010). Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal
 - Thapa, M; Shrestha, G; Joshi, R; Sharma, N; Subedi, B; Sherpa, P. 2010. Final Evaluation of Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal. Submitted to Action Aid Nepal
 - Action Aid Nepal. Revised Logframe.2006. Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal

Site visits in Surkhet and Chitwan.

Semi-structured interviews or focus group discussions with: National Dalit Commission, National Women Commission, National Federation of Indigenous Peoples, Ministry of Women, Children and Social Welfare and representative organizations of women, Dalits, Adibasi Janajatis and the third gender.

²⁷ Focus group discussions Kathmandu, Surkhet, Chitwan, may 30-June 8, 2011

²⁸ Focus group discussions, Surkhet, June 2011

2.1.1.9 Ind1.2.2 Evidence on efforts by vulnerable groups to pressure local bodies and other service providers for services

Detailed evidence at Indicator level

Some projects do provide the evidence that women and the excluded have lobbied for services, e.g. in the project “Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal”²⁹ Madhesi Dalit women bargained with the elites and VDC authorities for access to ponds and public land for their income generation activities. As a result of support to district level pressure groups formed in the project period, 5,150,000 NPR (47,269 EUR) was released for the Dalit Empowerment programme by the District Development Office in Kapilvastu. In the project “Improving livelihood security of socially-excluded communities in Nepal”³⁰, farmer groups pressured government line agencies to access agriculture and livestock services more easily. In the project “Mobilisation of single women as peace makers in three districts of far western region (Bajura, Doti and Kailali)”³¹, single women lobbied with the government for free education for the children of single women. They demanded the Government monthly allowance provided as social security scheme to single women on time. People living with HIV AIDs filed 10 cases with the help of lawyers in the project “Strengthening the Human Rights Situation of People Living with HIV/AIDS through Advocacy and Awareness”.³² The Human Conscious Society was able to get funds from the DDC for a small business for its trained staff.³³ Most common demand is now for some allocation from the VDC budget which has budgetary provisions for women, poor and the excluded.

Thus, the target groups of sampled projects have attempted to pressure service providers and claim services. But in some projects this has been limited to raising awareness about the services to be provided by different line agencies, e.g. highly disadvantaged ethnic groups were informed about the provisions of different guidelines and government acts – the assumption being that a better informed group would access services. While this is true, many times they are unable to do so without further support for a certain period of time. E.g. the Rajis have been informed about different provisions in the VDC and DDC policies and budget regarding the highly marginalized Indigenous groups (of whom the Rajis are one) but they have yet to understand or access those services. The project support will in future be able to assist them to increase their capacity for such claims.³⁴

Sources of Information

Documentation (proposal, narrative and financial reports, description of actions, Interim and final reports, monitoring reports, logframe, financial reports, explanatory note, etc) related to 20 selected projects. Examples of project documents analysed:

- Dalit Empowerment Programme, Western and Central Nepal, Decision ONG-PVD/2005/017-215, Contract 95157
 - European Commission, Cofinancing with European Development NGOs Actions in Developing Countries (PVD), Grant Application Form, Budget Line 21-02-03
 - Dalit Human Rights Organization (DHRO), 2008. Mid-Term Evaluation Report, Dalit Empowerment Programme, Western and Central Nepal (DEP), Submitted to Lutheran World Federation (LWF)
 - Dan Church Aid. 2008. Dalit Empowerment Programme, Western and Central Nepal (DEP – Nepal), Interim Narrative Report (January – December 2007),

²⁹ Decision DDH/2006/018-139, Contract 129635

³⁰ Decision ONG-PVD/2004/006-23 Contract 995462

³¹ Decision DDH/2006/018-139, Contract 137246

³² Decision DDH/2006/018-139, contract137340

³³ Meeting with Human Conscious Society, local partner of Blue Diamond Society, Chitwan, June 8, 2011 Decision EIDHR/2008/019-719, Contract no 158203

³⁴ "Empowering Raji Community in Surkhet District to Establish Their Rights and Entitlements" // Decision EIDHR/2009/021-318, Contract 234001.

Submitted To: Delegation of the European Commission to India, Nepal, Bhutan, Sri Lanka & Maldives and Delegation of the European Commission to Nepal

- Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal (commonly called SAMANATA), Dec 2006, DDH/2006/018-139, 129635
 - European Commission. Description of the Action (Annex I), Grant Contract, Promoting Rights and Social Inclusion for Terai Dalits in Nepal
 - Care Nepal. 2008. Monitoring Report, 2008, Promoting Rights and Social Inclusion for Terai Dalits in Nepal
 - Care Nepal. 2009. Annual Narrative Report (January 2007 - December 2008), Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal: SAMANATA
- Janjatis Social and Economic Empowerment Project (JANSEEP) Feb 2007- Jan 2012, Decision ONG-PVD/2005/017-215, Contract 119627
 - Care Nepal.2008.Interim Narrative Report (July 2008-January 2010).Janajati Social and Economic Empowerment Project (JANSEEP). Contract number: ONG-PVD/2006/119-627
 - EU.2009.Monitoring Report, MR-108622.02. Janajati Social and Economic Empowerment Project (JANSEEP)
- Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal, Decision ONG-PVD/2004/006-239, Contract 94675
 - Action Aid UK. 2010. Final Narrative Report (March 2006 – February 2010). Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal
 - Thapa, M; Shrestha, G; Joshi, R; Sharma, N; Subedi, B; Sherpa, P. 2010. Final Evaluation of Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal. Submitted to Action Aid Nepal
 - Action Aid Nepal. Revised Logframe.2006. Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal

2.1.1.10 Ind1.2.3 Evidence of higher opportunities for income generation and access to basic services of vulnerable groups supported by EC-funded interventions

Detailed evidence at Indicator level

Saving and credit activities and small income generating activities are common in most projects, e.g. in the “Dalit Empowerment Programme, Western and Central Nepal”,³⁵ 484 participants have started improved goat raising, and vegetable farming with agriculture inputs provided by the project, 506 groups have saved and mobilized 2,883,765 NPR (31,689 EUR) over the project period but the amount was being primarily mobilized within the group to fulfil the basic needs. In the project “Promoting Human Rights and Social Inclusion of Terai Dalits”³⁶ the savings of 182 women’s groups are 462,545 NPR (4,283 EUR). In this project, skills based training to diversify income opportunities has been provided such as in mason, bicycle and motorcycle repairing for young men and hand embroidery for women, bamboo-based production, potatoes and medicinal plants cultivation, etc. In the project “Improving livelihood security of socially-excluded communities in Nepal”³⁷, non-motorized transport like gravity goods ropeway, bicycle/rickshaw trailer, push cart, and cable bridge crossing supported highly marginalized ethnic groups to improve their mobility and connectivity for marketing products.

³⁵ Decision ONG-PVD/2005/017-215, Contract 95157

³⁶ Decision DDH/2006/018-139, contract 129635

³⁷ Decision ONG-PVD/2004/006-239, contract 95462

In the projects “Janjatis Social and Economic Empowerment Project (JANSEEP)”³⁸ and “Equal Access of Dalit Women to Health Services (EADWHS)”³⁹, support for increased access to drinking water and sanitation facilities (e.g. 11 drinking water systems in Surkhet, toilets in 54 households) and health services (in EADWHS) have also been provided. Scholarships for Dalit children were provided in “Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal”.⁴⁰

Both interviews with beneficiaries and project partners and the project documentation indicate that support at a micro-level for income and basic services has been provided. But the scale of these interventions is too small to make a major change in livelihoods. The number of people who have been trained, etc is also quite small as the project interventions are at the micro-level (e.g. numbers cited in project reports are like 1,141 Dalit members trained, 484 participants benefited). Additionally it is difficult for trained persons to convert their training into a business. Discussions with beneficiaries indicated that the enterprise development approach is not inbuilt into the interventions and hence a certain number of trainings are delivered and then if the supporting organizations have any links or the resources to support, some are assisted. E.g. a group of LGBTI people trained in Chitwan through the Human Conscious Society were then supported to access funds from the DDC to start their beauty parlour business.⁴¹ The figures provided in reports regarding the number of participants in trainings or in savings and credit groups do not sufficiently indicate how many of the project beneficiaries have really been able to improve income or increase health/education related indicators.

The integration of gender and social perspective in these interventions is sometimes inadequate. While in many projects the target groups are women, it is not clear how gender, caste, ethnicity issues have been dealt with, how have the structural issues which constrain women’s decision making or their access to the income from these micro-enterprises, been addressed or how the market biases towards specific social groups like the third gender or the Dalits is reduced or addressed. Discussions regarding these training packages indicate that these kinds of wider issues of making the skill-based training effective are not part of the interventions.⁴²

Sources of Information

Documentation (proposal, narrative and financial reports, description of actions, Interim and final reports, monitoring reports, logframe, financial reports, explanatory note, etc.) related to 20 selected projects. Examples of project documents analysed:

- Dalit Empowerment Programme, Western and Central Nepal, ONG-PVD/2005/017-215, Contract 95157
 - European Commission, Cofinancing with European Development NGOs Actions in Developing Countries (PVD), Grant Application Form, Budget Line 21-02-03
 - Dalit Human Rights Organization (DHRO), 2008. Mid-Term Evaluation Report, Dalit Empowerment Programme, Western and Central Nepal (DEP), Submitted to Lutheran World Federation (LWF)
 - Dan Church Aid. 2008. Dalit Empowerment Programme, Western and Central Nepal (DEP – Nepal), Interim Narrative Report (January – December 2007), Submitted To: Delegation of the European Commission to India, Nepal, Bhutan, Sri Lanka & Maldives and Delegation of the European Commission to Nepal

³⁸ Decision ONG-PVD/2005/017-215, Contract 119627

³⁹ Decision DCI-NSA PVD/2008/161-787, contract

⁴⁰ Decision DDH/2006/018-139, contract 129635

⁴¹ Meeting with Human Conscious Society, local partner of Blue Diamond Society, Chitwan, June 8, 2011
Decision EIDHR/2008/019-719, Contract no 158203

⁴² Consultations/meetings in Kathmandu, Surkhet and Chitwan, May 30 to June 8, 2011.

- Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal (commonly called SAMANATA), Decision DDH/2006/018-139, contract 129635
 - European Commission. Description of the Action (Annex I), Grant Contract, Promoting Rights and Social Inclusion for Terai Dalits in Nepal
 - Care Nepal. 2008. Monitoring Report, 2008, Promoting Rights and Social Inclusion for Terai Dalits in Nepal
 - Care Nepal. 2009. Annual Narrative Report (January 2007 - December 2008), Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal: SAMANATA
- Janjatis Social and Economic Empowerment Project (JANSEEP) Feb 2007- Jan 2012, Decision ONG-PVD/2005/017-215, Contract 119627
 - Care Nepal. 2008. Interim Narrative Report (July 2008-January 2010). Janajati Social and Economic Empowerment Project (JANSEEP). Contract number: ONG-PVD/2006/119-627
 - EU. 2009. Monitoring Report, MR-108622.02. Janajati Social and Economic Empowerment Project (JANSEEP)
- Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal, Decision ONG-PVD/2004/006-239, Contract 94675
 - Action Aid UK. 2010. Final Narrative Report (March 2006 – February 2010). Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal
 - Thapa, M; Shrestha, G; Joshi, R; Sharma, N; Subedi, B; Sherpa, P. 2010. Final Evaluation of Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal. Submitted to Action Aid Nepal
 - Action Aid Nepal. Revised Logframe. 2006. Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal
 - Thapa, M; Shrestha, G; Joshi, R; Sharma, N; Subedi, B; Sherpa, P. 2010. Final Evaluation of Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal. Submitted to Action Aid Nepal
 - Improving livelihood security of socially-excluded communities in Nepal, Decision ONG-PVD/2004/006-239, Contract 95462

JC1-3 Gender issues have been mainstreamed in the EC supported interventions.**2.1.1.11 Main findings**

While there have been attempts, the project documentation review and field level consultations indicates that gender mainstreaming has not been optimal and there are a number of gaps.

Only programmes targeted at women (Dalit women, single women focused projects) include elements for their capacity building and empowerment and for addressing existing gender relations or advocating with men aiming at revision of discriminatory social practices.

Despite the emphasis in the CSPs on gender mainstreaming, the majority of the projects reviewed are not based on a gender analysis and hence there is no recognition that there are gender differentiated issues that need to be addressed. In projects where there is some inclusion of women's specific issues, it is mostly limited to training, primarily savings and credit related, but where efforts to organise women in groups has been made, it has resulted in increased empowerment. Projects have either focused on addressing informal socio-cultural or on building women's skills in a few traditional sectors. Projects do not follow a more structural approach that addresses gender equality issues at a broader institutional, "rules of the game" level and which addresses societies/ cultures as well the formal structures of the government and the political parties.

Additionally, the gender and inclusion discourse in Nepal has moved forward to recognize the interactions or intersections of gender inequalities with other forms of hierarchy such as ethnicity, caste, age, religion, and geographical residence and hence demands a more multi-pronged approach to addressing women's exclusion. This kind of deep understanding and response was not evident in the activities being implemented through the various projects. An overall EC-Nepal cooperation framework for women's empowerment and gender equality and social inclusion, in which each project could be located within a more holistic view seems to be lacking.

Finally, the involved EUDs have not mainstreamed GESI in their programming and functioning. The internal systems and structures do not demand GESI related reporting from all partners (including those of other focal sectors of CSP: education and trade facilitation and promotion of trade and economic activities) with sex/caste/ethnicity/regional identity disaggregation and analytical information.

2.1.1.12 Detailed evidence**2.1.1.13 Ind1.3.1 Specific measures undertaken to ensure gender equality in the delivery of support*****Detailed evidence at Indicator level***

Even though many interventions are women focused, the evidence both from project documentation and interviews with beneficiaries indicates that gender equality issues have only partially been addressed in the EC funded interventions. Selected projects (e.g. Dalit Empowerment Programme, Western And Central Nepal,⁴³ Mobilisation of single women as peace makers in three districts of far western region (Bajura, Doti and Kailali)⁴⁴ have implemented gender training which has resulted in improved understanding of gender concepts and about women's roles by men. The project "Equal Access of Dalit Women to Health Services (EADWHS)"⁴⁵, motivated more than 2000 Dalit men and women to do permanent vasectomy. But the other project documentation reviewed and the field visits did not provide any concrete evidence regarding addressing gender equality, i.e. the division of labour between women and men which discriminates against women; access to resources which privileges men and controls decision making power. The efforts of the projects are

⁴³ ONG-PVD/2005/017-215, Contract 95157

⁴⁴ Decision DDH/2006/018-139, Contract 137246

⁴⁵ Decision -NSAPVD/2007/019-404, contract 161787

limited to increasing women's access to resources which are targeted to them through savings and credit or training programs (refer JC 1-3-2 for details) and do not build capacity of women to bargain or negotiate with men in forums which are public to both women and men. A gender analysis to identify the existing pattern of division of labour, access to resources and decision making authority linked to the project intervention does not inform the project design and hence specific measures to address gender are inadequate in the majority of the projects reviewed and confirmed during the field visit discussions, for instance there are no interventions with men regarding violence against women and girls or for revisions in thinking about notions of masculinity that promotes such violence; no work on issues of women's decision making which impacts the use of the income generated from the IGAs supported by EC funding; no systematic dialogue at family and community level regarding the gender role division of public and private domain which constrains women because of the time burden caused by household management, care of children and elderly and supports men to access opportunities which brings in status and income.

The involved EUD did not have a GESI mainstreaming strategy or operational guidance to ensure that the different projects (not only those supported under PBCD but also those under trade facilitation, renewable energy and education) incorporate specific measures to address gender equality. Institutionally, the responsibility is with the Programme Manager who is looking after both human rights and social inclusion. There is no team or unit within the EUDs to ensure that all EC support is gender audited and measures are taken that interventions follow a gender-responsive approach.⁴⁶

Sources of Information

Documentation (proposal, narrative and financial reports, description of actions, Interim and final reports, monitoring reports, logframe, financial reports, explanatory note, etc.) related to 20 selected projects. Examples of project documents analysed:

- Dalit Empowerment Programme, Western and Central Nepal, ONG-PVD/2005/017-215, Contract 95157
 - European Commission, Cofinancing with European Development NGOs Actions in Developing Countries (PVD), Grant Application Form, Budget Line 21-02-03
 - Dalit Human Rights Organization (DHRO), 2008. Mid-Term Evaluation Report, Dalit Empowerment Programme, Western and Central Nepal (DEP), Submitted to Lutheran World Federation (LWF)
 - Dan Church Aid. 2008. Dalit Empowerment Programme, Western and Central Nepal (DEP – Nepal), Interim Narrative Report (January – December 2007), Submitted To: Delegation of the European Commission to India, Nepal, Bhutan, Sri Lanka & Maldives and Delegation of the European Commission to Nepal
- Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal (commonly called SAMANATA), Decision DDH/2006/018-139, contract 129635
 - European Commission. Description of the Action (Annex I), Grant Contract, Promoting Rights and Social Inclusion for Terai Dalits in Nepal
 - Care Nepal. 2008. Monitoring Report, 2008, Promoting Rights and Social Inclusion for Terai Dalits in Nepal
 - Care Nepal. 2009. Annual Narrative Report (January 2007 - December 2008), Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal: SAMANATA
- Janjatis Social and Economic Empowerment Project (JANSEEP) Feb 2007- Jan 2012, Decision ONG-PVD/2005/017-215, Contract 119627

⁴⁶ Meetings with EC staff, May 30 – June 8, 2011

- Care Nepal.2008.Interim Narrative Report (July 2008-January 2010).Janajati Social and Economic Empowerment Project (JANSEEP). Contract number: ONG-PVD/2006/119-627
- EU.2009.Monitoring Report, MR-108622.02. Janajati Social and Economic Empowerment Project (JANSEEP)
- Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal, Decision ONG-PVD/2004/006-239, Contract 94675
 - Action Aid UK. 2010. Final Narrative Report (March 2006 – February 2010). Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal
 - Thapa, M; Shrestha, G; Joshi, R; Sharma, N; Subedi, B; Sherpa, P. 2010. Final Evaluation of Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal. Submitted to Action Aid Nepal
 - Action Aid Nepal. Revised Logframe.2006. Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal
 - Thapa, M; Shrestha, G; Joshi, R; Sharma, N; Subedi, B; Sherpa, P. 2010. Final Evaluation of Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal. Submitted to Action Aid Nepal
- Improving livelihood security of socially-excluded communities in Nepal, Decision ONG-PVD/2004/006-239, Contract 95462
- Equal Access of Dalit Women to Health Services (EADWHS), -NSAPVD/2007/019-404, contract 161787
 - Description of the Action (Annex I), Non-State Actors in Development (NEPAL), Grant Contract.
- Feminist Dalit Organization (FEDO).
 - 2009. Final Narrative Report,
 - 2010. Interim Narrative Report.

Site visits and Semi-structured interviews or focus group discussions with: EUD staff, National Commissions, Ministries and representative organizations of women.

2.1.1.14 Ind1.3.2 Consideration given to women's empowerment in the design of the interventions

Detailed evidence at Indicator level

The projects targeted to women (Equal Access of Dalit Women to Health Services (EADWHS)⁴⁷ and Mobilisation of single women as peace makers in three districts of far western region (Bajura, Doti and Kailali)⁴⁸ have specific provisions for enhancing women's capacities and addressing social practices which constrain their progress, e.g. against domestic violence and gender based violence. These women targeted programmes organize women into self-help groups and support them in saving and credit and related IGA schemes. Leadership skills, literacy classes, training and skills development (e.g. advocacy/literacy classes for 1,800 women on Dalit and women rights and seven prioritized issues, identification, selection and training of 200 Dalit youths (100 of them women), including vocational skills and assessment of market for those skills, training on RBA and advocacy to women groups) are common project activities. Traditional water mills have reduced work burden of women and children. Another project (EADWHS)⁴⁹ has trained Dalit women to work as health workers, which has contributed to their increased social status, too. In JANSEEP,⁵⁰ 27 Advocacy Centers to raise awareness on women's rights, empowerment,

⁴⁷ Decision DCI-NSA PVD/2008/161-787, contract

⁴⁸ Decision DDH/2006/018-139, Contract 137246

⁴⁹ Decision DCI-NSA PVD/2008/161-787, contract

⁵⁰ Decision ONG-PVD/2005/017-215, Contract 119627

and access to various services were established. According to the project documentation and interviews with project staff, this enabled the women to take joint action against alcohol misuse and considerably reduced alcohol drinking in villages.

However, other project documents do not provide any evidence of provisions to target women in other projects, e.g. the project “Enhancing cultural diversity for dignity and development of indigenous communities in Nepal”⁵¹ for cultural preservation of targeted excluded groups (Indigenous peoples such as Chepangs, Gurungs and Tamangs) has not recognised that there are gender differences in capacities and interests. Indigenous women for centuries have been frontrunners in collecting and harvesting natural fibers and weaving clothes, ropes and other items from those fibers but the project has no component for activities related to preservation and promotion of indigenous textile and clothing. In the interview with Nepal Chepang Association, the implementing partners recognized that specific efforts to enhance Chepang women’s capacities were inadequate or absent.⁵² Similarly, the projects targeting people with disabilities (Disability Rights and Mainstreaming Project I and II)⁵³ have not identified any gender issues that disabled women have to experience in addition to what disabled men experience.

Sources of Information

Documentation (proposal, narrative and financial reports, description of actions, Interim and final reports, monitoring reports, logframe, financial reports, explanatory note, etc.) related to 20 selected projects. Examples of project documents analysed:

- Dalit Empowerment Programme, Western and Central Nepal, ONG-PVD/2005/017-215, Contract 95157
 - European Commission, Cofinancing with European Development NGOs Actions in Developing Countries (PVD), Grant Application Form, Budget Line 21-02-03
 - Dalit Human Rights Organization (DHRO), 2008. Mid-Term Evaluation Report, Dalit Empowerment Programme, Western and Central Nepal (DEP), Submitted to Lutheran World Federation (LWF)
 - Dan Church Aid. 2008. Dalit Empowerment Programme, Western and Central Nepal (DEP – Nepal), Interim Narrative Report (January – December 2007), Submitted To: Delegation of the European Commission to India, Nepal, Bhutan, Sri Lanka & Maldives and Delegation of the European Commission to Nepal
- Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal (commonly called SAMANATA), Decision DDH/2006/018-139, contract 129635
 - European Commission. Description of the Action (Annex I), Grant Contract, Promoting Rights and Social Inclusion for Terai Dalits in Nepal
 - Care Nepal. 2008. Monitoring Report, 2008, Promoting Rights and Social Inclusion for Terai Dalits in Nepal
 - Care Nepal. 2009. Annual Narrative Report (January 2007 - December 2008), Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal: SAMANATA
- Janjatis Social and Economic Empowerment Project (JANSEEP) Feb 2007- Jan 2012, Decision ONG-PVD/2005/017-215, Contract 119627
 - Care Nepal. 2008. Interim Narrative Report (July 2008-January 2010). Janajati Social and Economic Empowerment Project (JANSEEP). Contract number: ONG-PVD/2006/119-627

⁵¹ Decision DCI-HUM/2008/019-874, Contract 207231

⁵² Meeting with Nepal Chepang Association, Chitwan, June 7, 2011

⁵³ Decision DDH/2006/018-139, Contract 137324 and Decision DDH/2004/016-751 and contract 112982

- EU.2009.Monitoring Report, MR-108622.02. Janajati Social and Economic Empowerment Project (JANSEEP)
- Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal, Decision ONG-PVD/2004/006-239, Contract 94675
 - Action Aid UK. 2010. Final Narrative Report (March 2006 – February 2010). Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal
 - Thapa, M; Shrestha, G; Joshi, R; Sharma, N; Subedi, B; Sherpa, P. 2010. Final Evaluation of Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal. Submitted to Action Aid Nepal
 - Action Aid Nepal. Revised Logframe.2006. Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal
 - Thapa, M; Shrestha, G; Joshi, R; Sharma, N; Subedi, B; Sherpa, P. 2010. Final Evaluation of Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal. Submitted to Action Aid Nepal
 - Improving livelihood security of socially-excluded communities in Nepal, Decision ONG-PVD/2004/006-239, Contract 95462

2.1.1.15 Ind1.3.3 Evidence of reporting with sex disaggregation and gender analytical information

Detailed evidence at Indicator level

Sex disaggregated data related especially to training participants or representation/membership of different groups/committees (the number of women and men) is commonly found in most projects, e.g.

- about training for saving and credit groups (SCG) members on capacity building in which 215 members participated (48 male and 167 female),
- about the formation of saving and credit groups/cooperatives with 575 members (67 male and 508 female),
- about training to community farmers (12 male and 48 female) on Production, Processing and Marketing of High value cash crops,
- about 697 women who completed functional literacy classes in JANSEEP. Out of the total 10,060 members in S/C groups, 8407 are female in the groups in Dalit Empowerment Program; out of 59 CAs, 33 are male (56%) and 26 are female (44%) and all of them represent Terai Dalits. Out of 18 Social Mobilizers (SMs), 16 are male (89%) and 2 are female (11%), all of them represent Terai Dalits in Samanta etc).

The sex disaggregation is not disaggregated further by caste/ethnicity in the programs which are not focused on a particular caste/ethnic group or are targeted for women in general. For the other projects (DRMP, Cultural rights of Janajatis, Improving livelihood security, etc.), there was no evidence of disaggregation.

There is plenty of evidence of reporting with sex disaggregated information in the education sector, as can be seen in the Flash Reports generated by the Department of Education (DoE).

Overall, there is a severe lack of gender analytical information. Except for some discussion in the single women project, there is no evidence on how the projects impacted on the existing gender relations: what differences have occurred in the division of labour, in decision making authority and in other issues affecting women's empowerment.

EUD's reporting formats also do not demand GESI disaggregation or analytical information. Additionally, there is no mechanism for the lessons and good practices learnt through project initiatives to be used by EC decision makers during project design or assessment.

Sources of Information

Documentation (proposal, narrative and financial reports, description of actions, Interim and final reports, monitoring reports, logframe, financial reports, explanatory note, etc.) related to 20 selected projects. Examples of project documents analysed:

- Dalit Empowerment Programme, Western and Central Nepal, ONG-PVD/2005/017-215, Contract 95157
 - European Commission, Cofinancing with European Development NGOs Actions in Developing Countries (PVD), Grant Application Form, Budget Line 21-02-03
 - Dalit Human Rights Organization (DHRO), 2008. Mid-Term Evaluation Report, Dalit Empowerment Programme, Western and Central Nepal (DEP), Submitted to Lutheran World Federation (LWF)
 - Dan Church Aid. 2008. Dalit Empowerment Programme, Western and Central Nepal (DEP – Nepal), Interim Narrative Report (January – December 2007), Submitted To: Delegation of the European Commission to India, Nepal, Bhutan, Sri Lanka & Maldives and Delegation of the European Commission to Nepal
- Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal (commonly called SAMANATA), Decision DDH/2006/018-139, contract 129635
 - European Commission. Description of the Action (Annex I), Grant Contract, Promoting Rights and Social Inclusion for Terai Dalits in Nepal
 - Care Nepal. 2008. Monitoring Report, 2008, Promoting Rights and Social Inclusion for Terai Dalits in Nepal
 - Care Nepal. 2009. Annual Narrative Report (January 2007 - December 2008), Promoting Human Rights and Social Inclusion of Terai Dalits in Nepal: SAMANATA
- Janjatis Social and Economic Empowerment Project (JANSEEP) Feb 2007- Jan 2012, Decision ONG-PVD/2005/017-215, Contract 119627
 - Care Nepal.2008.Interim Narrative Report (July 2008-January 2010).Janajati Social and Economic Empowerment Project (JANSEEP). Contract number: ONG-PVD/2006/119-627
 - EU.2009.Monitoring Report, MR-108622.02. Janajati Social and Economic Empowerment Project (JANSEEP)
- Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal, Decision ONG-PVD/2004/006-239, Contract 94675
 - Action Aid UK. 2010. Final Narrative Report (March 2006 – February 2010). Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal
 - Thapa, M; Shrestha, G; Joshi, R; Sharma, N; Subedi, B; Sherpa, P. 2010. Final Evaluation of Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal. Submitted to Action Aid Nepal
 - Action Aid Nepal. Revised Logframe.2006. Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal
 - Thapa, M; Shrestha, G; Joshi, R; Sharma, N; Subedi, B; Sherpa, P. 2010. Final Evaluation of Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal. Submitted to Action Aid Nepal
 - Improving livelihood security of socially-excluded communities in Nepal, Decision ONG-PVD/2004/006-239, Contract 95462

Semi-structured interviews or focus group discussions with: EUD staff, National Commissions, Ministries and other national stakeholders.

2.2 EQ2: Democracy and the Rule of Law

Evaluation Question 2: To what extent has EC support contributed to strengthening democracy and the rule of law in Nepal?

Introduction

The period under review of the evaluation was marked by the decade-long armed conflict (from 1996-2006), and subsequently (from 2007-2010) by a fragile peace process and gradual return to the democratisation process that first started in the early 1990s. A major watershed was the elections to the Constitutional Assembly (CA) in 2008, which represented a crucial step towards the restoration of representative democracy. Since the end of the conflict, steps have also been taken to build the capacities of key state agencies, including in the judicial sector, and increasing spaces for civil society participation are opening up. At the same time, the rule of law situation remains problematic, especially in those parts of the country where various armed groups are active. Impunity for human rights abuses also remains a major issue across Nepal.

Conflict mitigation and the consolidation of democracy was a key objective and concentration area of EC support under the CSP 2002-2006, resulting in the design of a number of short-term as well as medium-term initiatives. Of particular relevance for Evaluation Question 2 (EQ2) is the 7 million EUR Conflict Mitigation Package II (CMP II): Support for the Judicial System and Human Rights. Implemented from 2007, the CMP II aimed at strengthening key human rights and judicial institutions – including the National Human Rights Commission (NHRC), the Nepal Bar Association (NBA), the Supreme Court, and the Nepal Judicial Academy (NJA). Another initiative of significance for EQ2 was the project in support of the establishment of the Office of the High Commission on Human Rights (OHCHR) in Nepal.

The current CSP 2007-2013 has “Stability and Peace Building” as one of three focal sectors. Under this broad heading, the European Union Election Observation Mission (EU-EOM) was launched in 2008, covering the CA election process. In addition, under a joint financing agreement with several other donor agencies, the EC is since 2010 contributing to the Nepal Peace Trust Fund (NPTF), a Government-led facility providing short-term project funding for the implementation of the 2006 Comprehensive Peace Agreement (CPA).

Over the last decade, Nepal has also benefited from several EC thematic programmes (EIDHR, Investing in People, NSA, etc.), especially since 2005 when the country was allowed to participate in all calls for proposals. The EIDHR instrument has been particularly capitalised on, with some 65 projects grants amounting to a total of around 10 million EUR awarded since 2002.

EQ2 is based on the notion that promoting democratic governance rooted in the rule of law contributes to long-term sustainable development. The rule of law is important to democracy because it establishes the foundation for certain conditions on which democracy depends, such as free and fair elections, protection of human rights, a vibrant civil society, public confidence in the courts, and accountable government. In post-conflict countries such as Nepal, re-establishing the rule of law and rebuilding justice institutions can also help to develop the necessary climate for peace building and national reconciliation.

JC2-1 Transparency in the management of the electoral process

2.2.1.1 Main findings

The 2008 CA election represented a crucial step towards the restoration of representative democracy. The EC made an early commitment (already in 2002) to support the election and deployed the largest international election observation once the elections were eventually held. In its final report, the EU Election Observation Mission (EU EOM) concluded the election were generally organised in a professional and transparent manner meeting most international standards. The EU-EOM further noted that the polling staff was committed, efficient and generally well trained, and that the presence of national observers in a huge number of polling stations and counting centre contributed to building confidence around the

elections. All other major international and national election observations missions made a similar, positive overall assessment of the conduct of the election.

At the same time, there was general consensus that the atmosphere during the election campaign period was far from perfect given the large number of incidents reported where political groups and their affiliates obstructed basic freedoms, such as those of assembly and freedom of speech, by intimidation and force. In addition, while the election was deemed a success in overall terms, some weaknesses were reported in the administration of the elections, particularly with regard to the processing of votes, and in the capacity and coordination of domestic observers.

The EU EOM provided the GoN with an impartial analysis of the election based on international standards. It also offered a comprehensive set of recommendations to address some of the shortcomings of the election process and that could guide further capacity building support on electoral administration and voter education, including through CSOs. A number of donor agencies are currently providing financial and technical assistance to the Election Commission in preparation for the next elections to the CA, tentatively scheduled for 2012. The Election Commission has also been able to access funds from the Nepal Peace Trust Fund (NPTF), to which the EC is a major contributor. However, the EC has yet to provide “strategic support to the Election Commission in order to enhance its capacity to conduct transparent and efficient election”, as pledged in the CSP 2007-2013. According to interviews with EUD staff in Kathmandu, a separate project on support to the Election Commission is being considered at this point in time.

Finally, it is recognised that the lack of elected local government and local service delivery mechanisms are key weaknesses in the governance system of Nepal. In this connection, several EIDHR-projects have contributed to giving marginalised people an identity and voice and increased the accountability of local government towards these people. Nevertheless, the bilateral programme has had a heavy emphasis on central ministries and government agencies.

2.2.1.2 Detailed evidence

2.2.1.3 Ind2.1.1 Processing of votes done under scrutiny of concerned citizens

Detailed evidence at Indicator level

The CSP 2002-2006 states that, in 2002, the EC decided to finance an EU Electoral Observation Team to be launched in connection with the anticipated CA election. This decision was re-affirmed in the CSP 2007-2013, which also pledged that the EC should provide “strategic support to the Election Commission in order to enhance its capacity to conduct transparent and efficient elections”. The MIP 2007-2013 specifies that training should be carried out of local elector officials at all levels, in addition to support to setting up the postal ballot, voting systems, media regulations, and protection of rights.

When the elections were eventually held in April 2008, the EU deployed the largest international election observation mission with 120 observers from 22 EU member states (and Norway and Switzerland). The EU-EOM remained in Nepal for the duration of the election process. Its mandate was to conduct a comprehensive assessment of the election in accordance with international standards, including the Declaration of Principles for International Election Observation adopted by the UN in 2005. In its Final Report, the EU-EOM notes that voting was generally conducted in a peaceful and orderly manner in the 83 constituencies (out of a total of 239) visited by EU observers.⁵⁴

A number of shortcomings have, however, been observed. As regards the processing of votes, the EU EOM found that vote counting was appropriately conducted at the constituency level (to ensure the secrecy of the vote at polling station level), but that the security of ballots during the period from the end of voting to the start of counting had not been properly ensured. Reports of broken security seals and careless handling of ballot boxes were also

⁵⁴ Nepal Final Report – Constituent Assembly Election, 10 April 2008, European Union Election Observation Mission, September 2008.

filed, according to the EU-EOM report. Moreover, the EU-EOM highlighted that the lack of detailed regulatory provisions for reconciling the number of votes counted with the number of ballots cast led to significant inconsistencies in counting. CSOs interviewed by the evaluation team claim that complaints of irregularities were filed but not acted upon by the Election Commission in a prompt manner as required by law.

While some intimidation of domestic observers and attempt to deny them access to polling stations in remote locations were reported, they were eventually present in a high number of polling stations as well as counting centres. On the whole, 148 CSOs were involved in observing and monitoring the election, with the four larger observer groups deploying more than 45,000 observers throughout the country. According to the report of the EU-EOM, the domestic observers contributed to building confidence around the elections. In addition, CSOs had an important role in educating and motivating voters as well as in actively condemning and discouraging the use of violence and intimidation. At the same time, the evaluation team notes that the capacity of domestic observers varied significantly and that greater coordination would have increased their role and provided for even more transparency in the election process.

Sources of Information

Country Strategy Paper – Nepal and the European Community Cooperation Strategy 2002-2006, European Commission, 13 November 2003.

EC-Nepal Multi-Annual Indicative Programme (2007-2010), European Commission.

Focus Group Discussion with local NGOs observing the 2008 CA election, Kathmandu, 9 June 2011.

National Indicative Programme (2002-2006) – Nepal, European Commission, 13 November 2003.

Nepal – Country Strategy Paper 2007-2013, European Commission.

Nepal Final Report – Constituent Assembly Election, 10 April 2008, European Union Election Observation Mission, September 2008.

2.2.1.4 Ind2.1.2 Positive reports on fairness of elections by international observers and monitors

Detailed evidence at Indicator level

The EU EOM concluded that the election to the CA was generally organised in a professional and transparent manner meeting most international standards. According to the Final Report of the EU-EOM, the polling staff was committed, efficient and generally well trained, and the largely peaceful and orderly conduct of the poll allowed people to vote in satisfactory conditions.

At the same time, the EU-EOM report indicates that a general climate of fear prevailed in many part of the country prior to and during the campaign period. Reference is made to the NHRC and the OHCHR in Nepal, which both documented a large number of human rights abuses throughout the country in the years leading up to the election. In addition, the EU-EOM report highlights a number of incidents where political groups and affiliates in certain areas obstructed basic freedoms, such as those of assembly and freedom of speech, by using intimidation and force.

Apart from the EO-EOM, there were 27 other international observation missions with a total number of 856 observers covering the CA election. A review of the reports of some of these missions reveals a similar mixed picture of the election process. For instance, the Carter Center, which sent 81 observers, echoed the concerns with regard to pre-election safety and security but also remarked that the election itself was peaceful and that the election process for the most part was in accordance with established procedures.⁵⁵ Likewise, the Japanese election observation mission in its report commended the professional behaviour of electoral staff but expressed its discontent with the high number of incidents of violence during the

⁵⁵ Observing the 2008 Nepal Constituent Assembly Election, The Carter Center, April 2008.

election campaign.⁵⁶ Perhaps the most negative judgement was delivered by the U.S. mission, which commented that the election was “generally accepted by the population but marred by violence, intimidation and voting irregularities”.⁵⁷

CSOs interviewed by the evaluation team generally agreed that the presence of international observers, including the EU-EOM, helped to ensure that election was relatively fair in the locations covered by these observers. Some of the national observers were more positive than others.⁵⁸ One of the largest national election monitoring networks, the General Election Observation Committee (GEOC), declared in its report that “the momentous elections to the much-awaited Constituent Assembly have been conducted in Nepal in accordance with the internationally accepted norms and standards”.⁵⁹ The Democracy and Election Alliance Nepal (DEAN), one of the other major civil society networks observing the elections, reported that 36 districts were free or reported incidents, 13 experienced minor incidents, and 22 experienced serious incidents.⁶⁰

The International Crisis Group expressed that the CA election was “a major step forward in the peace process, and for this all political parties and institutions – from the Election Commission and security personnel to civil society groups who kept up pressure for a free and fair vote – deserve much credit”. In line with the comments of other observers, it noted that the election was professionally managed and the atmosphere on election day was very good, but that the environment was far from perfect given that all major parties engaged in irregularities.⁶¹

The EU-EOM offered a comprehensive set of recommendations for the improvement of the election process. The recommendations deal with a wide range of issues, including changes to the electoral law and system, capacity building of electoral staff, the quality of voter registration, the streamlining of complaints procedures, special provisions to allow for the participation of certain vulnerable groups in the election process, etc. Several donor agencies are currently providing financial and technical assistance to the Election Commission to remedy some of the capacity constraints identified during the 2008 CA election. Funding has also been received from the NPTF, to which the EC is a major contributor. However, the EC has yet to provide “strategic support to the Election Commission in order to enhance its capacity to conduct transparent and efficient election”, as pledged in the CSP 2007-2013. According to interviews with EUD staff in Kathmandu, a separate project on support to the Election Commission is being considered at this point in time.

Moreover, the evaluation team recognises that the lack of elected local government and local service delivery mechanisms are key weaknesses in the governance system of Nepal. In this connection, several EIDHR-projects have contributed to giving marginalised people an identity and voice and increased the accountability of local government towards these people. At the same time, the bilateral programme has had a heavy emphasis on central ministries and government agencies.

⁵⁶ Preliminary Assessment by the Election Observation Mission of the Government of Japan to Nepal, Press Release, Ministry of Foreign Affairs of Japan, 13 April 2008.

⁵⁷ Nepal’s Election: A Peaceful Revolution? International Crisis Group, Asia Report No. 155 – 3 July 2008.

⁵⁸ Focus Group Discussion with local NGOs observing the 2008 CA election, Kathmandu, 9 June 2011.

⁵⁹ Nepal Final Report – Constituent Assembly Election, 10 April 2008, European Union Election Observation Mission, September 2008.

⁶⁰ DEAN overview of the April 10 Constituent Assembly Elections Conduct, Press Release, 14 April 2008.

⁶¹ Nepal’s Election: A Peaceful Revolution? International Crisis Group, Asia Report No. 155 – 3 July 2008.

Sources of Information

Country Strategy Paper – Nepal and the European Community Cooperation Strategy 2002-2006, European Commission, 13 November 2003.

DEAN overview of the April 10 Constituent Assembly Elections Conduct, Press Release, 14 April 2008, <http://www.ndi.org/node/14746>

EC-Nepal Multi-Annual Indicative Programme (2007-2010), European Commission.

Focus Group Discussion with local NGOs observing the 2008 CA election, Kathmandu, 9 June 2011.

Interview with Elections Commission, Kathmandu, 2 June 2011.

National Indicative Programme (2002-2006) – Nepal, European Commission, 13 November 2003.

Nepal – Country Strategy Paper 2007-2013, European Commission.

Nepal's Election: A Peaceful Revolution? International Crisis Group, Asia Report No. 155 – 3 July 2008.

Nepal Final Report – Constituent Assembly Election, 10 April 2008, European Union Election Observation Mission, September 2008.

Observing the 2008 Nepal Constituent Assembly Election, The Carter Center, April 2008.

Preliminary Assessment by the Election Observation Mission of the Government of Japan to Nepal, Press Release, Ministry of Foreign Affairs of Japan, 13 April 2008, www.mofa.go.jp/announce/announce/2008/4/1179155_1000.html

JC2-2 Increased respect of Human Rights (HR)**2.2.1.5 Main findings**

Protecting and promoting human rights has been another major objective of EC cooperation with Nepal over the past decade. Reports by the Office of the High Commissioner for Human Rights (OHCHR), the National Human Rights Commission (NHRC), and other national human rights institutions suggest that Nepal experienced gross violations of human rights during the decade-long armed conflict. According to the same institutions, even though abuses are still common in certain parts of the country, especially where armed groups are active, the overall number of human rights abuses has decreased since the signing of the CPA in 2006. In addition, there are also clear indications that discriminatory legal provisions and local practises against women and vulnerable groups are gradually being addressed.

The CSP 2002-2006 emphasizes that, to adequately support the peace process, it is necessary to strengthen existing mechanisms for the protection of human rights, and extend capacities to investigate and handle a whole range of complaints. To this end, the EC provided early support to the NHRC for establishing regional branches, thereby expanding its outreach. NHRC data suggests that the establishment of the regional offices led to a notable increase in the number of complaints, investigations and monitoring activities. However, subsequent support to NRHC through the Conflict Mitigation Package II (CMP2) met with a variety of difficulties that impacted on its overall effectiveness and impact. In particular, the project suffered major delays in implementation and was too short in duration given its ambitious objectives and the time-consuming procedures of the EC, leaving project stakeholders with a negative perception of the EC in general. All in all, the NHRC appears to have limited influence on the overall human rights situation in the country as the government has acted only on a small fraction of its recommendations and the capacity of the Office of the Attorney-General (AOG) to establish accountability for human rights violations is still very limited.

In contrast, reports indicate that the OHCHR in Nepal has contributed to greater respect for human rights among security forces and provided a protective umbrella for human rights defenders. The evaluation team has found that EC funding was critical for the establishment and consolidation of OHCHR's presence in the country as it covered one-third of its total

operational costs over the years 2005-2007. Several of the CSOs that have received support under the EIDHR instrument likewise claim that they have directly contributed to an improvement in the human rights situation. For instance, some CSOs contend that that gender-based discrimination and violence have been reduced in the target areas of their assistance. The evaluation team's overall assessment is that attributing such changes to any one actor would be difficult but that EC assistance has probably played an important role in sustaining important activities of the international and domestic human rights system in Nepal.

2.2.1.6 Detailed evidence

2.2.1.7 Ind2.2.1 Deployment of national legal provisions related to the protection of HR

Detailed evidence at Indicator level

The CSP 2002-2006 emphasizes that, to adequately support the peace process, it is necessary to strengthen the existing mechanisms protecting human rights, and extend capacities to investigate and handle a whole range of complaints. It also identified the need to increase access to justice and enhance the quality of the legal regime. This analysis was further elaborated upon in the NIP 2002-2006, which also allocated 7 million EUR in funding for a three-year *Conflict Mitigation Package II: Support for the Judicial System and Human Rights* (CMP II).

According to the Appraisal Mission Report (2004), the CMP II was engaged in initiatives related to the drafting and implementation of human rights-related law. Specific support was envisaged for reviewing and suggesting improvements to existing legal provisions for legal aid and prison inspections by the judiciary. More generic assistance and training on legal research, legal drafting and human rights law was foreseen as part of the judicial reform component of the project. A working group on human rights was expected to advocate for a human rights-friendly Constitution.⁶²

However, as elaborated upon in the Final Evaluation, the CMP II met with a variety of difficulties that impacted on its overall effectiveness and impact. For one, the relevance of the assistance diminished over time because of delays in implementation and the general lack of flexibility in responding to emerging circumstances. Secondly, the time frame of the support was too short given the ambitious objectives and the somewhat lengthy procedures of the EC. In the end, this, inter alia, meant that a large number of activities were not implemented.⁶³ Echoing the comments made by the Final Evaluation of the CMP II, the interviews conducted by the evaluation team indicate that such shortcomings left the partner institutions with a negative perception of the EC in general.

The shortcomings of the CMP II were also evident in the assistance to legal drafting and implementation. In fact, most of these planned activities were removed at the annual work planning stage, not implemented because of lack of time, or significantly reduced in scope. A possible exception was the training on human rights in the administration of justice conducted for judges, lawyers, and prosecutors. According to the National Judicial Academy (NJA), anecdotal evidence suggests that such training – supported by the EC and other donors – has had an impact on the judgements of the Supreme Court in the sense that they have become increasingly pro-human rights in recent years.⁶⁴

In conjunction with the CMP II, the EC provided a grant to the project on “Improving Free Legal Aid, Human Rights and Access to Justice”, which intended to promote the

⁶² Appraisal Mission Report – Nepal Conflict Mitigation Package 2, Channel Research, October 2004.

⁶³ Final Evaluation of the Conflict Mitigation Package II Programme – Support to the Judiciary System and Human Rights, Final Report, COWI, 5 October 2010.

⁶⁴ Interview with the National Judicial Academy, Kathmandu, 3 June 2011.

implementation of the existing legal provisions for legal aid (see indicator 2.4.1 for further details). Moreover, several CSOs have received funding through the EIDHR instrument for projects to promote the human rights of specific marginalised groups, including by advocating for the abolishment of discriminatory provisions in the legal system. For instance, together with other CSOs, the Women Rehabilitation Centre (WOREC) successfully lobbied for the promulgation of the Domestic Violence Act.⁶⁵

On the whole, the period saw significant positive changes in the legal framework for the protection and promotion of the rights of women, Dalits, Janajatis, Kamaiys, and other groups of indigenous people. Several of the CSOs interviewed claim that there is major difference in the implementation of laws between the districts that have seen the active engagement and lobbying of CSOs and the ones that have not. At the same time, most CSOs remarked that the EIDHR-funded projects were too limited in duration (two years on average) to generate any significant impact on their own, especially in terms of the implementation of laws, and that the successes recorded were due to more longer-term efforts of the CSOs to empower marginalised groups.⁶⁶ All in all, the evaluation team is under the impression that EC funding has enabled the concerned CSOs to sustain important advocacy campaigns during a time when support from other donors was in scarce supply.

There is evidence to suggest that some donor agencies, notably UNDP and JICA, have made important contributions to the drafting and implementation of human rights-related law. For instance, the Outcome Evaluation of UNDP Nepal Access to Justice and Human Rights (2001-2010) concludes that UNDP made significant efforts to bring national laws and policies in conformity with international human rights standards, including by providing technical assistance to the Ministry of Law and Justice and the Supreme Court for the drafting of the new Civil Code, Civil Procedure Code, Penal Code and Criminal Procedure Code.⁶⁷ The evaluation team notes that EC did not take part in any particular donor coordination effort on legal reform and, in comparison with UNDP and some other donors, provided very marginal support in this area.

Sources of Information

Appraisal Mission Report – Nepal Conflict Mitigation Package 2, Channel Research, October 2004.

Country Strategy Paper – Nepal and the European Community Cooperation Strategy 2002-2006, European Commission, 13 November 2003.

EC-Nepal Multi-Annual Indicative Programme (2007-2010), European Commission.

European Instrument for Democracy and Human Rights (EIDHR), Project Overview, European Union Delegation, Nepal.

Final Evaluation of the Conflict Mitigation Package II Programme – Support to the Judiciary System and Human Rights, Final Report, COWI, 5 October 2010.

Focus Group Discussion with human rights NGOs, Kathmandu, 1 June 2011.

Focus Group Discussion with NWC, NDC and NFDIN, Kathmandu, 1 June 2011.

Interview with Mahilla Sanskritik Utthan Kendra, Bardibas, 4 June 2011.

Interview with the National Judicial Academy, Kathmandu, 3 June 2011.

Interview with WOREC, Janakpur, 5 June 2011.

⁶⁵ European Instrument for Democracy and Human Rights (EIDHR), Project Overview, European Union Delegation, Nepal.

⁶⁶ Focus Group Discussion with human rights NGOs, Kathmandu, 1 June 2011; Interview with Mahilla Sanskritik Utthan Kendra, Bardibas, 4 June 2011; Interview with WOREC, Janakpur, 5 June 2011.

⁶⁷ Outcome Evaluation of UNDP Nepal Access to Justice and Human Rights 2001-2010, Final Report, UNDP, 29 November 2010.

Monitoring Report, Nepal – NP – Improving Free Legal Aid, Human Rights and Access to Justice, European Commission, June 2005.

National Indicative Programme (2002-2006) – Nepal, European Commission, 13 November 2003.

Nepal – Country Strategy Paper 2007-2013, European Commission.

Outcome Evaluation of UNDP Nepal Access to Justice and Human Rights 2001-2010, Final Report, UNDP, 29 November 2010.

Project Synopsis, Improving Free Legal Aid, Human Rights and Access to Justice, European Commission.

2.2.1.8 Ind2.2.2 Evidence of monitoring of HR violations and appropriate treatment of violations by relevant state institutions

Detailed evidence at Indicator level

The CSP 2002-2006 cites that the human rights situation of Nepal deteriorated with the intensification of the conflict, and that the implementation of the 18 international human rights to which the country is a party has become increasingly difficult. It goes on to specify that one of the major difficulties encountered so far include monitoring the human rights situation and that the strengthening of the NHRC would be a key priority of the CMP II for this reason. In particular, the CSP 2002-2006 underlines that the high level of violations and the difficulty of monitoring the situation in remote areas meant that human rights protection required the existing mechanisms for handling complaints, both at the central and regional level, to be geared up.

At the time of the appraisal of the CMP II (in 2004), the GoN was judged to have done little to support the monitoring efforts of the NHRC, especially in terms of providing core funding for its operations.⁶⁸ In this situation and awaiting the approval of CMP II, the EC awarded NHRC a grant under the EIDHR instrument for the project “Expansion of Outreach of Human Rights Commission”. The most significant component of this project was to set up five regional NHRC offices to investigate complaints and undertake promotional activities on human rights. By 2007, four of the regional offices had been established, including with the infrastructure and equipment support of the project, and the number of complaints, investigation and monitoring activities were reported to have increased as a result.⁶⁹

In 2005, the EC joined other donors in supporting the establishment of the OHCHR in Nepal. The specific objectives of this project were to promote respect for human rights and establish accountability for systematic violation of such rights. The EC also made it clear that its contribution should be linked to the strengthening of national human rights institutions, with a focus on the NHRC. Documentation and interviews suggest that the EC contribution was critical for the establishment of the OHCHR (and its field offices) as it covered one-third of the total costs of the OCHR mission over the years 2005-2007.⁷⁰

When the CMP II was eventually launched in 2007, three years after it had been formulated, many of the activities planned had already been implemented with support of other donors through the UNDP-led project “Capacity Development of the NHRC”.⁷¹ In this situation, as described in the Final Evaluation, an attempt was made to shift the focus of the CMP II away from the original objective of improving human rights monitoring to more general organisational development. Nevertheless, some capacity building activities (including

⁶⁸ Appraisal Mission Report – Nepal Conflict Mitigation Package 2, Channel Research, October 2004.

⁶⁹ Monitoring Report, Nepal – NP – Expansion of Outreach of Human Rights Commission (NHRC), Nepal, European Commission, June 2005.

⁷⁰ Human Rights Monitoring Mission in Nepal, ASIE/2005/17715, Interim Report to the European Commission, 1 September 2005 – 31 March 2006, UNOHCHR; Interview with OHCHR, Kathmandu, 31 May 2011.

⁷¹ Interview with UNDP, Kathmandu, 3 June 2011.

training) were conducted on fact-finding, documentation, monitoring and advocacy for NHRC staff. The CMP II also supported the establishment of the fifth regional office of the NHRC, even though a majority of the funding to this end was provided through the NHRC budget.⁷²

A critical impact of the establishment of the OHCHR and the regional offices of the NHRC is that victims of human rights violations have found somewhere to redress their complaints. During the period 2000-2010, the NHRC and its regional branches received roughly 10,000 complaints. However, while investigations have been initiated in around 70% of the complaints received, the government has as yet to act on the vast majority of the NHRC recommendations.⁷³ In the meantime, internal conflicts and staff constraints continue to pose major challenges for the NHRC to fulfil its constitutional mandate. For instance, the NHRC regional office in Janakpur, covering eight districts, has only one professional human rights officer when normally it should have six or seven.⁷⁴

Several EIDHR-funded CSO projects also included components or activities in support of human rights monitoring. Illustrative examples are “Capacity building programme for protecting human rights and fundamental freedoms in Nepal” (National Peace Campaign), “Initiative to capacitate local institutions to combat human trafficking” (Women Progress Center), “Strengthening the role of civil society in promoting human rights and democratic reform” (Women Rehabilitation Centre), and “Enshrining the rights of minority women as constitutional rights” (Global Rights).⁷⁵ The evaluation team has, however, not been able to gather any conclusive evidence as to the effectiveness and impact of such projects.

Sources of Information

Appraisal Mission Report – Nepal Conflict Mitigation Package 2, Channel Research, October 2004.

Country Strategy Paper – Nepal and the European Community Cooperation Strategy 2002-2006, European Commission, 13 November 2003.

European Instrument for Democracy and Human Rights (EIDHR), Project Overview, European Union Delegation, Nepal.

Expansion of Outreach of Human Rights Commission (NHRC), Nepal, Project Synopsis, European Commission.

Final Evaluation of the Conflict Mitigation Package II Programme – Support to the Judiciary System and Human Rights, Final Report, COWI, 5 October 2010.

Human Rights Monitoring Mission in Nepal, Financing Proposal ASIE/2005/17715, European Commission.

Human Rights Monitoring Mission in Nepal, ASIE/2005/17715, Interim Report to the European Commission, 1 September 2005 – 31 March 2006, UNOHCHR.

Interviews with NHRC, Kathmandu, 31 May 2011 and 2 June 2011.

Interview with NHRC Regional Office, Janakpur, 5 June 2011.

Interview with OHCHR, Kathmandu, 31 May 2011.

Interview with UNDP, Kathmandu, 3 June 2011.

Monitoring Report, Nepal – NP – Expansion of Outreach of Human Rights Commission (NHRC), Nepal, European Commission, June 2005.

⁷² Final Evaluation of the Conflict Mitigation Package II Programme – Support to the Judiciary System and Human Rights, Final Report, COWI, 5 October 2010.

⁷³ Summary Report of NHRC Recommendations upon Complaints in a Decade (2000-2010), NHRC, November 2010.

⁷⁴ Interviews with NHRC, Kathmandu, 31 May 2011 and 2 June 2011; Interview with NHRC Regional Office, Janakpur, 5 June 2011.

⁷⁵ European Instrument for Democracy and Human Rights (EIDHR), Project Overview, European Union Delegation, Nepal.

2.2.1.9 Ind2.2.3 Decrease of number of new cases of HR violations

Detailed evidence at Indicator level

Nepal experienced gross violations of international human rights and humanitarian law during the decade-long armed conflict. NHRC data indicate that the number of extra-judicial killings, disappearances, torture, illegal detention and abduction reached an alarming rate as the conflict intensified. Between the years 2003 and 2007 the number of complaints received by the NHRC increased by three to four times, reaching about 2,300 in 2005/06 and 1,900 in 2006/07.⁷⁶

Since the end of the armed conflict and the signing of the CPA, the human rights situation has generally improved.⁷⁷ The number of complaints received by the NHRC has also been decreasing, reaching less than 700 in 2008/09 (although this decline is likely a result of a combination of different factors, including increasing public distrust in the NHRC). Nevertheless, criminal acts by various armed groups have increased in certain parts of the country, especially the Southern *Terai* area, where human rights abuses perpetrated by police and security forces are still common.⁷⁸

The Financing Agreement (2006) of CMP II states that the project “itself will contribute to the means of verification (...) increased regional based monitoring of human rights violations should enhance accountability and provide a baseline from which any reduction in the incidence of human rights violations can be evaluated”. As earlier indicated, there are however no clear indications that the NHRC has had any direct influence on the human rights situation in the country given the limited capacity to conduct human rights promotional activities and the fact that only a small fraction of its recommendations have been acted on by the GoN.

On the other hand, the mid-term review of the project in support of the OHCHR argues that “the OHCHR mission in Nepal can be credited with having contributed to the overall decrease in violence and the violation of human rights”.⁷⁹ Similarly, in its interim report to the EC, the OHCHR claims that its very presence in Nepal has acted as a deterrent to perpetrators of human rights violations, and points to the marked reduction in reported disappearances since the establishment of its field offices. More specifically, the OHCHR reports that it has contributed to greater respect for use of minimum necessary force on the part of security forces and provided a protective umbrella for human rights defenders and increased the operational space of these organisations to carry out their work effectively.⁸⁰ The evaluation team notes that, while data provided by OHCHR and NHRC indeed suggest that the situation has improved, attributing this change to any one actor would be difficult.

Several of the CSOs that received support under the EIDHR instrument likewise suggest that they have directly contributed to an improvement in the human rights situation. For instance, several women’s rights organisations contend that gender-based discrimination and domestic violence against women have been reduced in the target areas of the projects supported by the EC. Similarly, there is anecdotal evidence that EC-funded CSO projects

⁷⁶ Summary Report of NHRC Recommendations upon Complaints in a Decade (2000-2010), NHRC, November 2010.

⁷⁷ Report of the United Nations High Commissioner for Human Rights on the situation of human rights and the activities of her Office, including technical cooperation, in Nepal, Commission on Human Rights, 16 February 2006; Summary Report of NHRC Recommendations upon Complaints in a Decade (2000-2010), NHRC, November 2010; The Report of the NHRIs of Nepal on the UPR Process, NWC, NHRC, NDC, 5 July 2010.

⁷⁸ Ibid; Interviews with NHRC, Kathmandu, 31 May 2011 and 2 June 2011.

⁷⁹ Mid-Term Review Report, Human Rights Monitoring Mission in Nepal, ASIE/2005/17715, European Commission.

⁸⁰ Human Rights Monitoring Mission in Nepal, ASIE/2005/17715, Interim Report to the European Commission, 1 September 2005 – 31 March 2006, UNOHCHR.

have advanced the rights of marginalised groups, particularly Dalits, in certain locations.⁸¹ However, substantiating such claims and unravelling the contribution of the CSO to this change has proven difficult in the general absence of adequate baselines, results indicators and means of verification.

One notable exception is the “Prevention of Torture” project, supported under the EIDHR instrument since 2008. The project forms part of a long-term and integrated effort of Advocacy Forum, a widely recognised human rights NGO, to monitor police detention centres, document cases of torture, provide legal aid to torture victims, sensitise police officers and train medical doctors who examine torture victims. With the help of a sophisticated database, Advocacy Forum can show a steady and consistent fall in the use of torture in the detention centres monitored, from more than 50% of detainees in 2002 to less than 20% in 2010. As indicated by the mid-term review of the project, EC funding has helped to expand and sustain these activities, and thereby contributed to a continued decline in the rate of torture in the detention centres targeted by Advocacy Forum (by close to 2% in the first year of the project).⁸²

Finally, the evaluation team would like to highlight that one of the design failures of the CMP II was the lack of recognition of the important role of the Office of the Attorney-General (AOG) in the judicial sector in general, and for establishing accountability for human rights violations in particular. It is noted that, in the absence of adequate resources, skills and tools for prosecution, the overall capacity of the OAG is very weak. To remedy this situation, the OAG has initiated a major institutional reform from within its own organisation.⁸³

Sources of Information

Financing Agreement, No. NP/2005/017-635, CMP II, 14 February 2006, European Commission.

Focus Group Discussion with human rights NGOs, Kathmandu, 1 June 2011.

Focus Group Discussion with NWC, NDC and NFDIN, Kathmandu, 1 June 2011.

Human Rights Monitoring Mission in Nepal, ASIE/2005/17715, Interim Report to the European Commission, 1 September 2005 – 31 March 2006, UNOHCHR.

Interview with Mahilla Sanskritik Utthan Kendra, Bardibas, 4 June 2011.

Interviews with NHRC, Kathmandu, 31 May 2011 and 2 June 2011.

Interview with OAG, Kathmandu, 10 June 2011.

Interview with WOREC, Janakpur, 5 June 2011.

Mid-Term Evaluation of Advocacy Forum’s Prevention of Torture Project, European Commission, February 2010.

Mid-Term Review Report, Human Rights Monitoring Mission in Nepal, ASIE/2005/17715, European Commission.

Report of the United Nations High Commissioner for Human Rights on the situation of human rights and the activities of her Office, including technical cooperation, in Nepal, Commission on Human Rights, 16 February 2006.

Summary Report of NHRC Recommendations upon Complaints in a Decade (2000-2010), NHRC, November 2010.

The Report of the NHRIs of Nepal on the UPR Process, NWC, NHRC, NDC, 5 July 2010.

⁸¹ Focus Group Discussion with human rights NGOs, Kathmandu, 1 June 2011; Interview with Mahilla Sanskritik Utthan Kendra, Bardibas, 4 June 2011; Interview with WOREC, Janakpur, 5 June 2011.

⁸² Mid-Term Evaluation of Advocacy Forum’s Prevention of Torture Project, European Commission, February 2010.

⁸³ Interview with OAG, Kathmandu, 10 June 2011.

JC2-3 Enhanced capacity of the Nepalese judiciary

2.2.1.10 Main findings

Support to the judiciary, in particular the Supreme Court and the National Judicial Academy (NJA), was made one of three focal areas for support under the CMP II. It is recognised that the support was formulated based on the Strategic Plan of the Judiciary and therefore directly responded to the needs and priorities identified by the judicial agencies themselves.

A major output of the EC support to the judiciary was the web-based case management system, which can potentially become an important tool to improve case management and address the case backlog in courts. Data for the period 2004-2008 indicate that the number of “backlog” cases at the Supreme Court was reduced by an average of 9% per year, but that more uneven progress has been achieved at other court levels. It is clear that system developed with EC support, so far had not yet any impact on the rate of case management since it was only finalised in 2010 and remains to be launched by the Supreme Court. A promising sign is that the IT infrastructure at all court levels has been significantly upgraded in recent years and that reform of case management is singled out as a top priority in the current Strategic Plan of the Judiciary. At the same time, a new IT-software alone is not likely to have any discernable impact on court efficiency if not accompanied by longer-term efforts to train local judges and court staff.

The web-based case management system formed an integral part of the efforts of CMP II to improve the general performance of the Supreme Court by ensuring that adequate management and information systems and resources were in place. Other major outputs accomplished by the project in this respect include three court users’ charter (for the Supreme Court, Appellate Court and District Court), a prison inspection manual, and a computerised human resource management system. Funding was also provided for the organisation of various conferences in the context of the development of the second Strategic Plan of the judiciary. However, with the possible exception of the support to the Strategic Plan, there are no indications that such outputs have had any impact on the performance of the judiciary to date. According to the Supreme Court, the fact that most of the funds were allocated to international technical assistance, and very little resources remained for the implementation of project recommendations and outputs, negatively affected the overall sustainability of the project. The significant delays in implementation and the failure of some tenders compounded the situation.

2.2.1.11 Detailed evidence

2.2.1.12 Ind2.3.1 Reduction of case backlog in courts and improved case management at all levels of the judicial system

Detailed evidence at Indicator level

According to the CSP 2002-2006, the legal and judicial system in Nepal is facing some major challenges and concerted efforts are needed to increase access to justice, enhance the quality of the legal regime, and modernise existing (court) structure with adequate resources. In the same vein, the CMP II appraisal mission notes that the provision of necessary support to the judiciary and court system is apparently not a government priority as court facilities are dilapidated, equipment is lacking, and not all courts are appropriately staffed.⁸⁴ Based on the recommendations of the appraisal mission, support to the judiciary was made one of three components of the CMP II with the specific objective of “enhancing the capacity of the Nepalese judiciary in accordance with international human rights standards”.

The main beneficiaries of the judiciary component of the CMP II were the Supreme Court and the NJA with some inputs provided at the appellate court level but not directly at the district court level. The support to the Supreme Court was based on the Strategic Plan of the

⁸⁴ Appraisal Mission Report – Nepal Conflict Mitigation Package 2, Channel Research, October 2004.

Judiciary and therefore perceived to respond directly to the needs and priorities identified by the judicial agencies themselves. In line with the recommendations of the 2004 appraisal mission, technical assistance on court management was singled out as a major focus.⁸⁵

As with the other components of the CMP II, the support to the judiciary was also affected by significant delays in implementation, the failure of some tenders, and a generally over-ambitious time frame given the results expected. Nevertheless, a new web-based case management system was successfully developed for the Supreme Court.⁸⁶ The evaluation team recognises that the Supreme Court already had a computerised case management system at the start of the project, put in place with support of other donors, but that the web-based nature of the new system will potentially make it more accessible to judges. Nevertheless, in the absence of formal donor coordination mechanisms in the sector, it is not clear how the EC support could capitalise on that of other donors, including UNDP and USAID.

The case management system can be said to represent an important step towards improving case management and addressing the case backlog in courts. In particular, the dedicated software will make it possible for Appellate and District Courts to enter information relating to plaintiffs, defendants, related cases, evidence, orders, decisions, registered cases, pending cases, hearing cases, completed cases, etc. Based on such information, the Supreme Court will be able to provide adequate assistance, decide on cases, and construct reports. It is envisaged that the system will operate on a national scale, starting with 10 Appellate Courts and 30 District Courts.⁸⁷

However, the CMP II was limited to initial procurement and has not provided resource for long-term maintenance and user training. According to the interview with the Supreme Court, the new system has not yet been officially launched and training is still to be provided. The Supreme Court also notes that the implementation of the system will also be dependent on the allocation of additional financial resources from the judiciary's budget. A promising sign is that, as indicated by the Supreme Court, 55 out of 72 district courts have adequate computer equipment and internet connection.⁸⁸ The second Strategic Plan of the Judiciary 2009/10-2013/14 also singles out the reform of cases management as a top priority, along with the strengthening of "infrastructure for the institutionalisation of IT".⁸⁹

Nepal's courts have a backlog of more than 54,000 cases with 13,000 pending at the Supreme Court alone.⁹⁰ The second Strategic Plan of the Judiciary reports that the total number of "backlog" cases at the Supreme Court was reduced by an average of 9% per year during the period 2004-2008. The rate of case disposal at other courts (appellate courts and districts courts) shows more uneven progress.⁹¹ In the district court of Janakpur, as observed by the evaluation team, the number of pending cases is increasing. According to a judge interviewed, there has been a surge of "complicated" cases (e.g. those related to abduction,

⁸⁵ Final Evaluation of the Conflict Mitigation Package II Programme – Support to the Judiciary System and Human Rights, Final Report, COWI, 5 October 2010.

⁸⁶ *Ibid.*

⁸⁷ EC-funded IT System for Nepal's Judicial and Human Rights Sector, Press Release, 30 November 2010, European Union Delegation to Nepal.

⁸⁸ Interview with Supreme Court, 2 June 2011.

⁸⁹ Second Five-Year Strategic Plan of the Nepali Judiciary 2009/10-2013/14, Supreme Court, Nepal, 2009.

⁹⁰ Remarks at the closing ceremony of USAID's Strengthen Rule of Law program, Kevin A. Rushing, USAID, Nepal.

⁹¹ Second Five-Year Strategic Plan of the Nepali Judiciary 2009/10-2013/14, Supreme Court, Nepal, 2009.

domestic violence, divorce, dowry, etc) in recent years. At the same time, the number of judges has decreased from five to four.⁹²

The “Nepal Rule of Law Assessment”, published by USAID in 2009, claims that below the Supreme Court level, computers are used only for word processing and limited case tracking. In places where new case management software has been introduced, it is used “as a means of validating the accuracy of paper systems the software was designed to replace”, according to the report. The report also notes that the courts do not have the resources to acquire and sustain extensive use of technology without significant enhancements to their recurrent and capital budgets.⁹³ The evaluation team’s overall assessment is that a new IT-software alone is not likely to have any discernable impact on court efficiency if not accompanied by longer-term efforts to train local judges and court staff.

Sources of Information

Appraisal Mission Report – Nepal Conflict Mitigation Package 2, Channel Research, October 2004.

Country Strategy Paper – Nepal and the European Community Cooperation Strategy 2002-2006, European Commission, 13 November 2003.

Final Evaluation of the Conflict Mitigation Package II Programme – Support to the Judiciary System and Human Rights, Final Report, COWI, 5 October 2010.

Interview with District Court, Janakpur, 5 June 2011.

Interview with Supreme Court, 2 June 2011.

Interview with UNDP, Kathmandu, 3 June 2011.

Nepal Rule of Law Assessment, Final Report, USAID, September 2009.

EC-funded IT System for Nepal’s Judicial and Human Rights Sector, Press Release, 30 November 2010, European Union Delegation to Nepal.

Remarks at the closing ceremony of USAID’s Strengthen Rule of Law program, Kevin A. Rushing, USAID, Nepal. <http://nepal.usaid.gov/newsroom/speeches/253-remarks-on-strengthen-the-rule-of-law-program-kevin-a-rushing.html>

Second Five-Year Strategic Plan of the Nepali Judiciary 2009/10-2013/14, Supreme Court, Nepal, 2009.

Strategic Plan of the Nepali Judiciary 2004/5-2008/9, Mid-Term Review Report, Supreme Court, Nepal, 2008.

2.2.1.13 Ind2.3.2 Enhanced supervision and guidance of the judicial system by the Supreme Court

Detailed evidence at Indicator level

The judiciary component of CMP II was geared towards improving the general performance of the Supreme Court, including by ensuring that adequate management and information systems and resources were in place. The web-based case management system (see the previous indicator) was an important part of the support, but the project also intended to promote coordination between judicial sector actors, equip courts with adequate libraries, develop court users’ charters, and create a human resource management system.

EC support was generally well aligned with the priorities identified in the first Strategic Plan of the Judiciary.⁹⁴ An illustrative example is the assistance to human resource management. In line with the Strategic Plan, a study on the capacity and need for human resources among the courts was undertaken and a number of recommendations were provided to the Supreme Court in this context. A computerised human resource management system was also

⁹² Interview with District Court, Janakpur, 5 June 2011.

⁹³ Nepal Rule of Law Assessment, Final Report, USAID, September 2009.

⁹⁴ Strategic Plan of the Nepali Judiciary 2004/5-2008/9, Mid-Term Review Report, Supreme Court, Nepal, 2008.

procured. According to the second Strategic Plan of the Judiciary, some of the recommendations have been implemented and some others are in the process of being implemented. No information was available on the use of the software. When interviewed by the evaluation team, the Supreme Court expressed concern that most of the funds of the CMP II was allocated to international experts, and that no support was made available for the implementation of the recommendations and the software.⁹⁵

The court users' charters and the prison inspection manual are example of other outputs produced by the CMP II and that potentially will enhance the "supervision and guidance" of the justice system by the Supreme Court. In total, three court users' charter were produced – one each for the District Court, Appellate Court and Supreme Court – and endorsed by the Supreme Court. However, as with the systems for case management and human resource management, there was no time or funding allocated for ensuring actual application of such outputs. Distribution and awareness raising was initially planned for, but later cancelled.⁹⁶

Nevertheless, there were also cases where changes made to the originally designed activities helped to make the project more strategic and responsive to the needs of the judiciary. For instance, the organisation of judicial sector conferences was at the time of implementation linked up to the development of the second Strategic Plan of the Judiciary, and hence became a much more result-oriented effort that also strengthened the management capacity of the Supreme Court. In the foreword to the Second Strategic Plan, the Supreme Court acknowledges that the support of CMP II has contributed to making the process of preparing the plan a participatory exercise.⁹⁷

Sources of Information

Final Evaluation of the Conflict Mitigation Package II Programme – Support to the Judiciary System and Human Rights, Final Report, COWI, 5 October 2010.

Interview with Supreme Court, 2 June 2011.

Second Five-Year Strategic Plan of the Nepali Judiciary 2009/10-2013/14, Supreme Court, Nepal, 2009.

Strategic Plan of the Nepali Judiciary 2004/5-2008/9, Mid-Term Review Report, Supreme Court, Nepal, 2008.

JC2-4 Increased access to justice services

2.2.1.14 Main findings

The CMP2 appraisal mission report highlights that access to justice in Nepal is seriously hampered by the cost of legal representation and the lack of outreach of free legal aid to the poor. The report goes on to note that statutory legal aid is only available at the trial state – where it estimated that over 40 percent of litigants do not have a lawyer at all. In addition, although constitutionally entitled to the assistance of a lawyer, people in custody do not know about this right, or are unable to exercise it. Against this backdrop, an important objective of EC support to the judiciary has been to "upgrade the legal assistance mechanism especially in favour of people without the financial means or information needed to proper access the justice system".

A lion's share of EC support has been channelled through the NBA, identified as a principal source of legal aid in the country. The cooperation with NBA was initiated in 2004 under the EIDHR-project "Improving Free Legal Aid, Human Rights and Access to Justice" and continued from 2007 in the context of CMP2. In particular, the collaboration has been geared

⁹⁵ Interview with Supreme Court, 2 June 2011.

⁹⁶ Final Evaluation of the Conflict Mitigation Package II Programme – Support to the Judiciary System and Human Rights, Final Report, COWI, 5 October 2010.

⁹⁷ Second Five-Year Strategic Plan of the Nepali Judiciary 2009/10-2013/14, Supreme Court, Nepal, 2009.

towards expanding the Free Legal Assistance Scheme established under the Legal Aid Act (1997), including by supporting the establishment of legal aid committees at the district level and provide training on legal aid for local lawyers. The Legal Aid Manual produced under CMP2 was another significant output. Nevertheless, the impact of such support remains unclear. The evaluation team has found that both the government-run legal aid committees and the legal aid centres of the NBA remain under-funded, offer severely limited compensation to lawyers, and therefore have not been able to attract many cases.

All in all, the number of cases registered with the court system has been fairly constant over the past decade – around 50,000 new cases are registered annually. As noted by a recent study, the caseload of the courts is relatively low in comparison to the population of Nepal and indicates that many people turn to informal justice providers. In fact, estimates are that approximately 85 percent of the disputes in Nepal are resolved through informal means, such as traditional dispute resolution mechanisms and CSO-driven community mediation projects. While some limited support has been provided to the informal justice sector through the EIDHR instrument, EC support has on the whole focused on the formal justice system and the Supreme Court. A more balanced and inter-linked support to the formal and informal justice sector would probably have brought better results. The evaluation teams also notes new transitional justice mechanisms, i.e. the Truth and Reconciliation Commission and the Disappearances Commission, may also gain critical important to deal with conflict-related grievances should these bodies be established in accordance with international standards.

2.2.1.15 Detailed evidence

2.2.1.16 Ind2.4.1 Increased access to legal aid by vulnerable categories of the population

Detailed evidence at Indicator level

As stipulated in the CSP 2002-2006, an important objective of EC support to the judiciary should be to upgrade the legal assistance mechanism “especially in favour of people without the financial means or information needed to proper access to the justice system”. The NBA was identified as the most suitable partner to this end.

In 2004, the EC approved an EIDHR-project to expand the Free Legal Assistance Scheme established under the Legal Aid Act of 1997. Implemented by the NBA, the project supported the system by which legal aid committees in collaboration with local bar cells are established in each district to assess legal aid application and appoint private lawyers to act for those granted assistance. In particular, the project assisted in the development of training materials and the organisation of training seminars on legal aid for local lawyers. Another significant activity was the construction of offices/rooms for 23 legal aid committees run by the GoN.⁹⁸

Building upon this 18-month project, the second component of CMP II was designed with a view to improve coordination between different legal aid providers in Nepal, as a first step through the creation of a Legal Aid Forum. The project also envisaged support to the consolidation of the legal aid committees supported under the EIDHR project, the strengthening of legal aid centres within the local branches of the NBA, as well as the establishment of legal aid clinics under the auspices of other national institutions (i.e. the National Foundation for the Development of Indigenous Communities, National Women’s Commission, National Dalit Commission and the Kathmandu Law School).⁹⁹

However, the efforts to support legal aid through the NBA suffered similar delays as other initiatives. In the case of CMP II, partly because of the long delay in implementation, the focus of support to legal aid was narrowed down to the production of a Legal Aid Manual and the provision of limited training and basic equipment to the district legal aid committees and

⁹⁸ Monitoring Report, Nepal – NP – Improving Free Legal Aid, Human Rights and Access to Justice, European Commission, June 2005.

⁹⁹ Final Evaluation of the Conflict Mitigation Package II Programme – Support to the Judiciary System and Human Rights, Final Report, COWI, 5 October 2010.

the legal aid centres under the NBA. No direct support was granted to strengthening the legal aid services of other national institutions apart from limited support to a student operated Legal Aid Clinic in Chitwan district. Notably, the Legal Aid Forum was never established.¹⁰⁰

According to the interviews with the NBA in Kathmandu, the legal aid centres under its local branches remain under-funded and normally do not attract many cases.¹⁰¹ A visit to the NBA branch office in Janakpur revealed that the number of legal aid cases is even decreasing as a result of human capacity constraints and the fact that many other non-governmental legal aid providers have emerged in recent years.¹⁰² The Nepal Rule of Law Assessment conducted by USAID confirms this situation, noting that the effort to set up legal aid centres under the NBA has been hampered by insufficient resources and lack of commitment by the lawyers because of severely limited compensation. With regard to the local legal aid committees, the assessment remarks that they are similarly “impaired by poor levels of government funding and dispenses aid only to those who meet stringent means tests and then only in a limited range of districts”.¹⁰³

Several other donors are promoting the expansion of legal aid services in Nepal. The Norwegian Bar Association and the Canadian Bar Association both have long-term partnerships with the NBA focusing on access to justice.¹⁰⁴ Meanwhile, USAID and UNDP have supported court-referred or court-annexed mediation as a tool for settling civil court cases and accelerating the adjudication of cases.¹⁰⁵ There are also many examples, including EIDHR-funded projects, of support to CSOs that pursue public interest litigation and provide legal aid to women and marginalised groups. Nevertheless, the overview of EIDHR projects suggests that also these initiatives have met with varying success.¹⁰⁶

Sources of Information

Country Strategy Paper – Nepal and the European Community Cooperation Strategy 2002-2006, European Commission, 13 November 2003.

European Instrument for Democracy and Human Rights (EIDHR), Project Overview, European Union Delegation, Nepal.

Final Evaluation of the Conflict Mitigation Package II Programme – Support to the Judiciary System and Human Rights, Final Report, COWI, 5 October 2010.

Focus Group Discussion with NWC, NDC and NFDIN, Kathmandu, 1 June 2011.

Interview with NBA, Kathmandu, 8 June 2011.

Interview with NBA, Janakpur, 5 June 2011.

Interview with UNDP, Kathmandu, 3 June 2011.

Monitoring Report, Nepal – NP – Improving Free Legal Aid, Human Rights and Access to Justice, European Commission, June 2005.

Nepal Rule of Law Assessment, Final Report, USAID, September 2009.

Outcome Evaluation of UNDP Nepal Access to Justice and Human Rights 2001-2010, Final Report, UNDP, 29 November 2010.

Project Synopsis, Improving Free Legal Aid, Human Rights and Access to Justice, European Commission.

¹⁰⁰ Ibid.

¹⁰¹ Interview with NBA, Kathmandu, 8 June 2011.

¹⁰² Interview with NBA, Janakpur, 5 June 2011.

¹⁰³ Nepal Rule of Law Assessment, Final Report, USAID, September 2009.

¹⁰⁴ Interview with NBA, Kathmandu, 8 June 2011.

¹⁰⁵ Outcome Evaluation of UNDP Nepal Access to Justice and Human Rights 2001-2010, Final Report, UNDP, 29 November 2010.

¹⁰⁶ European Instrument for Democracy and Human Rights (EIDHR), Project Overview, European Union Delegation, Nepal.

2.2.1.17 Ind2.4.2 Increased number of vulnerable group members filing complaint at the respective judicial institutions

Detailed evidence at Indicator level

Supreme Court data shows that, on average, 50,000 new cases are registered annually with the court system. The number remained fairly constant over the period 2004-2009. There is no disaggregated data by gender or minority group.¹⁰⁷ Statistics on legal aid provided by judicial actors is similarly scarce. According to one country report from 2010, NBA has brought some 12,000 legal aid cases to court “in recent years”.¹⁰⁸ As mentioned above, the lawyers of Advocacy Forum has legally assisted some 1,000 detainees since the start of the “Prevention of Torture” project in 2008.¹⁰⁹

With regard to the NHRC, available information reveals that the number of complaints received increased significantly between the years 2002 (483 complaints), 2003 (1083 complaints), 2004 (1782 complaints), and 2005 (2331 complaints), but then started to drop again, down to 1173 complaints in 2007/8 and 677 complaints in 2008/9.¹¹⁰ In other words, a downward trend can be seen in the number of complaints received since the start of CMP II. As with the judicial institutions, NHRC does not publish any disaggregated data on the gender, ethnicity or caste of the person filing the complaint. A computerised complaints, management and reporting system is in place, but according to the interviews with NHRC only some aspects of this system is being used given the low level of computer literacy among staff.¹¹¹

Sources of Information

Access to Justice in Nepal, Response by the Nepalese Bar Association, 2nd Access to Justice and the Role of Bar Association and Law Societies in Asia Conference, 25-26 August 2010, Brisbane, Queensland.

Interview with NHRC, Kathmandu, 2 June 2011.

Mid-Term Evaluation of Advocacy Forum’s Prevention of Torture Project, European Commission, February 2010.

Second Five-Year Strategic Plan of the Nepali Judiciary 2009/10-2013/14, Supreme Court, Nepal, 2009.

Strategic Plan of the Nepali Judiciary 2004/5-2008/9, Mid-Term Review Report, Supreme Court, Nepal, 2008.

Summary Report of NHRC Recommendations upon Complaints in a Decade (2000-2010), NHRC, November 2010.

2.2.1.18 Ind2.4.3 Improved linkage and cooperation between non formal and formal justice systems

Detailed evidence at Indicator level

The appraisal mission of the CMP II remarks that the formal justice system does not seem to enjoy the trust of the population at large. Especially for women and those belonging to marginalised and vulnerable groups, the courts are not a viable option – they are costly,

¹⁰⁷ Second Five-Year Strategic Plan of the Nepali Judiciary 2009/10-2013/14, Supreme Court, Nepal, 2009.

¹⁰⁸ Access to Justice in Nepal, Response by the Nepalese Bar Association, 2nd Access to Justice and the Role of Bar Association and Law Societies in Asia Conference, 25-26 August 2010, Brisbane, Queensland.

¹⁰⁹ Mid-Term Evaluation of Advocacy Forum’s Prevention of Torture Project, European Commission, February 2010.

¹¹⁰ Summary Report of NHRC Recommendations upon Complaints in a Decade (2000-2010), NHRC, November 2010.

¹¹¹ Interview with NHRC, Kathmandu, 2 June 2011.

require complex and lengthy procedures, and can be difficult to reach.¹¹² As a result, a majority of people turn to informal justice providers, such as traditional dispute resolution mechanisms and CSO-driven community mediation projects. Estimates are that approximately 85 per cent of disputes in Nepal are resolved through informal processes and that the non-state justice sector is growing rapidly.¹¹³

The EC has provided limited support to the informal justice sector through the EIDHR instrument.¹¹⁴ One example is a project implemented by the Women Rehabilitation Center (WOREC) since 2009, which indirectly seeks to build the capacity for community-based mediation through expanding the network of women human rights defenders. Some other projects have focused on establishing community mediation centres to promote conflict resolution and peace building.¹¹⁵ On the whole, however, EC support has focused on the formal justice system and the Supreme Court.

According to the Final Evaluation report of the CMP II, several stakeholders questioned the emphasis on the formal justice sector, especially to the Supreme Court, which in spite of its importance for the management and supervision of the entire judicial system, serves very few Nepalese directly. At the same time, it was noted that a fair number of other donor agencies are supporting aspects of the informal system.¹¹⁶ For instance, Danida, DFID and Asia Foundation have all been contributing to the implementation of community mediation programmes across the country.¹¹⁷

The Rule of Law Assessment of USAID argues that the community mediation approach pursued by many CSOs has created some effective grassroots models that have the potential to empower and meet the needs of vulnerable groups. Nevertheless, the assessment notes these models lack a legal framework that can ensure that rights are protected. In particular, there are indications that non-state justice mechanisms are beginning to mediate criminal cases, including rape and domestic violence, superseding the criminal justice system of the state. In addition, some traditional justice mechanisms are often found to lack respect for human rights and gender-equality norms, leading to the dispensing of inappropriate and degrading punishments.¹¹⁸

The evaluation team is under the impression that more balanced and inter-linked support to the formal and informal justice sector would probably have brought better results. In this context, it is noted that the EC has very recently awarded a grant through the NSA instrument to a project on “State and Non-State Partnerships for Inclusive Justice”, implemented by International Alert in cooperation with two national CSOs. The project seeks to strengthen the relationship between the state and non-state justice sectors, and enhance the capacity of the non-state justice sector to advocate for, support and monitor a more effective, accessible and accountable state justice sector.¹¹⁹

¹¹² Appraisal Mission Report – Nepal Conflict Mitigation Package 2, Channel Research, October 2004.

¹¹³ State and Non-State Partnerships for Inclusive Justice, Non-State Actors in Development (NEPAL), Grant Application Form, European Commission.

¹¹⁴ European Instrument for Democracy and Human Rights (EIDHR), Project Overview, European Union Delegation, Nepal.

¹¹⁵ Interview with WOREC, Janakpur, 5 June 2011.

¹¹⁶ Final Evaluation of the Conflict Mitigation Package II Programme – Support to the Judiciary System and Human Rights, Final Report, COWI, 5 October 2010.

¹¹⁷ Outcome Evaluation of UNDP Nepal Access to Justice and Human Rights 2001-2010, Final Report, UNDP, 29 November 2010.

¹¹⁸ Nepal Rule of Law Assessment, Final Report, USAID, September 2009.

¹¹⁹ State and Non-State Partnerships for Inclusive Justice, Non-State Actors in Development (NEPAL), Grant Application Form, European Commission.

In addition, it is recognised that new transitional justice mechanisms are being established, i.e. the Truth and Reconciliation Commission and the Disappearances Commission, which potentially will be of critical importance for dealing with conflict-related grievances. To the extent that these bodies are established in accordance with international standards, they may warrant both technical and financial support from the donor community.

Sources of Information

Appraisal Mission Report – Nepal Conflict Mitigation Package 2, Channel Research, October 2004.

European Instrument for Democracy and Human Rights (EIDHR), Project Overview, European Union Delegation, Nepal.

Final Evaluation of the Conflict Mitigation Package II Programme – Support to the Judiciary System and Human Rights, Final Report, COWI, 5 October 2010.

Interview with WOREC, Janakpur, 5 June 2011.

Nepal Rule of Law Assessment, Final Report, USAID, September 2009.

Outcome Evaluation of UNDP Nepal Access to Justice and Human Rights 2001-2010, Final Report, UNDP, 29 November 2010.

State and Non-State Partnerships for Inclusive Justice, Non-State Actors in Development (NEPAL), Grant Application Form, European Commission.

2.3 EQ3: Education policy

Evaluation Question 3: To what extent has EC budget support to the education sector contributed to an improved design of policies and strategies and to an improvement in the management of public resources in the sector?

Introduction

The EC has been supporting the education sector in Nepal since 1999 through large government programmes, especially the second Basic and Primary Education Programme (BPEPII), the Education for All (EFA) programme and, more recently, the School Sector Reform (SSR) programme.

The programmes are of a different nature: BPEPII was a sub-sector programme¹²⁰ supported through a basket fund from 1999 to 2004, whereas the EFA and SSR programmes are financed through sector budget support (SBS) under the Education Sector Policy Support Programme which builds on the achievements and experiences of BPEPII.

The programmes are guided by national policies and strategic plans which outline the priorities of the GoN in terms of education reform. In particular, the EC has funded a number of TA activities to strengthen the GoN to implement its national programmes and to help improve the overarching policy framework.

Moreover, the EC was involved in various policy dialogue and monitoring activities since the beginning. The use of sector budget support for the EFA and SSR programmes and the important amounts that have been committed in the second strategic cycle (2007-2013) put a special emphasis on the involvement of the EC on the various platforms for policy dialogue.

In this context, one aspect of the analysis will be on how the shift to a broader approach – a Sector Policy Support Programme (SPSP) – has contributed to address the needs and the priorities of the GoN in comparison to the earlier approach. This aspect will be dealt with mainly in JC3-1.

The question has been designed based on the analytical framework and approach given in the "Methodology for Evaluations of Budget Support operations at country level" developed by the EC in 2009. The EQ focuses on aspects of Step 1 of this approach.¹²¹

Summary of tangible results of sector budget support and the challenges ahead

The analysis carried out in this Evaluation highlighted a number of tangible results of education SBS and some overall challenges in the education sector. These results and challenges are presented in the box below. Detailed findings specific to the EQ and the related JC are presented in the next sub-sections.

Box 1 Summary of tangible results of sector budget support and the challenges ahead

The tangible results of education sector budget support are: (a) increased government ownership of the process, outputs and outcomes of education service delivery (JC3-1, Indicator 3.1.3); (b) greater alignment on the part of the development partners with government systems and policies following the Paris Declaration on Aid Effectiveness (2005) (JC3-1, Indicator 3.1.2); (c) better harmonisation among development partners (JC3-2,

¹²⁰ With Denmark, the European Commission, Finland, Norway and the World Bank providing support to a basket fund (Core Investment Programme), and with ADB, JICA and UNICEF providing support under separate agreements.

¹²¹ The evaluation framework considers SBS as a package of inputs provided by the donors consisting of:

- a transfer of funds to the Consolidated Fund of the National Treasury,
- a national or sector policy dialogue (including disbursement modalities and related conditionalities),
- technical assistance or capacity building linked to the budget support, and
- efforts to align budget support with national policies and systems or to harmonise SBS management systems across the budget support providers.

Step 1 may consider inputs, direct outputs (corresponding to points 2-4 in the above list) and induced outputs (related to improved fiscal discipline, macro-economic management, public financial management, policy processes and implementation, governance and democratic accountability, and the rule of law, and to changes in the level and composition of public spending) clearly attributable to budget support.

Indicator 3.2.3); (d) greater efficiency in terms of time and the reduction of transaction costs (JC3-2, Indicator 3.2.4); (e) government being forced to develop their own business plan for the sector (the Annual Work Plan and Budget and the Annual Strategic Implementation Plan) in discussion with development partners in biannual joint reviews prior to the allocation of funds (JC3-4, Indicator 3.4.1); and (f) regular fine tuning of modality operations through joint quarterly review meetings – although greater depth of insight may be necessary.

The challenges in the education (and other) sectors include (a) continued political instability; (b) high staff turnover at all levels in the system; and (c), linked to the high staff turnover, weak financial management (JC3-4, Indicator 3.4.1; JC3-5, Indicator 3.5.1). Despite the confident statements made in the Financing Agreements for both the EFA Programme and the SSRP, a major weakness in both cases is the lack of a costed design of programme monitoring and evaluation, leading to limited, if any, follow-up at District, Village Development Committee and school levels.

JC3-1 The design of EC support through budget support responded to GoN strategies and the national context, was consistent with the overall donors' development strategies and EC inputs were delivered as initially planned

2.3.1.1 Main findings

The evaluation team finds that the choices made during the design of EC sector budget support (as indicated in the Financing Agreements for the Education Sector Policy Support Programmes which included the GoN EFA Programme and the School Sector Reform Programme) took into account the key elements of the national context, particularly with regard to the requirements for improving education service delivery at the time. (Ind3.1.1.)

The design of EC sector budget support to the EFA Programme responded to a demand from GoN and was relevant to government strategies and the overall donors' development strategies. It built on most of the lessons learned from the design and implementation of BPEPII and incorporated: (a) a greater focus on school and community based approaches to education planning and management; (b) reaching out more to disadvantaged communities; and (c) setting and implementing norms and standards for quality education. What appeared not to have been incorporated in the design of support to the EFA Programme was: (a) the development of a strategy to involve NGOs and civil society in the programme; (b) coordination among development partners regarding TA and greater involvement of MOE in the TA decision-making process; and (c) the establishment of a system both for programme monitoring at central and local levels and for monitoring outputs and outcomes (such as student learning outcomes) to inform policy and programme (re-)design. These omissions were largely catered for in the design of the second round of sector budget support to the School Sector Reform Programme (SSRP). However, there is no evidence that plans for programme evaluation had been sufficiently thought out in the design of the SSRP itself or that efforts would be made to determine, through studies, how the quality of education in terms of learning outcomes could best be improved for all children, including those from disadvantaged groups or areas. (Ind3.1.2.)

It is clear that GoN owned the EFA Programme from the outset and that policy dialogue (with the EC being represented in discussions on and reviews of EFA programme implementation) had taken place with the design of the first Education Sector Policy Support Programme. GoN consequently agreed with the design since other development partners had been delivering sector budget support for three to four years before EC support was given, although there were difficulties in agreeing the requirements for the release of variable tranches. With the second round of sector budget support, policy dialogue took place at the design stage as is evidenced by the appraisal of SSRP which the development partners, including the EC, carried out in 2008-09 before the programme was eventually agreed upon. (Ind3.1.3.)

Planned EC inputs have for the most part been provided. The first and second fixed tranches for ESPSP-EFA were released, though slightly later than originally planned. However, the second, third and fourth variable tranches (totalling 5.5 million EUR for capacity building)

were not released because GoN did not fulfil the necessary criteria for their release. Since the variable tranche release criteria are no longer relevant due to the way they are defined and to changes in GoN strategy¹²², it is expected that arrangements will be made for their release during the SSRP 2009-2015 which the EC is now supporting. The first two fixed tranches for SSRP were released in December 2010 following the signing of the Financing Agreement on 22nd June 2010. (Ind3.1.4)

2.3.1.2 Detailed evidence

2.3.1.3 Ind3.1.1. Evidence that the choices made during the design took into account the key elements of the national context highlighted in the preliminary preparation of the SBS

Detailed evidence at Indicator level

Prior to 2002, the EC initially had given programme support (as opposed to project support) to the education sector through basket funding along with other development partners (DPs) for the second Basic and Primary Education Programme (BPEPII) 1999-2004 of the Government of Nepal (GoN). In 2002, at the time of preparation of the Country Strategy Paper (CSP) 2002-2006, GoN did not request funding from the EC for the education sector at the Third Session of the Joint EC-Nepal Commission¹²³, simply because only 20 million USD of the 112 million USD in the basket had been spent. However, by the end of June 2004 when the programme ended the whole amount had been spent, including the EC contribution of 30 million USD (22 million EUR).¹²⁴

It was reported¹²⁵ to the team during the field visit that, after 2004 when BPEPII had ended, the EC had some difficulty in alignment with GoN's move towards a sector wide approach: the EC had to bring on board all of the EU Member States as well as follow its own rules. Later, in 2005, the EC wanted to continue to support education, but the results of the Third EC-Nepal Joint Commission in 2002 dictated the focus of development cooperation. The Ministry of Finance, together with the Ministry of Foreign Affairs presented the results of the review of the country programme without emphasising the education sector, because they assumed that GoN had education in hand together with other donors. As a consequence, money went to rural development (irrigation) instead of education. This being the case it appeared that, once the CSP 2002-2006 period was under way, it was impossible for the EC to be flexible and divert unspent or unspendable funds (e.g. allocated to irrigation) for use to support the education sector.

GoN's Education For All (EFA) Programme 2004-2009 continued from BPEPII. It received sector budget support from four bilateral donors (Denmark, Finland, Norway and the UK) and from the International Development Association (IDA) of the World Bank¹²⁶ with all of whom GoN signed a Joint Financing Arrangement (JFA) in September 2004.

The EC engaged consultants to carry out a final evaluation of BPEPII in January 2005 and during the same month launched a mission to appraise its participation in the EFA Programme. However, it was difficult to bring the EC back on board. While continuing to participate in meetings and review missions with GoN and EFA funding partners (at the invitation of GoN), the EC did not commit support to the education sector until the first Multi-year Indicative Programme of the CSP 2007-2013. The EC and GoN signed a Financing Agreement (FA) for a Education Sector Policy Support Programme (ESPSP) on 5th June 2008, four years after support to BPEPII had ended.

¹²² As stated in the EAMR July-December 2010.

¹²³ Third Session of the Joint EC-Nepal Commission, Kathmandu, 19 March 2002

¹²⁴ Communication from EUD during the team's field visit.

¹²⁵ By the Director-General, Department of Education.

¹²⁶ In World Bank terms both the EFA Programme and SSRP are treated as projects, for which financial monitoring reports, audited financial statements and itemised expenditure reports are required. Budget support would normally be given through programme lending where there is no expectation of reporting.

The ESPSP Identification Fiche clearly took into account the national context and offered four funding options for consideration by the EC in giving sector budget support. The national context included:

- the provision of basic education being continued despite the conflict, although schools in the Terai had become overcrowded as a result of migration from the hills;
- GoN being committed to increasing the quality and efficiency of the public education system, although the quality was weak in terms of learning achievement (and the measurement of it);
- the shortage of teachers and particularly qualified teachers; and
- the need for about 40,000 additional primary school classrooms.

Encouragingly, notwithstanding a weak macro-economic context and fiscal base, domestic spending commitment levels to basic education had been sustained during most of the previous 10-year conflict period, complemented by significant external financing (equivalent to roughly 30% and 80% of total financing requirements for primary and secondary education respectively). This had made it possible for schools throughout the country, even when they were less accessible or temporarily closed due to the conflict, to sustain education service delivery rather well.

The Identification Fiche also took into account that basic and primary education was at the time supported at the sub-sector level by the five-year EFA Programme. Also taken into account was the Secondary Education Support Programme (SESP) 2003-09. Despite the name this was in fact a targeted project operating in specific poor districts to improve access to secondary education. Only 20% was government-funded, with the remaining 80% coming equally from its two donors (ADB and Danida).

The EFA Programme and the SESP were linked to the Nepal Tenth National Plan 2002-07 of May 2003 (Nepal's equivalent of a Poverty Reduction Strategy Paper). A number of donors and NGOs also supported separate projects in the primary education sector which were not included in the GoN budget or Estimates of Expenditures (the Red Book).

GoN's School Sector Reform Programme (SSRP) 2009-2015 is seen as a continuation of on-going programmes such as EFA, SESP, Community School Support Programme (CSSP) and Teacher Education Project (TEP). The Financing Agreement for the EU's second ESPSP took fully into account the SSRP and the JFA which was prepared early in 2010 and signed by the EC on 22nd June 2010. The SSRP focuses on the areas where the outcomes from EFA had been less than satisfactory.

Sources of Information

External Assistance Management Reports (EAMRs) from September-December 2004 to January-June 2008.

Identification Fiche: Education Sector Budget Support Programme – CRIS: DCI-EDUC/2007/19109 – 2007.

Financing Agreement DCI-ASIE/2007/19109 – Education Sector Policy Support Programme (for EFA) – signed 8th June 2008.

Financing Agreement DCI-ASIE/2009/21209 – School Sector Reform Plan – signed 22nd June 2010.

2.3.1.4 Ind3.1.2. Evidence that the design of the SBS responded to a demand (from GoN, joint donor initiative, harmonisation and alignment) and was relevant to government strategies and the overall donors' development strategies, building on lessons learned from the design and implementation of BPEPII

Detailed evidence at Indicator level

Design of the programmes of support for both EFA and SSR responded to a demand from GoN as is clearly shown by the references to GoN programmes in the Financing Agreements and in the records of the meetings of the Nepal-EU Joint Commission on Development Cooperation in early 2007 and 2009. In the former meeting GoN expressed gratitude for the

assistance the EC was extending to Nepal and urged that EU's help was crucial for the development of infrastructure in Nepal, particularly in the sectors like agriculture, education, health, irrigation, science and technology in the post-conflict situation. As regards future cooperation, the EC stated that the CSP 2007-2013 would soon be finalized. They also sought indications from GoN on the priority areas that could be incorporated in the CSP; GoN proposed the EFA Programme and the SSR programme (still at the design stage) for EU consideration. It was agreed that future EU cooperation would mainly concentrate on education, and stability and peace building.

However, it was reported¹²⁷ to the evaluation team that negotiations between the EC and GoN in 2007-2008 were difficult, whereas there was no such difficulty with other donors. The EC focused on "triggers" for the release of variable tranches, while other development partners had accepted the JFA without further qualification. The EC's insistence on further requirements before the release of funds was seen as contrary to the principles of alignment and harmonisation as expressed in the Paris Declaration on Aid Effectiveness (2005). Of course, each agency has its own preferences in terms of areas of special attention. The EC's preferences at the time were: inclusion, gender, public financial management, the reduction of fiduciary irregularities, and capacity building. Each of these areas of attention were in line with GoN policy for the sector.

In the 2009 meeting of the Nepal-EU Joint Commission, the EC stated that it was keen to continue its partnership with GoN in education and was considering an initial financial support package to the SSRP during 2009-10 of the order of 11 million EUR, to which GoN responded positively, recognizing the importance of the SSRP.

With regard to joint donor initiative, harmonisation and alignment, the EC signed the JFA for support to EFA in the latter part of 2008 and for support to SSR on 22nd June 2010. According to the final evaluation of the EFA programme, the JFA is highly regarded by both the GoN and DPs as a successful co-ordination mechanism, which has resulted in reduced transaction costs for all. The GoN is now controlling the TA planning process and its management.

As for incorporating lessons learned from BPEPII in the design of EC ESPSP-EFA, the final evaluation of BPEPII commissioned by the EC in 2005 provides a long list of points to be taken into consideration in the design of further support to the education sector in Nepal:

- The transition from a project approach (BPEPI) to a programme approach (BPEPII) constituted a significant challenge. By moving to a basket fund and sub-sector approach with BPEPII, HMG/N (now GoN) and the external agencies provided for better integration of the programme management unit into the Ministry of Education and Sports (MoES – now Ministry of Education or MOE) and set the stage for some evolutionary movement towards more national ownership.
- The reform approach was somehow complicated when in 2001 the legislature passed the Education Act (Seventh Amendment 2001). The aim of the Seventh Amendment was to introduce a fundamental change in education policy for the focus to become very much school-based. This was a significant departure from the SWAp-based model adopted for the design of BPEPII. The need for greater focus on issues of sustainability at the school level has been learned from BPEPII.
- A key issue affecting education planning was a lack of full transparency in relation to the role of the District Education Plans (DEPs) versus their actual financing.
- The introduction of a School Improvement Plan (SIP) process was a welcome but also a major departure from the traditional top-down management of education. Poor schools and districts did not appear to have benefited equally from its introduction. In districts and schools where the SIP approach was introduced, the School Management Committees (SMCs) had not always taken ownership of these plans.

¹²⁷ By the Director General, Department of Education

- The design of BPEPII proposed to involve NGOs. The elements to address this such as the development of an NGO strategy and their mobilisation never materialised. This was seen to have been a significant omission.
- The critical shortcoming of BPEPII was the lack of monitoring of educational programmes, both at the central and at the local levels. The regional and district level educational authorities had not been able to monitor the programmes and activities on a regular basis. Moreover, problems of poor quality and reliability of input data still remained. The monitoring indicators and plan prepared by consultants under EC technical assistance (TA) was never implemented. Generally both government and donors could have done more to establish a strong monitoring mechanism. BPEPII allocated funds to improve the education management information system (EMIS). This was never implemented. The reliability of EMIS data at the time of the evaluation was said to be no better than it had been five years previously.
- Linkages between financial allocations and the quality of interventions were not generally evident, and financial performance information was not related to the achievement of programme results. As the monitoring system remained weak, it was difficult to establish always what was happening on the ground.
- Generally, ideas for projects requiring TA came from the donors. A complaint was that the involvement of the MOE was minimal in the TA decision-making process. There was a lack of transparency in administering TA funds and a lack of coordination between development partner (DP) groups.
- BPEPII made little effort to reach out to some disadvantaged communities such as Dalits, and daily wage labourers. BPEP's alternative schooling programme did address the issue of non-enrolment, but the problem was that alternative schooling was treated as non-formal education and EMIS data never accounted for this enrolment.
- No substantial evidence was found to claim that the training of teachers had contributed to quality classroom practice. There was no system to monitor the impact of teacher training on classroom practice.
- There was little attempt to develop and institutionalise a practical system of monitoring student learning through assessment of learning outcomes. There were some baseline learning achievement studies but these had only a small impact. Nationally, learning achievement had not improved as expected. Overall, it was acknowledged that there was little quality improvement.
- BPEPII achieved important results in the area of capacity development, especially for non-teaching personnel. The creation of the new Department of Education and its functioning as the operational wing of the MoES undoubtedly increased the capacity of GoN to take responsibility for strategic and operational plans as well as day-to-day management of delivery of education services. In addition, administrative capacity was strengthened at the district level.
- Although the SIP process was intended to be highly participatory, key stakeholders pointed out that resource allocation to the districts remained to a large extent a centrally-driven process which was not very interactive – and dictated predominantly by the district/central level allocation priorities rather than the specific local needs of the schools.

In light of these points, the evaluators made a number of recommendations, chief among them being:

- Continue with the work to build capacity of district and sub-district level educational personnel and institutions in decentralized educational planning and management.
- Greater emphasis is needed on empowering and developing capacity at school level among school management committees (SMCs) so that they can benefit from the block grant system under the EFA programme.

- As a matter of priority, emphasise and develop conceptual clarity at all levels of service delivery, and establish and publicise norms and standards defining the basic pre-requisites for quality education.
- Develop operating guidelines for engaging the participation of NGOs and Civil Society organisations.
- Resource and upgrade monitoring and supervision mechanisms in order to track whether funds have reached schools and to resolve the different estimates of enrolment which have significant implications for block grants to schools under the EFA programme.
- The Education Act (Seventh Amendment) to be enforced particularly with regard to the roles of the SMC, parent teacher association (PTA), Village Education Committee (VEC) and District Education Centre (DEC).
- Establish a unified framework for coordinating TA to promote efficiency and greater harmony between donors' efforts.
- Focus on outputs/outcome rather disbursement and input based activities and measure progress based on children's learning and not on the amount of money spent.

The Audit of EC Development Assistance for Education Mission of 18-27 January 2010 found that the evaluations of BPEPII (i.e. the EC-commissioned evaluation and the earlier joint GoN-donor evaluation funded by Danida in July 2004) made little use of indicators, benchmarks and targets, and did not properly evaluate the impact of the programme. Later the Mission stated that there was little evidence of the impact of BPEPII in relation to the funding provided and that too much attention had been paid to ensuring access to the detriment of quality. This again highlights the lack of any plan for programme evaluation being developed at the design stage or following the mid-term review of BPEPII in March 2002.

Following the Mid-Term Review of the EFA Programme, under ESPSP-EFA (DCI-ASIE/2007/19109) fixed tranche funds (19 million EUR) channelled to a common account in the GoN Treasury would be used for:

- Establishing early childhood development (ECD) programmes, and the primary school construction programme for vulnerable and disadvantaged communities;
- Implementing scholarship programmes for girls and children from disadvantaged communities; free textbooks and teacher education (*sic*);
- Supporting School Improvement Plans, strengthening school management committees;
- Setting and implementing norms and standards for quality education; and
- Increasing the number of teachers, teacher redeployment and training (*sic*).
- Under the same programme, variable tranches totalling 6 million EUR would be disbursed during four fiscal years to sustain the capacity development efforts of GoN over a sufficiently long period in order to achieve results. These efforts included:
 - Strengthening capacities of key educational institutions to plan, measure and monitor improvements in equity and quality of education at decentralized levels and, in collaboration with the DPs, strengthen the results orientation of the programme;
 - Strengthening institutional capacities for micro planning, decentralised use of EMIS, household and village level data and analysis;
 - Supporting activities for strengthening of capacity at the community and schools levels (e.g. through SIPs, strengthening SMCs, expansion of social audits and improved financial management)
 - Strengthening sector capacities for developing and implementing education quality standards and enhancing quality of education; and

- o Promoting surveys, research, human resource development, including training to build individual and thematic capacities.

Included in the ESPSP-EFA FA is the statement that the MOE would extend to the EC all the conditions and operating modalities of the JFA along with other DPs. This would promote efficiency and greater harmony in donors' efforts.

What appears to have been incorporated in the design of ESPSP-EFA is:

- Greater focus on school- and community-based approaches to (decentralized) education planning and management, including strengthening the SIP process and the capacity of SMCs, PTAs, VECs and DECs – with the intention, though not expressly stated, of creating greater transparency in the role of DEPs, for example, towards their actual financing.
- Reaching out more to disadvantaged communities; and
- Setting and implementing norms and standards for quality education.

What appears not to have been incorporated in the design of ESPSP-EFA is:

- the development of a strategy to involve NGOs and Civil Society organisations so that their programmes/projects could be more closely streamlined with the GoN EFA programme;
- coordination among DPs regarding TA and greater involvement of MOE in the TA decision-making process¹²⁸; and, most critically; and
- the establishment of a system both for programme monitoring at central and local levels and for monitoring outputs and outcomes (such as student learning outcomes) to inform policy and programme (re-)design. The FA mentions that GoN-DP joint bi-annual reviews would focus (in December) on preliminary consolidated financial statements of the previous fiscal year, an “outcome-based” consolidated progress report and preliminary funding commitments for the next fiscal year and (in April) on the Annual Strategic Implementation Plan (ASIP) and budget and confirmed DP commitment of funds for the next fiscal year. Evidence that programme monitoring at all levels was not a critical priority can be found in the way that the third column of the LogFrame – *Data Sources / Monitoring Mechanisms* – was completed. For example, there are no baseline or further studies mentioned or costed, and there is heavy reliance on EMIS data which have been subject to criticism in terms of accuracy and reliability.

This having been said, the EC “bought into” a GoN programme that had been running for nearly four years and had one year before completion. The policy framework, direction, implementation mechanisms and desired results of the programme had already been determined by the GoN in consultation with other DPs and stakeholders. The EU's influence on main programme activities (through the release of fixed tranches) was likely to be minimal. Its principal area of intervention would be in capacity building to be funded by variable tranches released subject to the fulfilment of certain criteria.

From the final evaluation of the EFA programme it can be seen that there have been successes but also several areas where improvements have not taken place.

- Regarding *Access and Equity*, there has been considerable progress on a number of indicators and substantial growth in the system as a whole. Most notably, there have been overall enrolment increases that are accompanied by a reduction of gender and caste/ethnic disparity.
- Incentive payments, additional to free primary education, have been perceived as having made a huge impact on access to school of girls, Dalits and disadvantaged Janajatis. Enrolments are up and the perceptions of all groups of stakeholders at the

¹²⁸ There is no mention of TA in the Joint Financing Arrangement except with regard to recruiting TA for the half-yearly reviews. However, as mentioned above, through the JFA, TA is being coordinated well with the MOE in the lead.

District level ascribe the increases in large part to scholarships and other incentives. Additional infrastructure and improved school management may also be contributory factors. Additional support to overcome the 'opportunity costs' of education have also been highly valued.

- Regarding *Quality*, while there is some weak evidence from somewhat reduced dropout rates that quality is improving, overall progress is somewhat disappointing. There apparently remain huge inequalities in provision, with schools serving the poorest and most marginalised communities being the least well staffed, resourced or supported.
- On the one hand, there persists an overall shortage of teachers and huge inequalities in the deployment of teachers. On the other hand, while there are more teachers and more trained teachers than before, the effort required to change classroom processes has seemingly been under-estimated and in many schools these remain unsatisfactory. (The potential of an inclusive, 'child- friendly' approach to enable any school to include the vast majority of children in its catchment area has been recognised by some stakeholders.)
- There is a lack of key input standards and no monitoring of changes in how students are learning and their learning achievement, as well as the factors and variables that affect that achievement.
- With *Early Childhood Development, Non Formal Education (NFE) and Adult Literacy* some good work has been done. However, targeting of ECD has been inadequate, the scale of NFE and adult literacy too limited, and across all these programmes it is recognised that there has been insufficient attention to quality.
- As for *improving efficiency and institutional capacity*, the most significant progress has been in the revitalising of School Management Committees and the hand-over, or more correctly, the handing back of schools to become community-managed. The implementation of the programme has steadily passed to the Districts and schools, for implementation. The best SIPs have demonstrated the effectiveness of increasing the involvement of community members.
- The interpretation of capacity development has been restricted, in the main, to providing training. (Capacity within the EFA Programme should include human resources, e.g. numbers of teachers, the skills and knowledge of the human resources, the availability of financial and physical resources, management systems and tools as well as the institutional context, including the decentralisation to schools, for the Programme.)
- District Education Officers and their staff seem to lack the capacity to manage the scope and scale of the EFA programme. NGOs/Community Based Organisations (CBOs) have played a positive role in implementation but there are wide variations in NGO capacity and effectiveness and Districts have not always been able to ensure co-ordination and optimal use of these additional resources.
- Excellent progress has been made on building the data collection and the EMIS including good attention to disaggregation.
- In the EFA programme, developing components to correspond directly to each of the EFA goals might not have been the most effective for practical implementation or for ensuring mainstreaming of cross cutting issues. Plans for programme evaluation were not sufficiently thought out from the design stage. The importance of carrying out a baseline study, whichever approach to programme evaluation is taken, cannot be overestimated.

The main activities of the School Sector Reform Programme (SSRP), as outlined in the EC ESPSP-SSR FA, are similar to those of the EFA Programme but extended to cover secondary education, technical and vocational education and training (TVET), and literacy and lifelong learning. They also include (i) provision of per capita funding and grants to

schools to augment provision of teachers, textbooks and other facilities to students, and (ii) the revision and updating of curriculum, textbooks and teaching guides for school education.

In the FA there is a somewhat optimistic view of the capacity for monitoring at school, resource centre, district, regional and central levels, where this has proved under BPEPII and EFA to be less than desirable. On the other hand, the DPs and GoN have developed three key instruments for SSRP that will contribute to stronger performance monitoring in the joint review processes, namely:

- a Policy Matrix that outlines key policy parameters that underpin the SSRP and regular monitoring of the continuation and further development of these policies;
- a Results Matrix with Key Performance Indicators (KPIs) and arrangements for monitoring including type of information, sources of verification and frequency of reporting; and
- a Governance and Accountability Action Plan (GAAP) which tracks progress in key aspects of improving education service delivery, strengthening financial management and audit.

The Policy Matrix was developed by the ADB and is used to measure performance in the SSRP. It is reported on at the time of the Joint Consultative Meeting in December and the Joint Annual Review in April/May. The Results Matrix, however, although part of the Joint Financing Arrangement appears to have fallen into abeyance, according to various DPs interviewed during the field visit. The GAAP is now in its second year of operation. Although it was first discussed together with the Annual Work Plan and Budget for 2010-11, it is reported in the minutes of the latest Joint Annual Review (May 2011) that the MOE did not take it seriously as a tool for improving accountability.

The FA for the SSRP introduced stricter and more precise requirements for the disbursement of tranches than was the case for the EFA programme. The time needed from the initiation of the reforms planned by the GoN in the SSRP (agreed by the DPs) and the setting-up of the new structures and systems for obtaining the desired outcomes is taken into account by a gradual shift from process-oriented indicators for the first tranches, to quantified outcome indicators for the last ones.

Sources of Information

Nepal – Basic and Primary Education Programme II Joint Government-Donor Mid Term Review. March 2002.

Nepal – Joint Government–Donor Evaluation of Basic and Primary Education Programme II, Danida, July 2004.

Final Evaluation: Basic and Primary Education Programme Phase II (BPEPII) Nepal NPL/B7-300/IB/98/0126, February 2005.

Minutes of the Meeting of the Nepal-EU 5th Joint Commission on Development Cooperation, 14th February 2007.

Financing Agreement DCI-ASIE/2007/19109 – Education Sector Policy Support Programme (for EFA) – signed 8th June 2008.

Minutes of the Meeting of the Nepal-EU 6th Joint Commission on Development Cooperation, 15th January 2009.

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

External Assistance Management Reports (EAMRs) from January-June 2008 to January-June 2010.

Audit of EC Development Assistance for Education: Mission to Nepal, 18-27 January 2010 – *Statement of Preliminary Findings*.

Financing Agreement DCI-ASIE/2009/21209 – School Sector Reform Plan – signed 22nd June 2010.

2.3.1.5 Ind3.1.3. Evidence that the design of the SBS (incl. conditions for disbursement) is based on policy dialogue with the GoN and is owned by the GoN

Detailed evidence at Indicator level

It is clear from the above and from the *Education for All, Core Document* (MOES November 2003) that GoN owned the EFA Programme from the outset. In the FA for the EC ESPSP-EFA it was stated that GoN had requested that EC sector budget support was harmonised with that of other donors and consequently that EC accepted the Joint Financing Arrangement. The arrangement enabled donors to disburse their funds in a harmonised way directly into a special (Foreign Exchange) Treasury Account of the GoN.

It is not possible to say whether the design of the sector budget support is “owned” by GoN. However, GoN was a signatory to the JFA of September 2004 for the EFA Programme, and again for the SSRP. GoN also signed the FAs for the EC ESPSP-EFA and the EC ESPSP-SSR. It can therefore be assumed that policy dialogue took place, as evidenced by the minutes of the 5th and 6th Nepal-EU Joint Commission on Development Cooperation meetings, and that GoN agreed to the conditions for disbursement of fixed and variable tranches for both programmes. Release of the fixed tranches for both programmes was conditional on sound macro-economic indicators, the implementation of a public financial management (PFM) improvement plan, and coherent and consistently applied sector policy and strategies (firstly through the EFA Programme and secondly through the SSRP). Whereas the first and third conditions were largely adhered to, in the EAMR January-June 2010 it was observed that, as a result of extensive dialogue with MOE during the Joint Annual Review of April 2010 concerning alleged misuse of funds and financial irregularities linked to teacher recruitment, a programme of targeted PFM support to the education sector was anticipated. Later in the year (EAMR July-December 2010) it was observed that fiduciary risk was high due to entrenched corruption and overall weak PFM systems and that the EUD was considering options to support PFM in Nepal.

Regarding the release of the variable tranches, as has been mentioned earlier negotiations between the EC and GoN in 2007-2008 were difficult, whereas there was no such difficulty with other donors. The EC focused on “triggers” for the release of variable tranches, while some other development partners had accepted the conditions laid out in the JFA without further qualification. The EC’s insistence on requirements other than those in the Joint Financing Arrangement before the release of funds was seen as contrary to the principles of alignment and harmonisation as expressed in the Paris Declaration on Aid Effectiveness (2005). On the other hand, DP interviewees during the field visit all expressed the view that the JFA was a set of guiding principles, and that each DP as a matter of course signed a separate agreement with GoN before any funds could be released.

Release of the variable tranches for the EFA Programme was in the first instance conditional upon MOE preparing an agreed plan for capacity development. This has only just materialised (and is still to be accepted by DPs) and so there remain 5.5 million EUR in variable tranches yet to be disbursed. It was observed in the EAMR July-December 2010 that the variable tranche criteria proposed in 2007 were no longer relevant due to the way they had been defined and to changes in government strategy. However, in September 2009 the EC led a five day workshop¹²⁹ on capacity development planning with government counterparts. The ADB then supported the preparation of a draft GoN/MOE *National Framework for Capacity Development* in mid-2010 by external TA. Since the EFA Programme closed in December 2010, it was agreed that there would be an amendment of the FA for the EC ESPSP-SSR following discussion with the MOE in order to enable release of the remaining 5.5 million EUR. The criteria for the variable tranches for the SSRP are all related to the MOE’s approval of plans and strategies for free, compulsory and good quality basic education, and the means of determining improvements made over the period of the SSRP.

¹²⁹ It was reported to the evaluation team that the workshop did not start from where capacity development was in Nepal at the time but from various theories on capacity development. Even now capacity development is seen as teacher training and professional development mainly benefitting the individual rather than the institution.

In addition, there is strong evidence to suggest that the design of sector budget support for the SSRP was based upon policy dialogue in that the development partners including the EC were engaged in an the appraisal of SSRP in 2008-09 before it was initiated in 2009. The first proposal for 5 billion USD was reduced to 2.6 billion USD after appraisal by the DPs and the initial commitment of funds. (The World Bank manages DP finance to ensure it does not exceed 22.6% or 171.5 million USD a year. If bilateral DPs exceed their amount, then the ADB and/or World Bank reduce their own contribution.)

Sources of Information

Financing Agreement DCI-ASIE/2007/19109 – Education Sector Policy Support Programme (for EFA) – signed 8th June 2008.

Financing Agreement DCI-ASIE/2009/21209 – School Sector Reform Plan – signed 22nd June 2010.

External Assistance Management Reports (EAMRs) from January-June 2008 to July-December 2010.

2.3.1.6 Ind3.1.4. Evidence that planned EC inputs have been provided (both in terms of financial and non financial support)

Detailed evidence at Indicator level

There were delays in disbursement for BPEPII because of the Maoist insurgency in 2003. 4.3 million EUR was released at the beginning of 2004. Processing of the 5th tranche release in May 2004 was delayed due to a lack of updated information on MoES bank account details at the Nepalese Central Bank. By January 2006 all contracts had been closed and all payments made.

The first fixed and variable tranches (9.5mEUR and 9mEUR) for ESPSP-EFA were released almost immediately following the signing of the FA in June 2008. The second fixed tranche (9.0mEUR) was released in July 2009 (according to the EAMR). However, the second, third and fourth variable tranches (totalling 5.5mEUR) were not released because GoN did not fulfil the necessary criteria for their release. Since the criteria are no longer relevant it is expected that arrangements will be made for their release during the current School Sector Reform Programme (SSRP) 2009-2015 which the EC is now supporting.

From the *EFA Programme Audited Financial Statement for FY 2009-2010* it can be seen that EC budget support totalling 27,422,879.13 USD (Eqv. 2,006,221,272.15 NPR) had been advanced on 18th July 2008 and 22nd September 2009. Of this USD 24,715,892.68 had been transferred to GoN Treasury by 11th May 2010, leaving a closing balance of 2,706,986.45 USD.

For the SSRP, a total of 16mEUR was released as the 1st and 2nd fixed tranche in December 2010, following the signing of the FA on 22nd June 2010. Movement of these funds will be shown in the Audited Financial Statement for FY 2010-2011. (From the *SSRP Audited Financial Statement for FY 2009-2010* it is stated that the share of three pooled partners (DFID, EC and Finland) was front loaded by the World Bank for FY 2009-2010 and would be adjusted with these partners during FY2010-2011.)

The EC has contributed funds towards TA in leading the workshop on capacity development in September 2009.

Sources of Information

External Assistance Management Reports (EAMRs) from January-April 2003 to July-December 2010.

Education For All Programme – Audited Financial Statement for FY 2009-2010, 5th July 2011.

School Sector Reform Programme – Audited Financial Statement for FY 2009-2010, 27th June 2011.

JC3-2 EC support for the education sector has provided a framework for policy dialogue and has made available strategic TA and capacity development support, owned by the GoN, aligned with its systems and harmonised among the main donors.¹³⁰

2.3.1.7 Main findings

Policy dialogue between GoN and the development partners has taken place from the time of BPEPII (1999-2004). It was evident in the discussions on and reviews of implementation of the EFA Programme and particularly in the appraisal of the SSRP and now in the Joint Consultative Meetings and Joint Annual Reviews. Initially development partners appeared to be dominant in determining the agenda, but from May 2008 policy dialogue shifted to being lead more by GoN. EC support for the education sector has operated within a framework for policy dialogue rather than provided it. Moreover, certain issues related to mutual accountability between DPs and GoN still need to be addressed. (Ind3.2.1.)

Since commissioning the evaluation of BPEPII in 2005 there is no evidence of the EC making available strategic TA during its involvement in the EFA Programme, except for leading the workshop on capacity development in September 2009. No variable tranches intended to support capacity building were released, apart from the first 0.5 million EUR, which may or may not have been spent on preparing an initial capacity development plan. (Ind3.2.2.)

Donor harmonisation was achieved to a large extent by the donors themselves under BPEPII. From 2008 it has become consolidated under the leadership of GoN/MOE. EC support is harmonised with that of the other eight pooling partners and four non-pooling partners supporting the SSRP. (Ind3.2.3) With increased harmonisation, transaction costs for both GoN and development partners have been considerably reduced following sector budget support accompanied by a joint financing arrangement. (Ind3.2.4)

2.3.1.8 Detailed evidence

2.3.1.9 Ind3.2.1. Instances and contents of policy dialogue (conducted by GoN and conducive of government strategy)

Detailed evidence at Indicator level

Confirming the primary objective of HMG/N (now GoN) to take charge of implementing BPEPII, the Department of Education (DOE) became increasingly responsible for the planning and implementation of the whole programme. This entailed, *inter alia*, drafting aide memoires, arranging joint donor monitoring missions, chairing monthly meetings with donors, providing office space for meetings, arranging logistics etc. – all of which had previously been tasks performed by donors or consultants.

However, from examining the Joint Review Mission (JRM) aide memoires (from March 2002 to December 2003), it appears very much that it was the DPs that dominated dialogue in that they thanked the MOE/DOE for their participation in the JRMs rather than the other way round. Similarly, in the aide memoire for a consultation meeting in December 2006 it appeared that it was the DPs rather than GoN who were dominant in determining the agenda for the following period.

The tone changed in the aide memoire for the EFA/SESP Joint Annual Review meeting in May 2008. GoN and DPs agreed to further develop structures and mechanisms to increase the effectiveness of their engagement. This included agreeing clear priorities on which to focus and entering into a results-oriented dialogue on the overall achievements of the education sector.

By December 2009 the words 'Government of Nepal Ministry of Education' preceded the title of the aide memoire for the first Joint Consultative Meeting (JCM) and it appeared that GoN/MOE was definitely leading the process of review and dialogue. This position was

¹³⁰ This is expected to have helped inter alia helped reduce transaction costs.

strengthened by December 2010 when the second JCM took place. In addition DPs now meet before the Joint Annual Review and the Joint Consultative Meeting to agree on a coordinated presentation of issues given through a representative of the lead DP agency which rotates each year. This means that the meetings are not dominated by individual DPs presenting their own particular issues.

Other instances of policy dialogue are noted in the minutes of the meetings of Nepal–EC Joint Commission on Development Cooperation, 2002, 2007 and 2009.

Interviews at the Ministry of Education and the Department of Education during the field visit revealed that there was a role for the EC in the design and the choices made in terms of the implementation modality of the EFA strategy. The EC made inputs in the policy dialogue but did not lead or dictate the process. Influence on policy has not been direct. With SSRP, it was more related to the requirements pointed out during the appraisal phase, and as spelled out in the implementation arrangements.

(NB: The EFA Programme was produced by GoN but not critically appraised by DPs. GoN developed the framework of the SSRP which was then critically appraised by DPs.)

Box 2 Mutual accountability between GoN and DPs in budget support

A weakness of sector budget support and the sector wide approach may be the focus on results – again following the emphases of the Paris Declaration – with the consequent lessening of attention on the different ways of achieving those results. The opinion prevails in the Ministry of Education in Nepal that, while DPs and GoN share joint responsibility for the implementation plans, responsibility for the results of implementation is seen as GoN's (rather than shared). It can be posited that this is precisely because GoN initially fulfilled the major requirements for sector budget support – an adequate sector policy in place, adequate public financial management or with the potential to improve, and an adequate macro-economic outlook – and the genuine desire by both DPs and GoN for government ownership of the programme being supported. It is the latter which is dominant and rightly so. However, there is the question of mutual accountability as one of the principles of the Paris Declaration. The Nepal Country Evaluation of the Paris Declaration Phase II states that “*mutual accountability between DPs and GoN is still contested.*” GoN informants commented on the lack of openness of some DPs – although this is not the case in the education sector. DPs in turn pointed out the incidence of corruption within government systems, late and poor reporting, and weak transparency. But these characteristics are not quite what MoE staff mean when they talked about shared responsibility for results. They might be taking the first explanation of mutual accountability in the Paris Declaration literally when it says, “*Donors and partners are accountable for development results.*” The Declaration continues, “*Partner countries commit to... reinforce participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies.*” This statement needs to be taken further to include involvement by both government and development partners in finding more satisfactory ways of implementing policy within a sound management structure. Given that both DPs and GoN are keen to ensure GoN ownership of the process, GoN should accept responsibility for the results, at the same time as acknowledging that they might need assistance from DPs to get better results.

Sources of Information

Nepal – Joint Government–Donor Evaluation of Basic and Primary Education Programme II, Danida, July 2004.

EFA Consultation Meeting, December 2006, Aide Memoire.

EFA/SESP Joint Annual Review Meeting, May 2008, Aide Memoire.

Government of Nepal Ministry of Education School Sector Reform Plan first Joint Consultative Meeting 6-11 December 2009, Aide Memoire.

Government of Nepal Ministry of Education School Sector Reform Plan Second Joint Consultative Meeting 6-10 December 2010, Aide Memoire.

Minutes of the Meeting of the Nepal-EU 5th Joint Commission on Development Cooperation, 14th February 2007.

Minutes of the Meeting of the Nepal-EU 6th Joint Commission on Development Cooperation, 15th January 2009.

2.3.1.10 Ind3.2.2. TA contents, quality, management methods and relevance to GoN systems and priorities

Detailed evidence at Indicator level

Under BPEPII, the EC established an Education Coordination Office (ECECO) in Kathmandu which was headed by a European programme coordinator and supported by European as well as local technical assistance. The EC committed 154 person months of national/international TA (84 pm long term and 70 pm unallocated) for BPEPII. These inputs were to be utilized for improving resource allocations through formula funding, school development planning, school mapping/EMIS, gender and development and sub district level institutions. By and large, TA was an effective means to address the problem of capacity building. It enhanced managers' access to human and financial resources, which would not have been possible under the Core Investment Programme (basket-fund) budget. However, TA mostly contributed to individual development rather than organisational growth due to poor human resource management practices, mismatch between skill requirements of the job and individual competencies of staff. Despite much strength, TA was often supply driven rather than demand driven and ideas for projects requiring TA came from donors. A complaint was that the involvement of the MOE had been minimal in the TA decision-making process. There was a lack of transparency in administering TA funds and a lack of coordination between donor groups.

The EC recruited TA to carry out the final evaluation of BPEPII. However, the Audit report of January 2010 questioned the added value of the EC-commissioned evaluation when a joint donor evaluation of the programme had already been carried out through Danida.)

There is no evidence of the EC commissioning TA during its involvement in the EFA Programme, except for leading the workshop on capacity development in September 2009. No variable tranches intended to support capacity building were released, apart from the first 0.5 million EUR, which may or may not have been spent on preparing an initial capacity development plan.

The use of TA for capacity development is a controversial issue, particularly when the government might think it could get better value for money by spending the allocation for international TA on achieving more tangible results, such as textbook renewal or replenishment. In effect, MOE is averse to using international TA, even TA that is external to MOE.

Sources of Information

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

Audit of EC Development Assistance for Education: Mission to Nepal, 18-27 January 2010 – *Statement of Preliminary Findings*.

Interviews with EUD during field visit.

2.3.1.11 Ind3.2.3. Donor harmonisation (joint dialogue, joint use of TA, other forms of harmonisation, e.g. a common political agenda between Member state donors)

Detailed findings at Indicator level

BPEPII had become a model of donor harmonisation. Each donor contributing to the basket fund took it in turn to be the lead donor for a year for coordination of donor activities in the sector before GoN took over responsibility.

Following the JFA signed in September 2004, the coordination of TA became the responsibility of GoN, although bilateral donors outside budget support to the EFA Programme entered into separate agreements with GoN to provide TA which was not

generally coordinated by GoN. Up to 2007, when the report on *Social Inclusion: Gender and Equity in Education SWAps in South Asia* was published, donor coordination seemed to have been beset by difficulties, including the continuous adding and subtracting of activities, new initiatives outside the agreed programme, uncoordinated TA and the blurring of government/TA boundaries, and the bilateral pushing of 'pet themes'. This was in part related to failures on the DP side to respect internal agency policies and commitments, but also to lack of capacity within the MOE for managing DPs effectively, disincentives for good coordination stemming from existing MOE hierarchies and – very importantly – the lack of a sufficiently robust overall strategic framework to provide an anchor and ensure focus.

However, by May 2008, according to the EFA/SESP JAR Meeting aide memoire, on request from GoN, DPs agreed to move towards sector budget support when entering the next phase (i.e. SSRP). In continuation of agreements made in previous missions it was further agreed that all direct funding facilities and structures would be harmonised at the end of the EFA Programme and that TA would be aligned and coordinated through a steering committee to be established under the leadership of MOE. TA provided as in kind assistance would also be subject to alignment and coordination under that committee. Attempts would be made to ensure that all contributions to the sector were reflected in the national budget, i.e. budget support, infrastructure support and technical assistance. DPs discussed their ways of working together and the importance of developing a more united voice for the clarity of messages to the GoN. They committed themselves to improve coordination prior to the next Review Mission in December 2008.

Under the SSRP the EU, together with the other eight pooling partners (and four non-pooling partners), entered into full policy dialogue with GoN before signing the JFA in June 2010. This was to continue with the SSRP to date. The EC is now managing DFID's contribution (approx. 13 million EUR) to education sector budget support, thus reducing transaction costs. DP support in the education sector is far ahead in setting the example of 'silent partnerships'. Aside from specific activity leadership through recently formed nine Joint Thematic Working Groups (e.g. the World Bank in fiduciary management, the EC in capacity development and UNICEF in early childhood development) the practice of each DP taking the role of 'focal point' on a rotating basis is used. During the period of their role as 'focal point' the specific DP acts on behalf of the rest of the DPs. Similarly, several pooling DPs in the sector put resources into the sector but depend largely on the lead DPs or the 'focal point' for issues pertaining to the programme.

All DP, MoE and DoE interviewees during the field visit commented on the extent to which donor harmonisation had improved over time following the adoption of a sector wide approach and the supporting of the EFA programme. Since most DPs follow the same arrangements for planning, funding, disbursement, monitoring and reporting, it has become much simpler for MOE officials at central and district levels. Harmonisation has also come to mean that although an individual DP may fall short of its committed amount in a particular year other DPs make up for it. However, DPs do meet their overall commitment over the programme period.

A negative side effect of the sector wide approach modality and donor harmonisation occurred in late 2010 when the DP fund flow to education went on hold because the audit report pointed out anomalies in expenditure in schools in some districts. Rather than withholding those amounts from those schools, the whole grant amount was put on hold, thus affecting the activities of the entire SSRP.

Sources of Information

Seel, A., *Social Inclusion: Gender and Equity in Education SWAps in South Asia – Synthesis Report*, UNICEF, 2007.

EFA/SESP Joint Annual Review Meeting, May 2008, Aide Memoire.

Joint Evaluation of the Implementation of the Paris Declaration, Phase II – Nepal Country Evaluation, Ministry of Finance, Kathmandu, 2010.

2.3.1.12 Ind3.2.4. Before/after SBS data on transaction costs (e.g., amount and nature of donor agency missions to Nepal, administrative or management arrangements, etc.)

Detailed findings at Indicator level

There are no data on transaction costs. However, according to the Joint Evaluation of BPEPII, the JRM modality was a very labour intensive process, involving significant staff resources for preparation and implementation of missions – both from the government and the donors (HQs and local offices). It was not clear to the evaluation team why an annual mission would not have been sufficient during the second half of the programme, particularly when taking into account the increase in capacity of the government and the existence of an active Local Donors Group. This would have saved valuable time and resources, particularly for a government with few staff resources. The lack of a unified framework beyond the formal government-agency agreements (e.g. MoU) for coordination of TA resulted in a lack of knowledge among donors concerning the TA activities of other donors. It also meant that GoN staff had to spend additional time with individual agencies providing TA discussing and approving activities and expenses.

Five years later, in the joint evaluation of the EFA Programme it was found that the Joint Financing Arrangement was highly regarded by both GoN and DPs as a successful coordination mechanism, which had resulted in reduced transaction costs.

With semi-annual and joint reviews of the EFA Programme the MOE and other government bodies had a much reduced load of meetings when compared to when BPEPII ran alongside other projects. According to the Joint Evaluation of the EFA Programme (p. 72), MOE officials commented favourably on the creation of a DP focal point, one which rotated among the DPs. Communications between government and the DPs were regarded as satisfactory from the standpoint of GoN. The representatives of the DPs change regularly and therefore few had the advantage of being able to compare experiences of before and after the EFA Programme. But the few national staff who did have that advantage saw the gains in having a joint approach by the DPs to the GoN. An almost total absence of complaints from both DPs and GoN concerning meetings and missions suggested that the arrangement of a rotating focal point and a reserve focal point who would take over was working well. The arrangement was new at the time and was appreciated by GoN.

On the other hand, during the field visit interviewees at the MOE suggested to the evaluation team that with two large biannual joint meetings – the Joint Consultative Meeting in December and the Joint Annual Review in April/May – and four Joint Quarterly Meetings transaction costs may have risen. For the donors, however, harmonisation has meant that there are many fewer missions from the metropolitan agencies with a consequent reduction in transaction costs.

Sources of Information

Nepal – Joint Government–Donor Evaluation of Basic and Primary Education Programme II, Danida, July 2004.

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

JC3-3 EC budget support to the education sector has contributed to increase the overall and/or sectoral aid funds under the control of the government budget and has improved their predictability

2.3.1.13 Main findings

Overall the EU's contribution before and after sector budget support went from 15 percent of the Core Investment Programme (basket fund for BPEPII) and 4 percent of the total cost of BPEPII to 9.6 percent of the DP contribution (in budget support) and 4 percent of the total cost of total expenditure on the EFA Programme between 2004/05 and 2009/10. It was estimated to decline sharply to 4.8 of donor contributions to SSRP and 1.3 percent of the total cost of the SSRP. (Ind3.3.1)

EC support has not been especially predictable in itself, partly because of delays in GoN's request for tranche releases and partly because of the procedures preceding tranche releases. However, EC tranche releases have been at a time, coincidentally, when funds were needed and so have increased the reliability of GoN's budget. (Ind3.3.2)

Since EC support to the EFA Programme was given almost four years after other donors had signed the Joint Financing Arrangement, EC participation in its preparation and implementation had no visible advantage. Nor is there any evidence of a visible advantage of EC participation in the preparation and implementation of the SSRP. However, the presence of an education adviser in the EU Delegation since September 2009 has been a visible advantage. (Ind3.3.3)

2.3.1.14 Detailed evidence

2.3.1.15 Ind3.3.1. Overall and sectoral aid funds in the budget (data before and after EU SBS)

Detailed findings at Indicator level

The global overall costs of BPEPII were estimated at 427 million USD for the period 1999/00 to 2003/04, and were comprised of the regular (mainly salaries and recurrent costs) and the development (investment) budgets. The development part of the budget was composed of several programmes, the largest of which was the Core Investment Programme (CIP) or the basket fund accounting for 112 million USD. Roughly estimated – given the non-availability of audited government or DP accounts – the EU's contribution to the CIP was approximately 15 percent; and the EU's contribution (including direct funding for TA etc.) to the overall costs of BPEPII amounted to approximately 4 percent.¹³¹

For the remaining years of the EFA Programme (2007-08 to 2009-10), it was estimated in the ESPSP-EFA FA that EC support would account for approximately 20 percent of pooled DP funds and for 5.55 percent of the total funds expected to be available for EFA. This is excluding the 1 million EUR set aside for services (monitoring, reviews and evaluation).

In effect, of the total DP pooled funds provided for the EFA Programme between 2004/05 and 2009/10 (286.6 million USD) EC support (27.4 million USD) amounted to 9.6 percent. This was approximately 4 percent of total expenditure on the EFA Programme – the same proportion as for BPEPII.

For the SSRP it was estimated in the FA that EC support would be 4.8 percent of total DP contributions to SSRP (including 145 million EUR through the EFA Fast Track Initiative) and 1.3 percent of the total estimated cost of SSRP for the period from 2009 to 2015.

Sources of Information

Nepal – Joint Government–Donor Evaluation of Basic and Primary Education Programme II, Danida, July 2004.

Financing Agreement DCI-ASIE/2007/19109 – Education Sector Policy Support Programme (for EFA) – signed 8th June 2008.

Government of Nepal Ministry of Education, School Sector Reform Plan first Joint Consultative Meeting, 6-11 December 2009 – Aide Memoire.

Financing Agreement DCI-ASIE/2009/21209 – School Sector Reform Plan – signed 22nd June 2010.

Education For All Programme – Audited Financial Statement for FY 2009-2010, 5th July 2011.

¹³¹ The Danida report suggests that the EC contribution to BPEPII was approximately USD 17.3 million. If the contribution was USD 30 million as stated by the EUD during the field visit, then it would have been 26.7 percent of the CIP and 7 percent of the overall cost of BPEPII.

2.3.1.16 Ind3.3.2. Predictability data over time (expected versus disbursed)

Detailed findings at Indicator level

As far as BPEPII is concerned the predictability of disbursement over time is difficult to assess.

For the ESPSP-EFA the first tranche (9.5 million EUR) was released shortly¹³² after the signing of the FA in June 2008 – some six months after the Commission approved the Annual Action Plan for Nepal which comprised only the ESPSP-EFA. The second tranche (9 million EUR) was released in July 2009, four months later than originally estimated.¹³³ The variable tranches totalling 5.5 million EUR were not released during the period of the ESPSP-EFA, which was closed in December 2010, because GoN did not fulfil the necessary criteria for their release.

With the SSRP, the FA was signed in June 2010. DFID signed a transfer agreement of 11.6 million GBP (13.35 million EUR) in November 2009. The first DFID tranche was transferred to the EC in August 2010. The first and second fixed tranches of EC support (totalling 16 million EUR) were disbursed in December 2010 – 18 months after the beginning of GoN's SSRP. The evaluation team was told during the field visit that the release of EC/EU tranches for SSRP came at an opportune time when funds were needed.

Sources of Information

External Assistance Management Reports (EAMRs) from June-December 2007 to July-December 2010.

Education For All Programme – Audited Financial Statement for FY 2009-2010, 5th July 2011.

2.3.1.17 Ind3.3.3. Evidence of a visible advantage of EU participation in the preparation and/or implementation of education SBS interventions and related programmes

Detailed findings at Indicator level

EU sector budget support for the EFA Programme was given almost four years after other donors had signed the Joint Financing Arrangement. Therefore, EU participation in the preparation of the EFA Programme had no visible advantage. Nor is there any evidence of the visible advantage of EU participation in the implementation of the EFA Programme or the preparation and implementation of SSRP, except for the fact that it is a 'big' donor and can support other DPs from EU Member States.

Support to the education sector (by all donors) has been enhanced since September 2009 by the secondment from DFID of an Education Advisor to the EU Delegation-Nepal. Having in-house professional expertise of such a high calibre (acknowledged by all DPs interviewed during the field phase) is the most significant added value of EC support to the sector.

Sources of Information

Interviews during field visit.

JC3-4 EC budget support to the education sector has helped GoN establish better and more transparent practices in public financial management (PFM) at sectoral level (and overall) and has contributed also to macro-economic management

2.3.1.18 Main findings

While there has been much concern about the state of public financial management in the sector, it has been mainly the World Bank, Danida and DFID which have taken steps to support its improvement. The Governance and Accountability Action Plan has been in operation for one year, but is not yet taken seriously as a means to improve accountability in the sector. EC budget support has had no effect in introducing new practices in PFM in the sector or in contributing to better macro-economic management.

¹³² In effect it was disbursed on 18th July 2008 and converted into USD 14,985,086.45.

¹³³ In effect it was disbursed on 22nd September 2009 and converted in USD 12,437,792.68.

2.3.1.19 Detailed evidence

2.3.1.20 Ind3.4.1. New practices introduced in PFM at sectoral level in connection with SBS

Detailed findings at Indicator level

In February 2008 an assessment of the Public Financial Management Performance Measurement Framework (as of FY2005/06) was published by the Office of the Auditor General. It suggested the existence of a system that is well-designed but unevenly implemented. The budget had become a credible policy tool, clearly linked to policies in some sectors, with solid control of aggregate outturns and a reasonable control framework at the transaction level (notably for payroll). However, there were many gaps in the control framework as well as significant implementation constraints, and large fiscal activities remained outside the scope of the central budget. Several weaknesses originated in the weak demand (from both Government and external stakeholders) for better budget information (financial and physical) and management.

Although performance in terms of fiscal discipline, strategic allocation of resources, efficiency in delivering services and transparent and accountable management of public finances had improved, some 20 weaknesses and critical gaps remained.

By July 2009, following intensive discussions with MOE/DOE and DPs, an action plan for adequate public financial management, accounting and reporting was included in the Governance and Accountability Action Plan (GAAP), covering timely fund release, financial controls at central, district and school levels and adequate procurement and audit practices. Reforms recommended by an earlier PFM mission, such as an integrated financial management information system (FMIS), capacity development of the Public Accounts Committee, the Office of the Auditor General and the Financial Comptroller General's Office, were being pursued by GoN.

By December 2009, at the first Joint Consultative Meeting for SSRP, the JCM mentioned the need to link the GAAP closely with the Annual Work Programme and Budget (AWPB) and to ensure that resources were allocated for implementing the GAAP. The FMIS had not been developed although it had been planned to be completed by 15th July 2009.

In the January-June 2010 EAMR, it was reported that audit reports for EFA in 2007/08 and 2008/09 raised serious concerns about poor financial management procedures and practices, and fiduciary risk in the education sector remained high. It was further reported that the bilateral agreement for SSRP was signed together with the JFA in June 2010 – later than anticipated due to concerns raised in January 2010 around the alleged misuse of funds and financial irregularities linked to teacher recruitment. The EC together with DPs had been working closely with MOE to ensure that annual work-plans and budgets for 2010/11 were robust, credible and achievable. Furthermore, a programme of targeted PFM support to the education sector, building on the DFID funded WB support to PFM in Nepal, was anticipated.

In the latest EAMR (July-December 2010) it was recommended that sector budget support of 30-36 million EUR for education continuing existing support to the SSRP and 3-9 million EUR for economic capacity building, in accordance with the Multi-annual Indicative Programme, be adopted as part of the Annual Action Plan for 2012. The Delegation was also reflecting on the possibility of including a third action on PFM, since relatively high levels of fiduciary risk due to entrenched corruption and overall weak PFM systems continued to call for caution and risk mitigation measures, in particular when working through government systems.

An interview with the World Bank revealed that the quality of the financial monitoring reports is varied: there are often simple arithmetical errors. Financial management staff in the MOE are seconded from the Ministry of Finance and staff turnover is high. Linked to the high staff turnover are weaknesses in procurement management and in monitoring and evaluation.

Sources of Information

PEFA: An Assessment of the Public Financial Management Performance Measurement Framework (as of FY2005/06), Office of the Auditor General, February 2008.

Governance and Accountability Action Plan (GAAP), draft July 2009.

Action Fiche: School Sector Reform, DCI-ASIE/2009/21209, July 2009.

Government of Nepal Ministry of Education, School Sector Reform Plan first Joint Consultative Meeting, 6-11 December, 2009 – Aide Memoire

Government of Nepal Ministry of Education, School Sector Reform Plan Second Joint Consultative Meeting, 6-10 December, 2010 – Aide Memoire.

External Assistance Management Reports (EAMRs) from January-June 2010 to July-December 2010.

2.3.1.21 Ind3.4.2. Incidence of (sector) budget support on the budget balance

Detailed findings at Indicator level

It is not really possible to see whether the incidence of EC budget support had any effect on the budget balance since only two tranche releases are shown in the *Education For All Programme – Audited Financial Statement for FY 2009-2010*, 5th July 2011.

Sources of Information

Education For All Programme – Audited Financial Statement for FY 2009-2010, 5th July 2011.

2.3.1.22 Ind3.4.3. Linkages between PFM, macro-economic policies and structural reforms

Detailed evidence at Indicator level

No findings apart from those mentioned above in the PEFA report. The National Development Strategy Paper, April 2009, discusses macro-economic policies but there are apparently no links with PFM or structural reforms.

JC3-5 EC budget support to the education sector has contributed towards improving the policy and budgeting process at sectoral (and overall) level¹³⁴

2.3.1.23 Main findings

As evidenced by the aide memoires of Joint Annual Reviews and Joint Consultative Meetings since 2008, the EC together with other development partners has held strategic consultations with GoN and non-government stakeholders. (Ind3.5.1)

The EU's participation, firstly as an observer in 2004-08 and then as a full member of joint review missions from 2008 onwards in the monitoring of the EFA Programme and the SSR Programme has reinforced the influence of DPs in contributing to improved planning, implementation, review and restructuring processes within the sector. (Ind3.5.1)

In addition, support from the DPs (including the EU) has meant a steady improvement in the quality of policy, planning and budget documents produced and in the range of data made available providing a sound basis to inform evidence based planning. (Ind3.5.2)

While the UNESCO study on the development and use of an education medium-term expenditure framework (MTEF) in Nepal suggests it has strengthened the budget formulation, along with management and resource allocation processes, by improving the predictability of budgets in the second and third years, interviews during the field phase revealed that the MTEF was not as effective as it could be and that there was a need to improve resource allocation, programming and budgeting in the sector. (Ind3.5.3)

The team evaluating the EFA programme found that the capacity of individual officers at central level had improved considerably since the time of BPEPII. This was reinforced in interviews during the field phase. At the same time, capacity development at District level and school level appears to have been haphazard. (Ind3.5.4.)

GoN has increased its allocation to education between FY2003/04 and FY2009/10, and within the education budget has increased the allocation to primary education from 56.5 percent to 63 percent. (Ind3.5.5.)

¹³⁴ ...including policy consultations, the role of parliament and civil society, a review of policy priorities, objectives and targets, and an improved matching between policy and expenditure.

In summary, sector budget support given by the DPs as a whole (including the EC) has contributed towards improving the policy and budgeting process, mainly through the large biannual and the smaller quarterly joint reviews rather than through any focussed activity.

2.3.1.24 Detailed evidence

2.3.1.25 Ind3.5.1. Evidence of strategic consultations with stakeholders and parliament discussions

Detailed evidence at Indicator level

The EFA/SESP Joint Annual Review Meeting of May 2008 was evidence of consultations with stakeholders. DPs noted with concern that education's share of the government budget was only to be 16.8%, and pressed for a move to 17.5% of state spending, reflecting the commitment in the Three Year Interim Plan to increase spending on education. DPs pointed out that prior agreements with government had been premised on such an increase. Members were also pleased to hear from the Honourable Member (Education) of the NPC an indication of endorsement of the 17.5% commitment and of the intention to increase the education share of the budget to 20% in the longer term. It was also reported that financial management and accountability continued to be addressed by government, showing a commitment to improving the rigour of accountability expected in EFA.

The Joint Consultative Meetings (JCMs) on (EFA and) SSRP held in December 2009 and 2010 are evidence of robust strategic discussions between GoN and DPs. In the first JCM DPs provided notes on five key themes: (1) information collection, analysis and use; (2) quality; (3) equity and inclusion; (4) governance; and (5) capacity development.

At the second JCM, DPs noted that it was difficult to extract key information and see the links between the different documents produced by MOE/DOE on SSRP and to track actual achievements against the strategic priorities of last year's plan and other key monitoring frameworks. For example, the SSRP Status Report was not consistent with the SSRP Core Document and Annual Strategic Implementation Plan 2009/10.

Sources of Information

EFA/SESP Joint Annual Review Meeting, May12-14, 2008 – Aide Memoire.

Government of Nepal Ministry of Education, School Sector Reform Plan first Joint Consultative Meeting, 6-11 December, 2009 – Aide Memoire.

Government of Nepal Ministry of Education, School Sector Reform Plan Second Joint Consultative Meeting, 6-10 December, 2010 – Aide Memoire.

2.3.1.26 Ind3.5.2. Strategy documents including road maps, targets and performance indicators (plus quality and availability of statistics)

Detailed evidence at Indicator level

There have been many strategy documents since the beginning of the EFA Programme. These include:

- The Tenth Plan (2002/03-2006/07)
- Education For All Core Document (2003)
- Education For All Programme 2004-2009
- School Sector Reform Core Document (2008)
- School Sector Reform Plan 2009-2015
- Annual Strategic Implementation Plan (ASIP)
- Annual Work Plan and Budget (AWPB)
- Three Year Plan Approach Paper (2010/11 – 2012/13).

In addition each JCM aide memoire contains an update of the GAAP (for example) together with a policy matrix and annexes showing progress to date according to agreed performance indicators.

In 2003, the EU (through ECECO) provided TA to facilitate a workshop for representatives of GoN/MOE/DOE, civil society and donors supporting BPEPII to:

- start discussion on future support to basic and primary education by
 - developing a shared understanding of the options available,
 - understanding the policies and modalities of different funding agencies,
 - identifying the key features of a future resource framework,
 - understanding the requirements that such a framework would place on the government and on development partners; and
- produce a resource document on funding modalities for EFA 2004-2009.

Otherwise, the EU, along with other DPs, has taken part in discussions with GoN to refine the Core Documents for EFA and SSR, the ASIPs and AWPBs.

Under BPEPII the Joint Government-Donor Evaluation team found that considerable progress had been made in implementing quantitative monitoring mechanisms but the poor quality and reliability of input data required priority attention. The linkage between data collection and informed decision-making needed strengthening.

Under the EFA Programme with the introduction of Flash Reports from 2004, good progress had been made on building the system of data collection and the education management information system (EMIS), including attention to disaggregation. However, there was and still is a need to develop capacity at national and district levels in the analysis and use of qualitative information to illuminate observations from quantitative analysis.

Now a considerable amount of information is extracted from the Flash Report and EMIS to inform the Joint Consultative Meetings and Joint Annual Reviews and is included in the annexes of the aide memoires to illustrate progress in the SSRP against targets. In the aide memoire of December 2010 the DPs commented that there were some information gaps in the Consolidated Report where further detail would be welcome, namely: (i) data on school infrastructure, including water, sanitation and health facilities;(ii) text book distribution and mother tongue teaching; (iii) literacy, non-formal education and lifelong learning; and (iv) TVET soft skills piloting.

Sources of Information

As listed above, plus:

Resourcing Education for All 2004-2009: a framework. Report on the Funding Modalities Workshop 25th-26th February 2003.

Nepal – Joint Government–Donor Evaluation of Basic and Primary Education Programme II, Danida, July 2004.

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

Government of Nepal Ministry of Education School Sector Reform Plan first Joint Consultative Meeting 6-11 December 2009, Aide Memoire.

Government of Nepal Ministry of Education School Sector Reform Plan Second Joint Consultative Meeting 6-10 December 2010, Aide Memoire.

2.3.1.27 Ind3.5.3. Existence/preparation of a medium-term expenditure framework (MTEF) and relationship established between annual budgets, MTEF and expenditure review processes

Detailed evidence at Indicator level

Nepal started its implementation of the medium term expenditure framework (MTEF) 2002-03 during the height of the civil conflict when local education offices were routinely bombed and a large number of western districts were effectively cut off from the central government. The MTEF became an integral part of planning, budgeting, output estimation and monitoring process, and provided a useful mechanism for streamlining projects/programmes in line with the Tenth Plan/PRSP priorities.

The education sector was one of five sectors included in the first MTEF and now the MOE is responsible for the education sector MTEF, which has the following aims:

- to link annual programmes and the education sector budget with PRSP targets and outcomes;
- to prioritize programmes, along with costings, outputs and expenditures, in accordance with PRSP objectives;
- to adjust the annual expenditure on PRSP programmes to reflect resource availability; and
- to provide funding guarantees to priority projects in the education sector.

The MTEF is a three-year rolling budget that incorporates first-year budget expenditures and projected amounts for the next two years. It is updated annually, taking into account the availability of resources, absorption capacity, and the implications of new policies and programmes in the education sector.

The first education sector MTEF focused on the rationale for expenditures, whereas successive MTEFs have emphasized the budget formulation process, capacity-building and institutional compliance with the processes. GoN has put emphasis on using the MTEF to drive prioritization of projects (using a three-level classification system) to ensure that the most important (and those which have assured foreign funding) get the necessary counterpart funding. It has also used the process to prioritize funding for pro-poor projects and schemes. This has been one of the education MTEF's major achievements.

Evidence from a recent UNESCO study on education financing and implementing MTEFs suggests, giving Nepal and Vietnam as examples, that all the countries can achieve better results if strong political engagement, high technical capacity and good financial systems are in place. Many of the low income countries have recorded significant increases in the overall education budget, the analysis continues. Nepal recorded an increase from 3.1 per cent of GDP in 2003 to 4.6 per cent in 2009, an increase in education's share of the overall budget from 14.9 to 19.5 percent and an increase in primary education's share of the education budget from 56.5 to 63 percent for the same years. This can be at least in part attributed to the development of the MTEF; it has helped to mobilize donor funding through sector budget support since an MTEF is seen as a core element in the SWAp. It has also helped to draw the attention of domestic policy makers to resource gaps in the sector particularly the low levels of non-salary funding in the primary and lower secondary levels.

The education MTEF, the study continues, has strengthened the budget formulation, along with management and resource allocation processes, by improving the predictability of budgets in the second and third years. Projections are more needs-based and realistic, better aligned with the absorption capacity of the MOES and its agencies, and linked to sectoral strategies and outcomes. Similarly, the MTEF approach has contributed to a shift away from traditional incremental financing and toward broad-based negotiations that enable ministries and relevant agencies to harmonize and coordinate sector-based strategies in accordance with PRSP objectives.

While the achievements of the MTEF in Nepal are significant, the introduction of the education MTEF has identified a number of challenges that must be addressed. There is a need to strengthen the linkage between planning and budgeting in the education sector and to enhance the predictability of resources that need to be mobilized in this sector. Improvements are needed to generate more credible unit costing as part of budget formulation, as well. Internalization and institutionalization of the MTEF process in the MOES, along with a strong commitment to the MTEF across the government and its agencies, will further advance the process.

Despite the somewhat glowing accolade of the UNESCO study, interviews during the field phase revealed that the MTEF was not as effective as it could be since there was no real political buy in to it. The National Planning Commission takes the lead in the process with the MOE just participating. Resource allocation (budgeting and programming) needs to be improved and there needs to be greater participation from all Ministries and stakeholders.

The MTEF has not been used in the process of reviewing expenditure of the EFA Programme or SSRP.

Sources of Information

- National Development Forum, *MTEF I–Summary Paper (2002/03-2004/05)*, February 2002.
 National Planning Commission, *MTEF II–Main Volume (2003/04-2005/06)*, September 2003.
 National Planning Commission, *MTEF III–Main Volume (2004/05-2006/07)*, July 2004.
 National Planning Commission, *MTEF IV–Main Volume (2005/06-2007/08)*. July 2005.
 National Planning Commission, *MTEF V–Main Volume (2006/07-2008/09)*. July 2006.
 National Planning Commission, *MTEF VI–Main Volume (2007/08-2009/10)*. July 2007.
 Education Financial Planning in Asia: Implementing Medium-Term Expenditure Frameworks - Nepal. Bangkok: UNESCO Bangkok, 2010.
 Clarke, G. *Education MTEF: Approaches, Experience and Lessons from Nine Countries in Asia*. Asia-Pacific Education System Review Series No. 3. Bangkok: UNESCO Bangkok, 2011.

2.3.1.28 Ind3.5.4. Evidence of institutional strengthening (coordination, decentralisation, stability of public servants in charge of budget matters, training and other capacity building measures)

Detailed evidence at Indicator level

In 2003, participants at a workshop concluded that BPEPII had been trying to follow national reform policies, such as decentralisation, but there was a need to consider how these could be incorporated more rigorously in BPEP implementation. The move from central management to district management was still a long way off. Greater attention needed to be given to ensuring that (a) appropriate human resource and institutional capacity building activities were carried out at central, district and local levels, and (b) improved capacity was utilised effectively. Participants also found that, although TA could contribute to efficient programme implementation and could enhance capacity building through skills transfer, the nature of the links between government, donors and TA was critical for programme success.

Under the EFA Programme, the most significant progress was in the revitalising of School Management Committees (SMCs) and the hand-over, or more correctly, the handing back of schools to become community-managed. However, according to the Joint Evaluation team, there was a strong possibility that many schools would remain under their District Education Office management since their resource base and local leadership would not provide the conditions for self-management. Unless SMCs were made more functional, handovers would grind to a halt. One indicator of SMC effectiveness was the School Improvement Plan (SIP). There were indications that SIPs were not fully owned by schools, and therefore did not serve as the intended vehicle for improving service delivery. These indications were backed up through observations during the field visit: the SIP was taken seriously in some schools but not in others.

The EFA 2004-09 Core Document placed a great importance on the need to improve management and professional capacity at all levels. However, according to the Joint Evaluation team, in practice capacity building was seen in terms of long- and short-term training, seminars and workshops rather than a more comprehensive view involving institutional and systemic change. On the other hand, the Annual Strategic Implementation Plan (ASIP) documents represented capacity building in broader terms and as a crosscutting issue embracing both institutional capacity building and enhanced management efficiency.

Again, according to the Joint Evaluation team, the success of capacity development efforts at central level was obvious to observers who reported the vastly increased confidence of officials at central level. The successes of capacity building lay in the new management systems and tools, the increased numbers of teachers and the clearance of the backlog of untrained teachers. Against all these positive reports, District Case Reports were full of perceptions that decentralisation to school level was done without adequately considering the new demands on District Education Offices with their small staff; the needs for all SMC

members to be informed, if not trained, of what their duties were and for new management tools for SMC members to enable them to do the new tasks. Flash Reporting was successful in making essential information available in a timely way; however, the persistence of very high values of gross enrolment ratio (GER) and gross intake ratio (GIR) required some supplementary independent investigation into the way enrolment data was captured. There also remained some challenges and difficulties in developing monitoring tools which captured the intended changes in teachers' teaching and students' learning as well as in tracking the impact of interventions on students' literacy levels.

By the last quarter of 2008 capacity building efforts at central level had been reasonably successful, but less intensive at district and school levels. More recently, training has been given with support from Danida to financial management staff in the MOE, but signs of its effectiveness are yet to be seen. This is mainly due to the fact that financial staff are seconded by the Ministry of Finance and have little allegiance to the MOE, leading to a high staff turnover.

By March 2009, a Capacity Development plan (for EFA) was in existence but had not been endorsed by GoN. Moreover, both that plan and the SSR capacity development plan had not been costed, although the plans estimated that about five percent of the total education recurrent budget needed to be allocated for development and implementation. The costing of the Capacity Development plan and its endorsement by government were two of the criteria for release of EU variable tranches that were not fulfilled. By mid-2010, however, the ADB supported TA had produced a draft GoN MOE *National Framework for Capacity Development*. Following that, a plan has been produced but is still to be seen by the DPs.

From interviews at District level during the field phase it became obvious that capacity development at district and school level had been haphazard, and that capacity development meant mainly individual professional development. What has been lacking is institutional strengthening in order to overcome the difficulties caused by high staff turnover, particular at district level.

Sources of Information

Resourcing Education for All 2004-2009: a framework. Report on the Funding Modalities Workshop 25th-26th February 2003.

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

Government of Nepal Ministry of Education, draft *National Framework for Capacity Development*, June 2010.

2.3.1.29 Ind3.5.5. Shifts in public expenditure (absolute change in sectoral allocations, new targets in sectoral expenditure, existence of "protected expenditures", and orientation of budget priorities towards the poor in rural areas)

Detailed evidence at Indicator level

As can be seen from the above below, GoN has increased its allocation to education between FY 2003/04 and 2009/10, and within the education budget has increased the allocation to primary education.

Table 1 Shifts in public expenditure on education (%) for the years 2003, 2008 and 2009

<i>Budget Line \ Year</i>	<i>2003</i>	<i>2008</i>	<i>2009</i>
Public expenditure on education as % of GDP	3.1	3.8	4.6
Public expenditure on education as % of total government expenditure	14.9	19.0	19.5
Public current expenditure on education as % of total public education expenditure	76.8	90.5	91.0
Public current expenditure on primary education as % of public current expenditure on education	49.1	62.9	60.3
Expenditure on primary education as % of total educational expenditure	56.5	62.7	63.0
Expenditure on secondary education as % of total educational expenditure	22.1	24.3	23.5
Expenditure on tertiary education as % of total educational expenditure	10.3	13.0	12.0
Public expenditure per primary pupil as a % of GDP per capita	11.4	15.2	17.6

Sources of Information

World Development Indicators

2.4 EQ4: Access to Education

Evaluation Question 4: To what extent has EC support to the education sector in Nepal contributed to increasing equitable access to and completion of quality basic education ?

Introduction

This EQ highlights the problem faced in Nepal of providing all children in the Valley, the Terai and in mountain areas, both boys and girls, and those from Dalit, other excluded castes and ethnic groups with good quality basic education. It shows how EC support (together with the support of other development partners) is assisting GoN in meeting the challenges of the Education For All (EFA) goals¹³⁵ 2 and 5 and the Millennium Development Goals (MDG) 2 and 3 and EFA's expanded vision of Basic Education¹³⁶. It covers the creation of conditions to increase access for all, strategies to enhance the quality of education and improving the rate of completion of primary education and transition to secondary education.

The EC has been supporting the education sector in Nepal through BPEPII from the end of 1999 to mid-2004. Education support was reassumed in 2008 as the 2007-2013 CSP identified education as the most important sector and the EC joined the EFA 2004-2009 Programme through the Education Sector Policy Support Programme (ESPSP). This constituted a major shift from BPEPI (project support) to BPEPII (programme support through basket funding) to sector budget support in the EFA programme guided by a Joint Financing Arrangement (JFA). This was followed by participation in GoN's School Sector Reform programme (SSRP) 2009-2015 by signing a Financing Agreement in June 2010. Sector budget support moved towards a broader sector-wide approach and a component concentrating on strengthening sector capacities. The EC has also supported four Non-State Actors programmes within the sector since early 2010, particularly to provide quality educational opportunities for all with a special focus on vulnerable and marginalised communities.

The programmes are guided by national policies and strategic plans which outline the priorities of the GoN in terms of education reform. The overall objective of EU assistance in education sector support is defined as achieving the relevant Millennium Development Goals (MDGs) and realizing the goals set out in the Education For All Nepal National Action Plan, where children (learners) are the principal focus of attention.

It is important to examine the nature, procedures and outcomes of the process of monitoring educational programmes and to find out in what ways lessons learned from programme monitoring have been used to inform the design and implementations of existing and subsequent programmes. To a large extent this has been done under EQ3 (JC3-1 Ind3.1.2).

It is also important to analyse the ways in which EC support has contributed towards achieving national education objectives in terms of completion of good quality basic education, as well as increased access of all children. Access to schooling for vulnerable groups will be given special attention.

JC4-1 Education goals and strategies of GoN consistent with EC policies and international standards

2.4.1.1 Main findings

There is a high level of coherence of objectives in GoN and EC documents pertaining to the education sector in Nepal, especially in those prepared for the Education For All and School Sector Reform programmes. (Ind4.1.1.) There has been increased reflection of international standards in GoN education policies, goals and strategies since BPEPII, mainly as a result of increasingly harmonised development partner involvement in the education sector. However,

¹³⁵ See Ind4.1.2. Increased reflection of international standards in GoN education policies, goals and strategies below for the EFA goals and the MDGs.

¹³⁶ Before the EFA programme the education levels were Grades 1-5 (primary), Grades 6-8 (lower secondary), Grades 9-10 (secondary) and Grades 11-12 (higher secondary). Under the EFA programme Basic Education included Grades 1-8 and two years of early childhood development (ECD). Under the SSR programme, Grades 1-8 is classified as Basic Education and Grades 9-12 as Secondary Education.

there are many improvements still to make particularly in the area of quality and learning outcomes. (Ind4.1.2)

Although there have been clear policy thrusts towards decentralisation, greater community participation and more responsiveness to linguistic and cultural diversity in line with international practice, detailed plans to guide implementation have not been developed. As a result, there have been some inconsistencies such as conflicting policies on free education and cost-sharing implementation modalities, practical problems in implementing multi-lingual education and some lack of clarity regarding the respective roles of 'special', 'non-formal' and 'inclusive' education. (Ind4.1.2)

2.4.1.2 Detailed evidence

2.4.1.3 Ind4.1.1. Level of coherence of objectives in EC and GoN documents over time

Detailed evidence at Indicator level

In August 2006 the EC Communication *Governance in the European Consensus on Development* reported, "As in other regions, the trend towards global and sectoral budget support programmes is becoming a means of strengthening governance and institutions at both central and decentralised levels in Asia. These programmes call for the prior establishment of an appropriate level of democratic oversight, financial management and institutional development, thereby increasing transparency and accountability to stakeholders."

A World Bank-commissioned financial management review of the Education For All (EFA) Programme for FY2004/05 and FY2005/06 (March 2007) concluded that the budgeting, accounting and reporting procedures elaborated in the GoN Financial Administration Regulations (FAR) provide reasonable assurance that the EFA programme complies with minimum financial management requirements. However it also found that compliance with the provisions of the FAR and other regulations as well as internal control and audit remained weak. Consequently, fiduciary risk in the education sector remained high, as in most other sectors in Nepal. The report also made recommendations for immediate as well as medium-term action, related to improved resources allocations, systems improvement and capacity development. The report prompted EFA development partners (DPs) to write officially to the GoN in April 2007 to raise the issue of lack of satisfactory progress in improving financial management and accountability of the EFA Programme. DPs insisted on the presentation of a draft action plan by GoN to improve financial management and accountability in EFA as part of the mid-term review and annual consultations in May 2007. Donors informed the GoN that further replenishments or additional commitments to EFA would be conditioned by such a plan.

By December 2007 the Commission had approved the Annual Action Programme for Nepal which comprised only the ESPSP-EFA through sector budget support. The Action Fiche for the ESPSP-EFA recorded that a number of measures were in flow to improve public financial management. The EC had reviewed the public expenditure management and procurement systems that had been developed for the programme and considered them to be satisfactory for the use of sector budget support. There were ongoing reforms to improve the quality and accountability of public financial management systems. The EC, as part of its discussions with the GoN (and other donors), had agreed on a set of concrete time bound measures to improve public expenditure management, flow of funds and accountability, particularly addressing the decentralized levels.

The GoN EFA programme (2004-2009) had the following three objectives: (i) ensuring access and equity in primary education; (ii) enhancing quality and relevance of primary education and (iii) improving efficiency and institutional capacity. The EFA programme built on the achievements and experiences of the second Basic and Primary Education Programme (BPEPII). The *EFA Core Document* outlined the goals, objectives and strategies for 2004-09. It was guided by the National Plan of Action for EFA 2015, the 10th Five Year Plan, the sector Medium Term Expenditure Framework (MTEF), the Local Self Government

Act 1999 and the 7th amendment of the Education Act (2001). The poorest districts were targeted for early childhood development (ECD) programmes. Children from disadvantaged, poor communities, Dalits, girls, children with disabilities and in situations of conflict were to be provided with incentives and scholarships to attend primary schools.

The overall expected outcome of the EC Education Sector Policy Support Programme for EFA (2007-2009) was improved sector performance and progress towards a more qualitative, equitable and effective education system and service provision, enhancing internal and external efficiency. Expected educational results included an increase in enrolments, a decline in dropout rates and repetition rates, higher rates of completion and student attainment and improved quality. Expected social benefits were substantial, including equalizing opportunity to quality education to the marginalized, and increase in gender and social parity. Expected institutional benefits were higher capacity in institutions and in the capacity of beneficiaries and stakeholders for programme planning, implementation and management, higher technical capacities to carry out education quality improvements and improved financial management.

Similarly, GoN's School Sector Reform (SSR) Plan 2009-2015 had its roots in the National Plan of Action for EFA 2015 and the Three-Year Interim Plan (2007/08-2009/10), and was influenced by the National Development Strategy Paper (2010/11-2012/13). The SSR Plan provided a strategic framework for the Annual Strategic Implementation Plan (ASIP) and Annual Work Plan and Budget (AWPB). It was prepared by the GoN/MOE based on the *SSR Core Document* and feedback received from stakeholder consultations conducted at different levels across the country. Key policy goals and values, such as the right to education, gender parity, inclusion and equity guided the preparation process and were integrated as strategic interventions in the Plan. The goal for basic education (grades 1-8) was to ensure equitable access to quality education for all children in the 5-12 age group through a rights-based approach and promotion of a child friendly environment in schools.

The specific objective of the EC ESPSP-SSR (2010-2013) is to increase access to and improve the quality of school education, particularly basic education, especially for children from marginalized groups. The overall expected result of the SSRP (as it is commonly called) is improved sector performance and progress towards a more inclusive and efficient elementary education system with satisfactory quality. Expected educational results include increases in school enrolments, completion and student attainment. Expected social benefits include equalizing opportunity to quality education for girls and children from disadvantaged backgrounds and increased gender and social parity. Expected institutional benefits include higher capacity of national, district and community institutions in programme planning implementation and monitoring, higher technical capacities to carry out education quality improvements and improved financial management.

The EC SSRP Results Framework given in the Technical and Administrative Provisions is a comprehensive summary of the Logical Framework presented in the GoN SSR Plan.

According to the European Court of Auditors preliminary findings, the choice of education, and specifically basic and primary education, as a priority sector in the Country Strategy Paper (CSP) 2007-2013, was consistent with the current EC policies and programming guidelines, i.e.:

- The GoN committed itself to reaching MDG goals by 2015, but Nepal was considered to be off-track for MDG 2 and 3 at the time the CSP 2007-2013 was being drawn up.
- The country was eligible for support under the EFA Fast Track Initiative (FTI).
- Nepal had an education sector-wide approach (SWAp) in place since 2004 with a well-established coordination structure.
- Financing education to achieve MDG and EFA goals faced a financing shortfall that the EC could reduce.
- Other elements mentioned in the CSP to justify the choice of education as a focal sector were the possibility of addressing, as cross-cutting issues, violations of human

rights (including those of children and indigenous peoples), gender inequalities, the risk of HIV/AIDS, TVET access and social exclusion.

In summary, there is a high level of coherence between GoN and EC documents pertaining to the education sector in Nepal.

Sources of Information

EC Communication Governance in the European Consensus on Development: Towards a harmonised approach within the European Union, August 2006.

Identification Fiche: Education Sector Budget Support Programme – CRIS: DCI-EDUC/2007/19109 – 2007.

Action Fiche: Education Sector Policy Support Programme – Education for All–Nepal. Asie/2007/19-109 – 2007.

Financing Agreement DCI-ASIE/2007/19109 – Education Sector Policy Support Programme (for EFA) – signed 8th June 2008.

Government of Nepal Ministry of Education, School Sector Reform Plan 2009-2015, August 2009.

Audit of EC Development Assistance for Education: Mission to Nepal, 18-27 January 2010 – Statement of Preliminary Findings.

Financing Agreement DCI-ASIE/2009/21209 – School Sector Reform Plan – signed 22nd June 2010.

2.4.1.4 Ind4.1.2. Increased reflection of international standards in GoN education policies, goals and strategies

Detailed evidence at Indicator level

As mentioned above, GoN has been committed to reaching the Millennium Development Goals (MDGs) by 2015. Its education policies have been guided by, in particular, MDG2 – *Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling* – and MDG3 – *Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015*. This is evident from the documentation on BPEPII (1999-2004), GoN's EFA Programme (2004-2009) and the SSR Programme (2009-2015). GoN's goals are also similar to those of other developing countries in the category of Low Human Development according to the UNDP Human Development Reports.

By 2007, Nepal had managed to maintain its still-establishing education system through a decade of conflict and to continue to make gains in enrolment and gender parity. With the agreement on an interim constitution the context was becoming more favourable. The recognition that social exclusion was a key fuel to the conflict had provided a new impetus for achieving a more equitable and inclusive society. Institutional strengthening and building up of local-level democracy were urgent tasks.

GoN, through its EFA Programme, has been committed also to the EFA goals developed in 2000, at the Dakar World Education Forum. They constituted a considerable strengthening and revision of the earlier EFA goals (developed in Jomtien, 1990):

- Expanding and improving comprehensive Early Childhood Care and Education (ECCE), especially for the most vulnerable and disadvantaged children.
- Ensuring that by 2015 all children, particularly girls, children in difficult circumstances and those belonging to ethnic minorities, have access to and complete free and compulsory primary education of good quality.
- Ensuring that the learning needs of all young people and adults are met through equitable access to appropriate learning and life skills programmes.
- Achieving a 50 per cent improvement in levels of adult literacy by 2015, especially for women, and equitable access to basic and continuing education for all adults.

- Eliminating gender disparities in primary and secondary education by 2005, and achieving gender equality in education by 2015, with a focus on ensuring girls' full and equal access to, and achievement in, basic education of good quality.
- Improving all aspects of the quality of education and ensuring excellence of all so that recognized and measurable learning outcomes are achieved by all, especially in literacy, numeracy and essential life skills.

The EFA goals considerably expand on MDG2 and MDG3. There is a stronger emphasis on the quality and relevance of education, an expanded concept of gender equality (including the concept of 'equity in quality')¹³⁷ and a more explicit mention of socially excluded groups (namely 'vulnerable and disadvantaged children', 'children in difficult circumstances' and 'those belonging to ethnic minorities').

The Nepal Case Study, *Social Inclusion: Gender and Equity in Education SWApS in South Asia*, concluded that whilst there had been many efforts and initiatives to address the serious levels of educational inequity that existed in Nepal, these had not been as effective as they might have been, even taking into account the very challenging governance context. Educational enrolments had continued to rise and the gender gap had continued to narrow, representing a huge achievement, considering the virtual standstill in several districts during the decade of insurgency. There appeared to be incremental improvements in understanding of the wide range of equity and inclusion challenges that Nepal faced and appreciation of the need for a coherent and mainstreamed approach. Evaluations suggested that individual programmes and components under the EFA umbrella had been successful in their own terms and there had also been significant progress in monitoring of equity trends. This included better disaggregation of Nepal's many and complex dimensions of disparity and also improved generation and use of qualitative information to inform policy making. However, during the field visit in an interview with EMIS staff at the Department of Education it was remarked that there were in fact no real disaggregated data for the net enrolment ratio (NER) of vulnerable groups because of the lack of accurate or up-to-date statistics in the Central Bureau of Statistics.

The EFA Programme was seen as representing a step forward from BPEPII, having a considerably strengthened equity focus. However, there were many concerns. There was a lack of consistency on the fundamental issue of free primary education and targeting of Early Childhood Development (ECD) to the most disadvantaged. Even the activities implemented by GoN using pooled funds were poorly linked across different components, and seen as competing rather than complementary. Furthermore, there were numerous activities in the sub-sector that fell outside the EFA programme and budget, risking duplication and undermining of capacity.

By 2009 the Joint Evaluation of the EFA Programme found that, although there had been clear policy thrusts towards decentralisation, greater community participation and more responsiveness to linguistic and cultural diversity in line with international practice, detailed plans to guide implementation had not been developed. As a result, there had been further inconsistencies such as conflicting policies on free education and cost-sharing implementation modalities, practical problems in implementing multi-lingual education and some lack of clarity regarding the respective roles of 'special', 'non-formal' and 'inclusive' education. Indeed, following this evaluation team's field visit, it was found that, although primary education is nominally free, over and above the payment of teachers according to a centrally set quota, scholarships for all girls and the grant for textbooks, GoN provides only 60 percent of funds for facilities maintenance and a small amount for teaching and learning materials. The school is expected to raise extra funds from the community, i.e., through the parents and concerned individuals, through holding fund-raising events or through business

¹³⁷ As stated in the UNESCO (2003) *EFA Global Monitoring Report*: 'Equality is a more complex notion. Full gender equality in education would imply that girls and boys are offered the same chances to go to school and enjoy teaching methods, curriculum and academic orientation unaffected by gender bias. And more broadly, equal learning achievement and subsequent life opportunities for similar qualifications and experience.' (p. 116)

enterprises linked to the school. Schools in poorer areas therefore have fewer resources available to supplement government grants.

The Government of Nepal has been active since 1999, and particularly since 2006, in pursuing both policies – human resource development and the right to education, albeit with the different challenges mentioned above. This is evidenced by the statement in the aide memoire of the Joint Annual Review, May 2008: “MoES stressed the importance of education as a fundamental right, and the need for free and compulsory basic school education, with an emphasis on inclusion, including the provision of mother tongue medium of instruction in the early stages of schooling. There is also a recognised need to address inequities. MoES acknowledged that there must be more priority on quality education for all not only as a fundamental right but also as a vehicle for economic growth and poverty reduction. The challenge remains of engaging the unreached, the number of children still not enrolled in school, possibly as many as 11 percent of the school-age population.”

In summary, there has been increased reflection of international standards in GoN education policies, goals and strategies since BPEPII, mainly as a result of increasingly harmonised DP involvement in the education sector. However, there are many improvements still to make.

Sources of Information

Acharya, S. (2007). Social Inclusion: Gender and Equity in Education SWAps in South Asia: Nepal Case Study UNICEF.

EFA/SESP Joint Annual Review Meeting, May 2008, Aide Memoire.

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

Action Fiche: School Sector Reform, DCI-ASIE/2009/21209, July 2009.

Government of Nepal Ministry of Education, School Sector Reform Plan 2009-2015, August 2009.

Government of Nepal Ministry of Education, School Sector Reform Plan Second Joint Consultative Meeting, 6-10 December, 2010 – Aide Memoire.

JC4-2 Strengthened capacity of the GoN to design, manage and monitor its education reform

2.4.1.5 Main findings

The quality of the two comprehensive national education plans in operation over the period of evaluation was and is estimated to be high. The quality of School Improvement Plans and District Education Plans needed and still need improvement. (Ind4.2.1.)

As a proxy indicator of the capacity of GoN to manage its education reform, both the EFA plan and the SSR plan have been implemented according to schedule. (Ind4.2.2.)

Capacity development in the education sector has made some progress in central level institutions but less so at district level and below. The EC, along with the Asian Development Bank, has been instrumental in promoting the importance of capacity development at all levels. For further progress to be made it is essential that the DPs push the need for an agreed, fully costed and operational capacity development plan within the education sector that goes beyond training alone but includes institutional development at district and regional levels. (Ind4.2.3.)

However, while overall progress has been made, continuous improvement of the education management information system (EMIS) remains a key priority. Progress in collecting data for out-of-school children and deciding on measures to bring these children into school, especially children with disabilities and children from marginalised groups, has been weaker than expected.

Otherwise the systems and structures in place for monitoring progress in the education sector have become more robust over the years. The DPs, including the EC, have played a major role in reaching this position. (Ind4.2.4)

In summary, the capacity of GoN to design, manage and monitor its education reform has increased considerably over the past nine years.

2.4.1.6 Detailed evidence

2.4.1.7 Ind4.2.1. Quality of education plans and strategies

Detailed evidence at Indicator level

In general DPs state that the quality of education plans and strategies is improving. Reference is being made to the Annual Strategic Implementation Plan (ASIP) and the Annual Work Plan and Budget (AWPB) being reviewed by the Joint Consultative Meetings (JCMs).

Out of the National Plan of Action (NPA) for EFA 2015, GoN constructed an EFA Core Document. This Core Document was intended to constitute the foundation document that all development partners who were interested in contributing to the Government's EFA 2004-2009 would adopt. All planning and programme implementation was based on it. It also provided indicators for assessing the progress of the programme.

In order to achieve the EFA Goals the MOE changed various aspects of how the education programme was to be governed. Those changes were: improving the internal governing system in central bodies; clarifying roles and responsibilities of education development actors at central and local levels; coordinating stakeholders and donors; establishing a new flow of funds mechanism; and initiating new monitoring and evaluation systems.

The movement towards decentralisation down to the school level required planning to be undertaken at the lowest level, the school, and for those plans to inform the 'macro' plan for the country. School planning, by or through SMCs, was supposed to be consolidated at the village or municipality level, by Village Education Plans (VEP). In turn these were aggregated to the District Education Plan (DEP) and so to the Annual Plan constructed by the Department of Education. By the time of the Joint Evaluation of the EFA Programme, there were School Improvement Plans (SIP), done by almost all schools, whereas Village Education Plans had hardly begun since Village Development Committees lacked staff to assist in the planning of schools.

However, during the evaluation team's visit it was found that SIPs were taken with varying degrees of seriousness. While one school would treat the SIP as a living document in which were included, for example, plans for improvement of (a) the learning environment, i.e. an education friendly environment where discipline was maintained but not through use of the stick, (b) educational standards through the introduction of English as a medium of instruction in Grades 1-5; and (c) physical facilities, another school would complete an SIP purely as a matter of form and with no real intention of using it.

The basis for DEPs was not clear and there was a tendency for them (as well as the central ASIP) to be seen as a written product, not a *process* of capacity building for analysis of needs, identifying strategies and targeting effectively. Nevertheless, the planning which was done at the centre clearly had its roots in an appreciation of the schools and Districts; otherwise the outcomes – the high rates of implementation – would not have been as impressive as they were.

During the evaluation team's field visit, there had obviously been variable success in the preparation and use of the District Education Plan. Staff of one District Education Office visited were proud to discuss the programmes in its third Plan (2011-2015), e.g.,

1. the school feeding programme,
2. booster scholarships for Scheduled Caste/Scheduled Tribe children plus special priority for their parents,
3. the School Zone of Peace programme which was successful in creating awareness and reducing conflict at school level,
4. non-formal education for parents to increase their chances to earn a living to support their children, and
5. continuous professional development of teachers.

Another District Education Office did not appear to have a plan and there were schools in the District which reported never having been visited by the District Education Officer in six years, whereas the District Education Officer in the former office was reported to have visited schools frequently.

The SSR Plan (2009-2015) built on the EFA and SESP achievements, and articulated the policy directions within the purview of statutory provisions, the EFA National Plan of Action, and the Three Year Interim Plan by incorporating the EFA Dakar Framework for Action and Millennium Development Goals. It took over a year to finalize the first draft of the SSR Plan and it was approved by the MOE in August 2009. At the request of GoN the DPs, including the EC, completed the appraisal process for the SSR Plan in 2009 and agreed to provide support for its implementation from 2009/10 onwards, thus endorsing its quality.

In addition to the plan, three new instruments, promoted by the DPs, provide stronger performance monitoring:

- a Policy Matrix that outlines key policy parameters that underpin the SSRP and regular monitoring of the continuation and further development of these policies;
- a Results Matrix with Key Performance Indicators (KPIs) and arrangements for monitoring including type of information, sources of verification and frequency of reporting; and
- a Governance and Accountability Action Plan (GAAP) which tracks progress in key aspects of improving education service delivery, strengthening financial management and audit.
- the Policy Matrix was developed by the Asian Development Bank and is used to measure performance in the SSRP. It is reported on at the time of the Joint Consultative Meeting in December and the Joint Annual Review in April/May. The Results Matrix, however, although part of the Joint Financing Arrangement appears to have fallen into abeyance, according to various DPs interviewed during the field visit. The GAAP is now in its second year of operation. Although it was first discussed together with the Annual Work Plan and Budget for 2010-11, it is reported in the minutes of the latest Joint Annual Review (May 2011) that the MOE did not take it seriously as a tool for improving accountability.

In summary, the quality of the two comprehensive national education plans in operation over the period of evaluation was and is estimated to be high. The quality of SIPs and DEPs needed and still need improvement.

Sources of Information

Seel, A., Social Inclusion: Gender and Equity in Education SWAps in South Asia – Synthesis Report, UNICEF, 2007.

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

Government of Nepal Ministry of Education, School Sector Reform Plan 2009-2015, August 2009.

2.4.1.8 Ind4.2.2. Extent of plan implementation according to schedule

Detailed evidence at Indicator level

BPEPII was faced with delays partly due to the complexity of the Core Investment Programme with 17 components and partly due to the lack of a JFA and hence individual DP procedures influence the pace and manner of fund release. Moreover the insurgencies paralysed the system in 2002-2004.

The Joint Evaluation team found in 2004 that BPEPII had made significant investments in planning processes (and adapting them throughout the life of the programme). However, the rollout of these tools had proved problematic in some cases. Key issues included: (i) many initial SIPs were 'wish lists' for physical and instructional improvements that could not be funded; (ii) criticism that the SIP and the DEP processes represented a significant administrative burden on the schools for limited gain; and (iii) the initial lack of transparency with respect to the role of the DEP versus actual financing. The Annual Work Plan and Budget (AWPB) and the Annual Strategic Implementation Plan (ASIP) were seen as a positive planning feature, albeit with concerns that there was no systematic reference to the original BPEPII plan/budget to track progress.

Implementation of the activities of the EFA Programme (already begun during BPEPII) was carried out through the ASIP and AWPB in both of which was included a remarkable degree of detail. By the time the ASIP was approved, and possibly amended slightly by the Ministry of Finance, it had undergone many hours of consideration within the Directorate of Primary Education (DPE) and other MOE agencies as well as by DPs.

By 2006, with the EFA Programme, overall physical and financial progress was deemed to be satisfactory, with the proviso that the expenditure had increased by NRPs 1.5 billion compared with first year of the programme, of which NRPs 1.0 billion had been on teacher salaries. However there were considerable differences between districts, which suggested issues of equitable resource allocation.

The findings of the Joint Evaluation team in March 2009, from an examination of the physical and financial performance, suggest that what had been planned, in the main, happened. Over the period of 2004-09 the planning and budgeting and measures of performance also improved: the measures of physical and financial performance both approaching 100 percent. These observations suggest that the planners and those who funded the Programme had an accurate estimate of what could be done. What was attempted was within the resources to implement.

In December 2009 the JCM noted the significant progress made against key outcome indicators and appreciated that the majority of the targets set for the EFA programme period at the outset had been achieved. For example, major achievements were recorded: the net enrolment ratio (NER) in primary education had reached 93.7%, and Gender Parity Index (GPI) in primary NER was 0.98 (i.e. almost at par). However, in some areas achievements had been less than expected and there was a need to review the strategies, making necessary adjustments to accelerate progress over the coming years of SSRP through the ASIP and AWPB.

The JCM noted with satisfaction the overall physical progress of 97.6% and 94.4% of the planned targets under total recurrent and capital expenditures respectively over the fiscal year 2008/09. The previous years' impressive implementation rates had been maintained. The same could be said about the overall financial progress for the fiscal year 2008/09 where 88.4% of the total recurrent budget and 87.3% of capital expenditure had been utilised.

By April 2010, the Joint Annual Review Mission noted that the Governance and Accountability Action Plan (GAAP) was an integral part of the SSRP and funding of activities should be assured through the ASIP/AWPB. However, while overall progress had been made, the mission reiterated that continuous improvement of the EMIS was a key priority. Progress in collecting data for out-of-school children and deciding on measures to bring these children into school, especially children with disabilities and children from marginalised

groups, had been weaker than expected. Timely availability of textbooks in schools also remained an issue.

In September 2010 the plan schedule was interrupted – according to the *Joint Evaluation of the Implementation of the Paris Declaration, Phase II*. A negative side effect of the sector wide approach modality and donor harmonisation occurred when the DP fund flow to education went on hold because the audit report pointed out anomalies in expenditure in schools in some districts. Rather than withholding those amounts from those schools, the whole grant amount was put on hold, thus affecting the activities of the entire SSRP.

By December 2010, progress continued to be made and targets had been met in many areas, notably with regard to access and gender parity in basic education. The JCM agreed that there was an urgent need to address the quality of education, to get a better understanding of children currently still out of school – the numbers, locations and reasons for exclusion – as a base for formulating short and medium-term action plans to bring these children into school and to include regular reporting of progress in the future.

In general, both the EFA plan and the SSR plan seem to have been implemented according to schedule, with support from the EC among other DPs.

Sources of Information

Education For All Consultation Meeting, December 4-6 2006 – Aide Memoire

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

Joint Evaluation of the Implementation of the Paris Declaration, Phase II: Nepal Country Evaluation, Ministry of Finance, Kathmandu, 2010

Government of Nepal Ministry of Education School Sector Reform Plan first Joint Consultative Meeting 6-11 December 2009, Aide Memoire.

Government of Nepal Ministry of Education School Sector Reform Programme First Joint Annual Review 19-23 April 2010, Aide Memoire.

Government of Nepal Ministry of Education School Sector Reform Plan Second Joint Consultative Meeting 6-10 December 2010, Aide Memoire.

2.4.1.9 Ind4.2.3. Effect of capacity building activities (incl. training courses held and placement and retention of trainees)

Detailed evidence at Indicator level

Under BPEPII, at the central level, the Joint Evaluation found that there had been significant increases in capacity in the key institutions involved with BPEPII implementation. In addition to the establishment of the Department of Education (DoE), improvements were noted in the physical infrastructure for education planning, and the systems and processes used to implement, manage, and monitor the delivery of primary/basic education, and the skills and abilities of staff. Specific areas of improvement that were cited by all key informants included the ability of the MOE and DoE to coordinate the work of the development partners and liaise with a range of stakeholders regarding BPEPII implementation and planning at the central level. EC core consultants were instrumental in assisting the DoE in developing funding formulae and SIPs, AWPBs and ASIPs and in outlining approaches for monitoring at district level.

At the district level, the evaluation found that capacity had increased in a number of areas (including planning, data collection, reporting), and that programme implementation and financial budgeting/reporting functions had been strengthened. However, the evaluation team noted that capacity building mainly took the form of training for individual District Education Office (DEO) staff, teachers and SMC members. Training for Resource Persons (RPs) and School Supervisors (SSs) focused on planning and administrative skills rather than technical training in providing support to teaching.

Several shortcomings were identified including uneven capacity building at the central level, and top down and supply driven training activities in several districts (coupled with weak needs assessment). Transfers and rotations in MOE and DoE led to situations where staff

members increased their skills and abilities in areas related to their positions, only then to be transferred to other positions where those skills might not have been applicable. In turn, new staff members were transferred into the newly vacant positions, often creating the need for the same capacity building interventions.

The main strategic priorities for improving capacity building within the EFA programme were:

- raising the competence and improving the qualifications of teachers;
- ensuring decentralised management of schools;
- strengthening school-level capacities for school planning and management; and
- developing the capacity of sub-district, district, regional and central level education personnel for effective provision of educational services.

The Joint Evaluation of the EFA Programme found that capacity within the EFA Programme could be conceptualised as including human resources, e.g. numbers of teachers, the skills and knowledge of the human resources, the availability of financial and physical resources, management systems and tools as well as the institutional context, including the decentralisation to schools, as the concept of capacity development went well beyond training courses.

By 2009, at the school level, there persisted an overall shortage of teachers and huge inequalities in the deployment of teachers. Supervision was reported to be one of the weakest links in the school management system in Nepal. The ineffectiveness of Resource Persons and School Supervisors in supporting pedagogy can be partly ascribed to the fact that SSSs have little or no teaching experience and none at primary level and RPs are normally teachers selected by Head Teachers. From this evaluation team's field visit, it can be said that RPs continue to be ineffective. They can be responsible for over 65 schools but are mainly concerned with administrative matters or, as one interviewee said, 'resource persons without resources'.

It was reported that capacity-building support had suffered from one-shot campaigns which had not been sufficient or sufficiently continuous. Evidence from discussions with school level stakeholders suggested to the Joint Evaluation team that capacity building of key players of local/school level institutions, such as School Management Committees, Head Teachers, Parent Teacher Associations and Village Development Committees had been low.

While the numbers of posts at central level organisations – MOE, DoE, National Centre for Educational Development (NCED), Curriculum Development Centre (CDC), Non-Formal Education Centre (NFEC) – had not changed significantly the staff of these institutions had benefited from study visits, attendance at seminars, training, workshops and academic courses both within the country and overseas. Equipment and logistic support had been provided to DoE and central level offices. A good example of capacity development was found at the NCED which itself is involved in building the capacity of education managers, Head Teachers and, through its network of training providers, teachers. It was strengthened by the Teacher Education Project, 2003–2009, in which curricula were prepared or revised, staff were trained and mentored and systems for managing teacher education were installed. NCED has, through its network of public and private sector training providers, almost cleared the backlog of untrained teachers – a most significant achievement.

As mentioned in previous sections, a major setback to capacity development at all levels, but particularly at district level and below, was the failure by MOE/DoE to produce a comprehensive capacity development plan during the EFA Programme that was both costed and endorsed by GoN. This resulted in the variable tranches (totalling 5.5 million EUR) not being released during the EFA Programme, but being held over until the SSR Programme. In September 2009 the EC led a five day workshop¹³⁸ on capacity development planning with government counterparts. The ADB then supported the preparation of a draft GoN/MOE

¹³⁸ It was reported to the evaluation team that the workshop did not start from where capacity development was in Nepal at the time but from various theories on capacity development. Even now capacity development is seen as teacher training and professional development mainly benefitting the individual rather than the institution.

National Framework for Capacity Development in June 2010 by external TA, together with draft Guidelines or *Strategies for Capacity Development* (produced in September 2010). MOE has now produced a costed capacity development plan that is under discussion.

In summary, it can be said that capacity development in the education sector has made some progress in central level institutions but less so at district level and below. The EC, along with the Asian Development Bank, has been instrumental in promoting the importance of capacity development at all levels. For further progress to be made it is essential that the DPs push the need for implementation of an agreed, fully costed and operational capacity development plan within the education sector that goes beyond training alone but includes institutional development at district and regional levels.

Sources of Information

Nepal – Joint Government–Donor Evaluation of Basic and Primary Education Programme II, Danida, July 2004.

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

Government of Nepal Ministry of Education, Draft National Framework for Capacity Development (June 2010).

Government of Nepal Ministry of Education, Draft Strategies for Capacity Development – Guidelines (September 2010).

2.4.1.10 Ind4.2.4. Existence of adequate M&E activities and evidence that lessons learned are applied

Detailed evidence at Indicator level

In 2004, the Joint Evaluation team found that, under BPEPII, considerable progress had been made in implementing quantitative monitoring mechanisms, but the poor quality and reliability of input data required immediate attention. Also, little emphasis had been given to systematically and routinely evaluating BPEPII performance. Many schools had relatively poor record keeping – and often information being processed was based on the recollections of individual staff members. The linkage between data collection and informed decision-making needed strengthening. Stakeholders pointed out the need to computerize data entry, and commented adversely upon insufficient training, complex, time-consuming processes, incentives to inflate statistics, and poor quality control.

In 2005, the Final Evaluation team found that the critical shortcoming of BPEPII had been the lack of monitoring of educational programmes, both at the central and at the local levels. The regional and district level educational authorities had not been able to monitor the programmes and activities on a regular basis. Moreover, problems of poor quality and reliability of input data still remained. The monitoring indicators and plan prepared by consultants under EC TA was never implemented. Generally both government and donors could have done more to establish a strong monitoring mechanism. BPEPII allocated funds to improve the EMIS. This was never implemented. The reliability of EMIS data at the time of the evaluation was said to be no better than it had been five years previously. In addition, linkages between financial allocations and the quality of interventions were not generally evident, and financial performance information was not related to the achievement of programme results. As the monitoring system remained weak, it was difficult to establish always what had been happening on the ground.

To monitor the EFA Programme, the MOE adopted two new management tools introduced under BPEPII. These were Flash Reports, developed with support from UNESCO and linked to a strengthened EMIS, and Financial Management Reports. In addition to these tools there had also been the commissioning of formative research projects through Norwegian Technical Assistance. The Flash I Report is a snapshot of data at the beginning of the school year whilst the Flash II report focuses on end of school year data. Flash Reports cover enrolment, pass rates of students, repetition and survival rates, training status of teachers, supply of text books and learning materials. The Reports also show progress and

participation of SMCs and PTAs in various activities of schools. At school level, Flash Reports have the potential for comparison of targets and achievements of school plans, that is, the SIPs. The results of the Flash Report process informed the Joint Evaluation of the EFA Programme. Stakeholders at the centre held very positive views of the Flash Reports, particularly their timeliness and comprehensiveness. In comparison with other countries in the Region, school statistics as given in the Flash Reports were a resounding success.

However, teachers at school reported that they saw little value in data collection and Flash Reports: this is not an uncommon complaint since Head Teachers and teachers are more often than not asked to supply data/information and send it 'upwards' to the next level in the information chain without getting any feedback on, for example, how their school or community compares with others or how schools can cooperate with each other to share scarce resources.

In addition, the Flash Reports tend to be just that – snapshots of the situation at a particular point in time. Rather than the data being collected on one day twice a year, they are now collected over a period of seven days for greater reliability. The Flash Reports are brought together each year in a Consolidated Report: the *School Level Educational Statistics of Nepal: Consolidated Report 2009 (2066)* has statistics and trends from school year 2003/04 to 2009/10. This comprehensive Report consists of descriptive text with 105 Tables and 73 Figures giving trends or proportions, followed by 47 Annexes of detailed statistics. There is no in-depth analysis of the relationship between the implementation of policies and trends in student numbers or achievement.

This being said, EMIS has improved over the years (and will now contain a register of all teachers in the education sector). However, there is over-reporting by school principals to gain access to more funds, emphasising the need for better validation of data.

The Financial Monitoring Reports (FMR) are a requirement under the Joint Financing Arrangement (JFA) and are produced three times a year to form the basis of disbursement by the pooling donors giving sector budget support. The FMRs in addition to reporting data on the 10 EFA Budget heads, present achievement of the AWPB and ASIP against both physical and financial targets and in respect of the EFA Goals. The FMR clearly distinguishes between central and District activities with the Central Allocations being only 8 percent of total ASIP allocations. Management costs are under 'Other'. Almost all EFA activities are grouped under Access or Improving Quality while reducing illiteracy and meeting learning needs are relatively neglected Goals. During the field visit it was reported to the evaluation team that the quality of the FMR is varied; there are often arithmetical errors, the latest report being rejected three times before approval. Also there is no matching of the FMR with the programmes of the education system and until there is a match, the MOE and DPs have to rely on information generated through the Financial Controller General's Office from 65 districts.

Annex II (the Technical and Administrative Provisions) to the EC SSRP FA gives a comprehensive description of performance monitoring arrangements for which the MOE is providing strategic leadership. The MOE has a well-developed monitoring plan at different levels – school, resource centre, district and region. The DoE is responsible at the national level for compiling, processing and analysing district-level data and reports on progress, performance and output. The JFA mechanism provides for structured and periodic review of progress against goals and objectives with detailed stipulations concerning performance measurement, monitoring and reporting (financial as well as operational), and audit. The SSRP has two joint reviews each year: the Joint Annual Review meeting in April/May when the ASIP and AWPB for the next fiscal year are reviewed; and an annual Joint Consultative Meeting (JCM) in December when the DPs and GoN review overall progress against key performance indicators based on consolidated monitoring reports generated for the year by GoN. Also developed are the three key instruments, mentioned earlier: a Policy Matrix, a Results Matrix and a Governance and Accountability Plan (GAAP).

DPs continue to contribute to the raising of standards in monitoring progress as is evidenced in the aide memoires of the annual JCM. The main area of concern is the lack of structure in

reporting on progress. In the December 2010 JCM, the DPs found it difficult to extract key information and see the links between the different documents provided for the JCM and to track actual achievements against the strategic priorities of last year's plan and other key monitoring frameworks. For example, the SSRP Status Report was not consistent with the SSR Core Document and ASIP 2009/10.

It is difficult to tell whether lessons learned through the various monitoring activities are applied. In the GAAP there is a column entitled 'Status as of now' where current and planned actions are listed against different Objectives and Key Activities, but there is no statement which indicates that lessons have been learned and appropriate action taken. The same can be said of annex to the JCM aide memoire entitled 'Program Actions (FY 2009–FY 2014)' where there is also a column 'Status as of now'.

In the first JCM (December 2009) the meeting recognised that in some areas achievements had been less than expected and there was a need to review the strategies making necessary adjustments to accelerate progress over the coming years of SSRP through the ASIP/AWPB. These areas included:

1. Data for out-of-school children and measures to bring these children into school, especially children with disabilities and children from marginalised groups;
2. Representation of women in general and Dalit, marginalized, and disadvantaged communities including Janajati in the teaching cadre;
3. Adult literacy;
4. Teacher student ratios, in general, and the minimum number of teachers per school, in particular;
5. Drop-out and repetition rates at primary level in general and grade 1 in particular; and
6. Teaching and learning strategies for students' learning achievement.

In the second JCM (December 2010) these areas were discussed and details were given in annexes to the aide memoire. The JCM agreed that there was an urgent need to address issues of the quality of education including teaching and learning strategies, to get a better understanding of children currently still out of school – the numbers, locations and reasons for exclusion – as a base for formulating short and medium-term action plans to bring these children into school, and to include regular reporting of progress in the future.

On the whole the systems and structures in place for monitoring progress in the education sector have become more robust over the years. The DPs, including the EC, have played a major role in reaching this position.

Sources of Information

Nepal – Joint Government–Donor Evaluation of Basic and Primary Education Programme II, Danida, July 2004.

Final Evaluation: Basic and Primary Education Programme Phase II (BPEPII) Nepal NPL/B7-300/IB/98/0126, February 2005.

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

Government of Nepal Ministry of Education School Sector Reform Plan first Joint Consultative Meeting 6-11 December 2009, Aide Memoire.

Financing Agreement DCI-ASIE/2009/21209 – School Sector Reform Plan – signed 22nd June 2010.

School Level Educational Statistics of Nepal: Consolidated Report 2009 (2066), Department of Education, June 2010.

Government of Nepal Ministry of Education School Sector Reform Plan Second Joint Consultative Meeting 6-10 December 2010, Aide Memoire.

JC4-3 Trends in Key Performance Indicators related to basic education

NB: JC4-3 (Trends in core access indicators related to basic education) and JC4-4 (Increased participation of vulnerable groups and gender parity in education) as originally

envisaged in the Inception Report have been merged into the above JC4-3 (Trends in Key Performance Indicators related to basic education). There are two main reasons for this: firstly, it has been done to avoid unnecessary duplication of tables and information, and, secondly, there is a considerable lack of information in the documents being reviewed in the desk study on the participation/inclusion of vulnerable groups (on grounds of gender, ethnicity, caste, location, language and/or disability). This latter has already been mentioned with regard to monitoring achievements in Ind424 above.

In addition, indicators in this JC have been merged into broader categories. Regional information has been omitted at this stage and will be dealt with in detail during the next phase when it will have been possible to examine more longitudinal and more up to date information held on the DoE EMIS.

2.4.1.11 Main findings

There have been considerable improvements in access and gender parity over the period from 2002 to 2010, particularly in primary and basic education, including early childhood development. However, the reliability of data is constrained by limited staffing, resources and connectivity and by the terrain. (Ind4.3.1.)

Survival rates remain below target. Given the relatively high repetition rates (and dropout rates) and low survival rates, the efficiency index also remains low. (Ind4.3.3.)

As is to be expected with an increase in the numbers of children going to school, literacy rates have also risen. Similarly, the literacy gender parity index for those over the age of 15 rose from 0.6 in 2004 to 0.84 in 2008, indicating that more girls and women have the opportunity for basic education.

Overall there has been a steady improvement in access for children from disadvantaged groups as far as it could be observed, but the education management information system (EMIS) only disaggregates social groups by Dalit and Janajati without differentiating the sub-groups, of which some are more disadvantaged than others. Moreover, its categories do not capture groups like the Madhesi Other Caste/OBC groups or Muslims – both of which have low education outcomes and need to be tracked¹³⁹. In the SSRP LogFrame there appears to be little demand for disaggregated measurements of progress as the indicators are mostly quantitative and neutral from a gender equality and social inclusion (GESI) perspective. (Ind4.3.2.)

The EC, through the EUD in Kathmandu, has been providing grant funding to four Non-State Actor projects in inclusive education since early 2010. The four projects address caste discrimination and working towards access and inclusion for all children, including girls, children with disabilities and Dalits. Each of the four projects has made considerable progress after eighteen months of operation, particularly in awareness raising and attracting vulnerable children into school. (Ind4.3.2.)

The EC has contributed to these improvements in access and gender parity through its support to (a) BPEPII, particularly Objective A: "Universal Access and Retention", (b) the EFA programme, particularly Output A: "Increased access to basic and primary education... with supportive expansion of ECD and literacy services", and (c) the SSR programme and its programme objective: to increase access to (and quality of) school education, particularly basic education (grades 1-8), especially for children from marginalized groups. (ind4.3.1.)

2.4.1.12 Detailed evidence

2.4.1.13 Ind4.3.1. Gross and net enrolment ratios for ECD, primary and basic education nationally over time

Detailed evidence at Indicator level

The tables below present the evolution of the following indicators for Nepal during the evaluation period:

¹³⁹ Draft Gender and Social Exclusion Assessment Update Volume II, June 2010, pp. 17-18.

- National Primary Gross Enrolment Rate (GER) and Gender Parity Index (GPI)
- National Primary Net Enrolment Rate (NER) and Gender Parity Index (GPI)
- Other National access data (e.g., GER of ECD / Pre-School, Percentage of new entrants at Grade 1 with ECD experience, Gross Intake Rate at Grade 1, etc.).

Table 2 National Primary Gross Enrolment Rate (GER) and Gender Parity Index (GPI)

EFA Indicator	Gender	Academic Year							
		2003	2004	2005	2006	2007	2008	2009	2010
GER %	Boys	136.0	137.0	148.8	139.2	137.6	140.2	137.1	
	Girls	117.1	124.2	141.8	138.4	139.6	145.6	146.1	
	Total	126.7	130.7	145.4	138.8	138.5	142.8	141.4	
GPI		0.86	0.91	0.95	0.99	1.01	1.04	1.07	

Table 3 National Primary Net Enrolment Rate (NER) and Gender Parity Index (GPI)

EFA Indicator	Gender	Academic Year							
		2003	2004	2005	2006	2007	2008	2009	2010
NER %	Boys	89.4	90.1	90.1	89.3	90.7	93.2	94.7	
	Girls	77.5	78.0	83.4	85.5	87.4	90.4	92.6	
	Total	83.5	84.2	86.8	87.4	89.1	91.9	93.7	94.5
GPI		0.87	0.87	0.93	0.96	0.96	0.97	0.98	

Table 4 Other National access data

Indicators	2002	2003	2004	2005	2006	2007	2008	2009	2010
GER of ECD ¹⁴⁰ / Pre-School	19.8	19.9	39.4	69.9	41.4	60.2	63.4	66.2	
Percentage of new entrants at Grade 1 with ECD experience	9.6	13.7	10.9	11.1	18.3	33.1	36.2	49.9	
Gross Intake Rate at Grade 1	101	117.1	125.9	148.1	148.1	145.2	147.7	144	
Net Intake rate at Grade 1	74	76.1	NA	NA	NA	81.9	83.1	86.4	
GER Basic						116	123	123.3	
NER Basic						71	73	83.2	86.0

The gross enrolment rate (GER) at primary school has fluctuated but still remains high as has the gross intake rate (GIR), indicating that children are not starting school at the right age and/or are repeating a grade or grades. The net enrolment rate (NER) has risen steadily, but more rapidly for girls than for boys. This may be as a result of providing scholarships for

¹⁴⁰ ECD = Early childhood development.

girls. In line with these increases, the Gender Parity Index (the proportion of girls to boys) has become close to 1 in both GER and NER which means that in the case of primary school enrolment Nepal is on track to achieve MDG3.

It was noticed during the field visit that the predominance of boys over girls in Grade 6 and above was variable and depended on the quality of private education offered in the vicinity (often measured in parents' eyes by the use or not of English as the medium of instruction), the cultural and ethnic context, and the urban/rural context. It was often the boys who were sent to private schools that offered English as a medium of instruction. Where a community (public) school had English as a medium of instruction there was gender parity.

There are reservations about the reliability of data leading to the calculation of the NER. Firstly, in the EFA Global Monitoring Report 2010 the primary NER in 2008 is reported to have been 81 percent for boys, 78 percent for girls and 80 percent in total. However, the evaluation team was told during the field visit by EMIS staff at the Department of Education that the UNESCO Institute for Statistics had for some reason not used GoN population figures but their own estimated higher figures to calculate the NER, hence the discrepancy.

Secondly, from the *School Level Educational Statistics of Nepal: Consolidated Report 2009* we can see that the dropout rate in Grade 1 was 20.9% in 2006, in Grade 2 was 11.7% in 2007, in Grade 3 was 6.9% in 2008, and in Grade 4 was 3.9% in 2009. This could mean that less than 60% of those entering Grade 1 in 2006 reached Grade 5 in 2010. If this is the case, it is difficult to see how the NER in 2010 has risen to 94.5%. Whatever is the case, Nepal will not achieve MDG2 by 2015, since it is always that last 5-10 percent of the target that is most difficult to achieve.

Apart from a dip in 2006/07 there has been a dramatic increase in the GER of early childhood education or pre-school education. More attention has been paid to Early Childhood Development (ECD) under the EFA Programme than previously under BPEPII.

Similarly, the percentage of new entrants to Grade 1 with ECD experience has risen from 9.6 percent in 2002 to 50 percent in 2009. This could indicate that the life chances of a large proportion of children will have been improved.

Both the GER and NER for Basic Education (Grades 1-8) have been reduced by the inclusion of lower secondary education for which the GER was 88.7 percent and the NER 63.2 percent in 2009/10.

There appear to be no data available on age-specific enrolment ratios, although these might be extracted from the reports on the social audit (introduced through TA financed by the EC under BPEPII) carried out by School Management Committees and Parent Teacher Associations.

Overall there has been a steady improvement in access and equity although many of the targets have not been met. This might be because the targets themselves were somewhat ambitious. The EC has contributed to these improvements¹⁴¹ in access and gender parity through its support to (a) BPEPII, particularly Objective A: Universal Access and Retention and its eight linked components¹⁴², (b) the EFA programme, particularly Output A: Increased access to basic and primary education ... with supportive expansion of ECD and literacy

¹⁴¹ From EAMR January-April 2004. "BPEPII, which runs until June 2004, has the following major achievements: (1) all construction work under the programme will be completed by that date; (2) a gradual improvement in Net Enrolment Rate (Total NER at Primary Grade 1-5 was 82.4% during the year 2002 and expected to reach 90.0% by the year 2003) has been observed at the primary level of schooling by official EMIS; (3) all the 5 pilot districts are preparing the Districts Education Plans (DEP), (4) MoES successfully implemented the final Joint Review Mission; (5) teachers mapping exercise carried out in 15 of 22 selected districts with internal redeployment of 287 teachers in 5 districts, and (6) MoES/DoE started an exercise to promote Social Audit in Schools with the assistance of ECECO. EC Technical Assistance to BPEP has impacted on the following areas: Insurgency and schooling, formula funding for budget decentralization, school based development, gender audit, HIV/AIDS impact, HMG/NGO modalities, indicators, assessment of education in difficult circumstances, funding modalities, review of decentralisation, inclusion of Dalits, preparation of Status Report 2002/2003, Code of Conduct and studies and monitoring exercise."

¹⁴² These were: School Physical Facilities, Alternative Schooling, Education of Girls, Education of Focus Groups, Special Education, Early Childhood Development, Community Mobilisation and Literacy Programmes.

services, and (c) the SSR programme and its programme objective: to increase access to (and quality of) school education, particularly basic education (grades 1-8), especially for children from marginalized groups.

Sources of Information

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

Government of Nepal Ministry of Education School Sector Reform Plan first Joint Consultative Meeting 6-11 December 2009, Aide Memoire.

Audit of EC Development Assistance for Education: Mission to Nepal, 18-27 January 2010 – *Statement of Preliminary Findings*.

Government of Nepal Ministry of Education School Sector Reform Plan Second Joint Consultative Meeting 6-01 December 2010, Aide Memoire.

2.4.1.14 Ind4.3.2. Participation of vulnerable groups

Detailed evidence at Indicator level

The Joint Evaluation of the EFA Programme found that enrolment rates of Dalits and Janajatis had not been systematically tracked from the beginning, as they were not identified as specific EFA programme targets. However, better disaggregation of information by caste and ethnicity (made possible by the development of a more meaningful and manageable classification system), now makes this possible. The available Flash data indicates that over the seven years up to 2009 the enrolment of Dalits at basic level increased at an annual growth rate of 11.6% from 676,321 to 1,182,670 students. GPI for Dalits is comparable with the general trends. Enrolment of Janajatis, likewise, increased substantially over six years up to 2009 at a rate of 13.3% from 1,370,228 to 2,559,700 students, with near gender parity. However, it was noted that a number of research studies showed considerable variation in the educational status of different Janajati groups and for some of the most marginalised Janajati groups, enrolment rates remained very low.

By 2009, in ECD the participation rate was: Girls – 47.5%, Dalit – 18.1%, Janajati – 39.5%. In Grade 1 the participation rate was: Dalit – 22.5%, Janajati – 36%. In primary school altogether the share of enrolment was: Dalit – 20% (whereas the share of the population is 12%); and Janajati – 39% (whereas the share of the population is 38%). The share in teaching positions was Dalit – 4.2%, Janajati – 23.4%. Students from the disadvantaged 22 groups were about 2% of total enrolment, and students with disabilities were about 1.1% of total enrolment, whereas 10% of Nepal's population is disabled according to World Bank estimates. The World Bank estimates that 20 percent of the world's poorest people have some kind of disability and UNESCO estimates that 90 percent of children with disabilities in poor countries do not attend school (www.disability-world.com).

The available data show a clear improvement in the access to education for disadvantaged groups. The Flash I report 2009-2010 states that the total enrolment of Dalits in primary school has risen from 600,000 in 2003 to almost 1,000,000 in 2009 and the total enrolment of Janajatis in primary has risen from 950,000 in 2003 to almost 2,000,000 in 2009. However, public policies and attitudes towards disadvantaged groups and gender equality are certainly the most difficult area to improve. The number of Dalits and Janajatis among teachers is still very low compared with their share of the total population.

With regard to the enrolment of other disadvantaged children/out of school children, the Joint Evaluation team reported that 8.1% of primary age children remained out-of-school in 2008. In addition there were the children who were officially enrolled but who had dropped out, or were failing to attend regularly. There were no national statistics to show what the progress had been in the enrolment of disabled children, or children facing specific difficult circumstances (e.g. extreme poverty, child work, the impact of conflict, migration, child trafficking or being affected by HIV/AIDS). However, a range of studies suggested that these children constituted the vast majority of those who did not have access. Slightly more out of school children were girls than boys; Dalits and disadvantaged Janajatis were also over-represented. This 'hard core' group of children could be found in every District but were

mainly concentrated in the Mid-Western Region, the remote mountains and the Mid-Terai. The data were not available to show what proportion of these children were being reached by effective alternative provision, but this was clearly inadequate to meet the needs.

Overall there has been a steady improvement in access for children from disadvantaged groups as far as it could be observed, but the education management information system (EMIS) only disaggregates social groups by Dalit and Janajati without differentiating the sub-groups, of which some are more disadvantaged than others. Moreover, its categories do not capture groups like the Madhesi Other Caste/OBC groups or Muslims – both of which have low education outcomes and need to be tracked. In the SSRP LogFrame there appears to be little demand for disaggregated measurements of progress as the indicators are mostly quantitative and neutral from a gender equality and social inclusion (GESI) perspective.

A note needs to be made here of *EC-funded projects in inclusive education*. In Indicator 3.1.2, it was found that the development of a strategy to involve NGOs and Civil Society organisations so that their projects could be more closely streamlined with the GoN EFA programme appeared not to have been incorporated in the design of ESPSP-EFA. However, under ESPSP-SSR, the EUD in Kathmandu has been providing grant funding to four projects in inclusive education since early 2010. The four projects address caste discrimination and working towards access and inclusion for all children, including girls, children with disabilities and Dalits.

- **Voluntary Service Overseas (VSO)**, in partnership with Aasaman, Community Support Association of Nepal, Nepal National Dalit Social Welfare Organisation, and Dalit Welfare Organisation, has launched the project "Promoting quality and inclusive education for out of reach children in Nepal" (DCI-NSA PVD/2009/216-475), with the overall objective of improving the quality and inclusion of education for out of reach children from the most marginalised and disadvantaged communities in 72 schools in three target districts of Nepal. The EC has provided a maximum of 700,000 EUR (61.12% of the total eligible cost of the action) in grant funding. Project implementation started on 1st March 2010 for the total duration of 51 months.

From the evaluation team's interviews with the VSO representative it appears that the programme is working well although interactions with the District Education Offices are slow. VSO volunteers are mentoring teachers and have developed a self-reflection tool through which teachers can gauge their own progress. VSO is also working with a network of NGOs and School Management Committees are becoming more aware of the policy behind the SSRP and of their own responsibilities. Sustainability of the results of the project is better assured by the fact that the project is for four years rather than two.

- **Naulo Ghumti Nepal (NGN)** has been implementing the project "Enhancing the capacity of school aiming to provide quality educational opportunities for all: Special focus on poor and marginalised communities in Western Terai districts" (DCI-NSA PVD/2009/216-441) with the overall objective of bringing improvement in the school education system by creating a positive learning environment through joint efforts of concerned stakeholders aiming to increase school enrolment, reduce the drop-out rate and create proactive participation of all students in learning activities with a special focus on vulnerable, marginalized and minority groups. Project implementation was launched on January 1st 2010, for the total duration of 60 months. The EC has awarded a grant of a maximum of 652,422 EUR, constituting 90% of the total eligible cost of the action.

From the interview with the evaluation team, it is clear that there is a strong relationship between Naulo Ghumti and District level actors, though problems arise with the frequent changes in personnel there being little institutional memory. (During a visit by a District Education Officer organised by Naulo Ghumti, the Village Development Committee pointed out the fact that it was the first visit from a GoN officer for 30 years.) The main successes have been to get drop-outs back into school, encouraging parents to send their children to school in the first place and

assisting schools to develop a three year plan with the involvement of teachers and parents.

- **Karnali Integrated Rural Development and Research Centre (KIRDARC)** has launched the project "Access to education for vulnerable and marginalised groups in Karnali" (DCI-NSA PVD/2009/216-469) with a special focus on 3-14 year old children, particularly girls, Dalits, ethnic groups, differently able, orphans, HIV/AIDS and conflict affected and ultra poor of communities who lack access to quality education up to Grade 5. The overall objective of the project is to promote access to quality education in Karnali zone, contributing to ensure education for all, especially for vulnerable and marginalized groups, social inclusion and child protection. The project has been under implementation since March 2010, for the total duration of 54 months. The EC has provided a maximum of 626,727 EUR in grant funding, constituting 90% of the total eligible cost of the action.

KIRDARC appears from the interview held with the evaluation team to have a productive relationship with the DEOs and the RPs in the districts where they are working. Through the District Project Advisory Committee KIRDARC takes a sector wide approach at district level, the main challenge being to improve the quality of school education.

- **Rural Reconstruction Nepal (RRN)** has been awarded a grant of a maximum 534,674 EUR i.e. 90% of the total eligible cost of the action, for the project "Education for vulnerable and marginalised children in Nepal" (DCI-NSA PDV/2010/216-571). The overall objective of the project is to contribute towards achieving the goal of inclusive education for closing the access gap of the most vulnerable communities and population groups, with the target groups being under-privileged school-aged children mostly representing Tamang, Dalit and other ethnic families, and children of marginalized and vulnerable populations. The project has been under implementation since March 1st 2010, for the total duration of 48 months.¹⁴³

Sources of Information

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

Government of Nepal Ministry of Education School Sector Reform Plan first Joint Consultative Meeting 6-11 December 2009, Aide Memoire.

Audit of EC Development Assistance for Education: Mission to Nepal, 18-27 January 2010 – Statement of Preliminary Findings.

Draft Gender and Social Exclusion Assessment Update Volume II, June 2010.

Government of Nepal Ministry of Education School Sector Reform Plan Second Joint Consultative Meeting 6-01 December 2010, Aide Memoire.

EUD Nepal, Overview of the EC-funded projects in inclusive education, Kathmandu, 18th January 2011

2.4.1.15 Ind4.3.3. Repetition and survival rates – National Data

Detailed evidence at Indicator level

The table below presents the repetition and survival rates for Nepal during the evaluation period.

Table 5 Repetition and survival rates % (Nepal, 2002-2010)

Indicators	2002	2003	2004	2005	2006	2007	2008	2009	2010
Repetition rate Grade 1	37	34	NA	23.8	29.8	29.5	28.3	26.5	

¹⁴³ The evaluation team was unfortunately unable to meet a representative of RRN during the field visit.

Indicators	2002	2003	2004	2005	2006	2007	2008	2009	2010
Repetition rate Grade 5	11	13.5	NA	10.4	10.4	7.8	7.3	6.7	
Repetition rate Grade 8						13	11	6.5	
Survival rate to Grade 5	68	60	76.2	79.1	80.3	81.1	73.4	77.9	
Survival rate to Grade 8						37	41	62	
Efficiency Index (Grades 1-8)						46	49	69.6	

The EFA results matrix contains some indirect indicators for the quality of education, such as repetition rates, which are still more than twice as high as the targets: the repetition rate at grade 1 decreased from 37% in 2002 to 26.5% in 2009 (target of 10%), and the repetition rate at grade 5 decreased from 11% in 2002 to 6.7% in 2009 (target of 3%). The repetition rate in Grade 8 has declined since 2006 to 6.5%.

Survival rates remain below target. Given the relatively high repetition rates (and dropout rates) and low survival rates, the efficiency index also remains low. In effect, it means that for every student who completes Grade 8 it costs twice as much per student than if repetition rates and dropout rates were zero and the completion rate was 100 percent.

Sources of Information

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

Government of Nepal Ministry of Education School Sector Reform Plan first Joint Consultative Meeting 6-11 December 2009, Aide Memoire.

Government of Nepal Ministry of Education School Sector Reform Plan Second Joint Consultative Meeting 6-01 December 2010, Aide Memoire.

2.4.1.16 Ind4.3.4. Literacy rates – National Data

Detailed evidence at Indicator level

The table below presents the literacy rates for Nepal during the evaluation period.

Table 6 Literacy rates % (Nepal, 2002-2010)

Indicators	2002	2003	2004	2005	2006	2007	2008	2009	2010
Literacy Rate (15-24 years)	NA	NA	70	75	77	79	80	NA	NA
Literacy Rate (6+ years)	NA	NA	54	62	65	69	72	NA	NA
Literacy Rate (15+ years)	NA	NA	48	55	58	60	63	NA	NA
Literacy GPI (15+ years)	NA	NA	0.6	0.72	0.76	0.8	0.84	NA	NA

As is to be expected with an increase in the numbers of children going to school, literacy rates have also risen. Similarly, the literacy GPI for those over the age of 15 rose from 0.6 in 2004 to 0.84 in 2008, indicating that more girls and women have the opportunity for basic education.¹⁴⁴

¹⁴⁴ Further information on literacy rates can be had from the Central Bureau of Statistics.)

Sources of Information

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

Government of Nepal Ministry of Education School Sector Reform Plan first Joint Consultative Meeting 6-11 December 2009, Aide Memoire.

Government of Nepal Ministry of Education School Sector Reform Plan Second Joint Consultative Meeting 6-01 December 2010, Aide Memoire.

JC4-4 Improved learning outcomes

2.4.1.17 Main findings

The following findings have not been extracted from an examination of the indicators but go beyond the indicators to look at the quality of education at primary level in Nepal. It has to be said, however, that the quality of education was mentioned at almost every interview or focus group discussion the evaluation team had during the field visit as an area in much need of improvement.

The EFA Programme Joint Evaluation team reported that there was little evidence that the strategies being implemented were producing widespread quality improvement at classroom level or translating into visible and consistent improvements in learning outcomes. There had been a gradual shift to a focus on 'whole school' development, supported by the SIP process, aiming to ensure teachers were teaching and students were learning and to develop child-friendly and inclusive environments. There had also been considerable improvements in the curriculum and textbooks, as well as the availability of books and materials in schools. In addition there had been a range of creative pilot initiatives in inclusive and bilingual education.

The team also suggested that the quality of teaching and learning remained a critical challenge. Without further considerable improvements in teachers' confidence and competence to select from and effectively utilise a range of methods and approaches as appropriate for any given situation, desired learning outcome and group of children, it is difficult even to improve the learning of 'average' Nepali-speaking children, let alone make real progress on including disabled, linguistic minority or multiply-disadvantaged children. The relative lack of progress seemed to have been due more to overall insufficient conceptualisation, prioritisation and resourcing for quality.

The Audit of EC Development Assistance for Education (2010) found that despite the decade-long conflict, GoN had undertaken significant reforms in the education sector that helped achieve impressive results in enrolments and gender parity in primary education (as mentioned above). These reforms include the transfer of public schools to community management; introduction of per capita financing of schools; opening of textbook printing and distribution to the private sector; decentralising of higher education; and the introduction of formula-based funding and cost sharing. The government's focus on the MDG-related enrolment in primary school (and in keeping the system going) in the past years is likely to be one of the reasons for the lower priority given to the quality of education.

The quality of education is considered by all stakeholders to be the weakest area as regards programme achievements. The MoE itself recognises that quality was not a top priority during the implementation of the EFA programme because of a lack of funding, but it will be a priority under the SSRP. The EFA Programme Joint Evaluation report quotes the EFA Core programme by stating that "the absence of a framework of quality standards and indicators for schools, as well as a lack of systems for tracking student learning outcomes, have both been significant constraints. There remains a lack of key input standards against which to measure achievement". The MoE, together with certain non-State Actors (NSAs) and DPs, has been working on identifying quality indicators to be used for monitoring the SSRP and on establishing enabling conditions for all schools including ECD centres. It has prepared a national framework for quality education and is preparing for national assessment of student achievement in Grade 8 and subsequently in Grades 3 and 5.

During the field visit, the evaluation team found that the focus on quality had almost become a mantra to be chanted at every school visit, but classroom-student ratios of 1:75 were seen, teaching and learning materials other than textbooks were not in evidence, facilities were far from adequate, and there appeared to be too much testing and not enough education. The quality of inputs appeared to be in direct relationship to the dynamism and pro-activity of the School Management Committee and the Parent Teachers Association. On the other hand, the importance of early childhood development was universally recognised, and it requires far greater investment than it is currently getting.

As a proxy indicator of quality, all teachers have now reached the required level of schooling (to teach at primary and lower secondary levels, though not necessarily at upper secondary level as was observed during the field visit). 75% of Grade 1-8 teachers have the required qualifications and training.

2.4.1.18 Detailed evidence

2.4.1.19 Ind4.4.1. Teacher/pupil ratios and teacher qualifications/experience record over time

Detailed evidence at Indicator level

Table 7 Primary pupil teacher ratio and percentage of teachers with required qualifications

Indicators	2002	2003	2004	2005	2006	2007	2008	2009	2010
Pupil Teacher Ratio (Primary)	36:1	36:1	40:1	50:1	55:1	42:1	44:1	42:1	
Percentage of teachers with required qualification & training	16.2	17.4	30.5	45	59.9	62.1	67.1	74.9*	
Percentage of teachers with required Certification	NA	NA	NA	45	69.5	90*	91*	100	

* Basic Education (Grades 1-9)

The pupil-teacher ratio showed a trend opposite to expectations, with an increase from 36:1 in 2002 to 42:1 in 2009 (target 37:1), but the relative counter-performance has to be seen in the light of the peak of 55:1 reached in 2006, and the success of the enrolment policy, which resulted in a very rapid growth in the number of pupils. Even so, a national average PTR of 42:1 can hide a range of PTRs from 80:1 to 20:1. The EFA Joint Evaluation report notes that "there is still an overall shortage and huge inequalities in the deployment of teachers. Teachers have little or no support nor do they have professional supervision. Resource Persons and School Supervisors are underpowered for this work".

On the other hand, whilst the number of teachers is still insufficient, much has been achieved regarding their qualifications. The percentage of teachers with the required qualifications and training rose from 16 percent in 2002 to 75 percent in 2009, and the percentage of teachers with the required school certification was 100 percent in 2009, exceeding the target of 99 percent. The current status of teachers trained, partially trained and untrained is given below. The proportions according to gender are fairly balanced with a slightly higher proportion of female teachers being untrained in basic education as a whole.

Table 8 Percentage of teachers by training status (all types of school), 2009-2010

Training status	Primary			Lower secondary			Basic		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Trained	72.5	74.4	73.7	61.8	55.7	57.2	71.0	69.8	70.2
Partially trained	12.3	14.8	13.8	11.2	16.4	15.1	12.1	15.2	14.1
Untrained	15.2	10.7	12.5	27.0	28.0	27.7	16.9	15.0	15.7

Sources of Information

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

Government of Nepal Ministry of Education School Sector Reform Plan first Joint Consultative Meeting 6-11 December 2009, Aide Memoire.

Government of Nepal Ministry of Education School Sector Reform Plan Second Joint Consultative Meeting 6-01 December 2010, Aide Memoire.

2.4.1.20 Ind4.4.2. Learning outcomes and examination results

Detailed evidence at Indicator level

Table 9 Grade 5 and Grade 8 scores and School Leaving Certificate pass rates (%)

Indicators	2002	2003	2004	2005	2006	2007	2008	2009	2010
Average score in core subjects in Grade 5						50	53		
Average score in core subjects in Grade 8						44	46		
SLC Pass Rate			33			60	62	64.3	

With regards to quality, there is a lack of data on the ultimate outcomes of education (i.e. the successful learning of girls and boys across different socio-economic and geographic groups across key subject and skill areas) and also of any composite measure of school-level 'quality'. However, as a proxy the average scores in core subjects in Grades 5 and 8 have increased slightly, as has the School Leaving Certificate pass rate.

The learning achievement at Grade 5 rose from an average score across five core subjects of 50 percent in 2007 to 53 percent in 2008. The only subject that reached the target for this last indicator is social studies, with 65% of learning achievement. The subject showing the worst outcome was English with only 40%, which is alarming, given that parents tend to measure the quality of the education delivered in terms of the ability to speak English, but understandable, given that the vast majority of primary school teachers are not trained English language teachers nor do they speak the language fluently themselves.

Sources of Information

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

Government of Nepal Ministry of Education School Sector Reform Plan first Joint Consultative Meeting 6-11 December 2009, Aide Memoire.

Government of Nepal Ministry of Education School Sector Reform Plan Second Joint Consultative Meeting 6-01 December 2010, Aide Memoire.

2.5 EQ5: Trade

Evaluation Question 5: To what extent has the EC's trade policies for LDCs and EC trade related support addressed key issues and needs of the Nepalese export sector?

Introduction

Poverty alleviation and improvement in the living standard of people have remained prime agendas in the national development plans of Nepal. The development focus in the changing political and social settings relies on sustained and inclusive growth with wider participation of people from all segments of society. Export orientation of various sectors is very important to drive the economy to an export-led growth and for reaching out to the rural population for sharing the benefits of trade.

The accession of Nepal to the multilateral and regional trading systems since Nepal's accession to the WTO in 2004 called for profound transformation of the trade sector in order to benefit from integration of the Nepalese trade and economy.

However, growth in Nepal's exports remained below satisfactory level during the last decade despite continued efforts to harness benefits from the regional and multilateral trading systems. Major exportable items have witnessed sharp decline, thereby steadily raising the trade deficit.

Recognizing the role of trade in economic growth, the Government of Nepal (GoN) brought out a new trade policy in 2009, which aims at making export trade competitive, pursuing, among others, the measures of product development, export promotion, and trade facilitation.

Using a broad definition of exports, to include not only export of goods and services, as traditionally measured, but export of labour services (captured under 'remittances') as well, the value of exports in 2008 was close to 45 per cent of GDP, with remittances representing three-fifths of the export base so defined. This number points to the very high degree of trade integration of the Nepalese economy.

Looking forward, it also points to the fact that future trade integration and expansion have to be one of the key drivers of 'inclusive growth' in Nepal. 'Building a New Nepal' will require generating new jobs and new income for all, and most importantly among the most disenfranchised populations and regions.

JC5-1 Identified and addressed needs for EC Trade related assistance

2.5.1.1 Main findings

According to the CSP 2002-2006, the EC would support Nepal's integration into the International Economy by the provision of technical assistance to facilitate Nepal's accession to the WTO. However, by the time the CSP was signed, Nepal's accession was already effectuated. Consequently, EC support was re-oriented to assist Nepal in implementing its WTO's commitments.

The EC support through the WTO Assistance project is fully in line with GoN policies and priorities. The support adequately addresses global needs of Trade Related Support (TRA) to Nepal by working on Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) issues (JC5-1, Ind5.1.3). The support was oriented towards the public sector (Nepal Bureau of Standards and Metrology and the Department of Food technology and Quality Control), particularly to the Ministry of Industry, Commerce and Supplies as well as the Ministry Agriculture and Cooperatives to enhance their capacities in meeting WTO obligations and scaling-up of laboratories to international standards.

Although initially the private sector actors (chamber of commerce, exporter associations, consumer organisations) were envisaged as direct beneficiaries they were hardly involved (the involvement of the private sector was limited to pilot projects to support SMEs to achieve international standards). Only to a very small extent and by the end of project implementation some pilot SMEs will be supported in achieving international accreditations (ISO, HACEP) and some initial work on "strengthening the consumer movement in Nepal". There is a great

potential for an increased and diversified export, but this remains largely untapped as supply constraints are high and currently both GoN and donors hardly address them.

There has always been a keen interest from the side of Nepal counterparts in the 2 million EUR SME assistance project. In addition, the EC also has reiterated the importance of the project, which was seen a twin project to the WTO. Whereas, it took more than six years to implement the WTO assistance project, the SME assistance project was not formulated and funds were reallocated to the education sector¹⁴⁵. The funds were assigned to a Component on Technical and Vocational Education Training for trade skills development. Although the political situation in Nepal contributed to the delay in the formulation of the two TRA actions, (particularly by the suspension of support from February 2005 to April 2006), the main reason for the extensive delays appears to be the limited capacity of the involved EUDs in adequately arranging for the identification and formulation process, as well as lack of interested parties in the implementation of such kind of programmes, witnessed by unsuccessful international tenders.

The EC TRA support is complementary to other donor support. The EC funded project was implemented by UNIDO and UNESCAP with little interaction with other donors in the sector. TRA was not a priority area for donors during the period of evaluation, but recently there is an increased interest of donors by working on both the enabling environment and removing supply constraints for export.

2.5.1.2 Detailed evidence

Introduction

The overall objective of the EC's trade-related assistance (TRA) to Nepal is to increase economic development and reduce poverty through assisting the country's integration into the international trade system. WTO membership was achieved in 2004 and the TRA addresses Nepal's capacity to comply with the post WTO trade regime. The strategy also acknowledges Nepal's need to enhance its trade-related capacity in order to break away from current trading patterns dominated exclusively by India and diversify its export basket.

There is no point in looking at EC TRA support for each of the two CSPs separately, as the two projects foreseen in 2002 were the only interventions planned for CSP 2002-2006 and no other projects were included in the CSP 2007-2013. These projects were: (1) the WTO Assistance project (2 million EUR) and (2) the Economic Cooperation and Capacity Development project (2 million EUR). As since the EAMR 2007 the second project is also referred to as SME Assistance project, this title is used to refer to this project.

The TRA has a very small share of the total budget of the CSPs and the actions are relatively small in terms of funds. Moreover, only one of the two actions of the planned TRA support has been implemented. Consequently, the number and the scale of project interventions are too small and incipient to address the impact on trade volume and an increased integration in the international market. Therefore, the focus of the EQ on trade is specifically on relevance and design: does the TRA address the key issues and needs; is the design and programme approach adequate for meeting these needs. The answering of these questions will be based on the evaluation of the support to WTO project (2 million EUR) that is implemented by UNIDO and UNESCAP. This programme has been recently extended until 31 December 2011.

Box 3 WTO assistance project in a nutshell

In April 2004, Nepal acceded to the World Trade Organisation (WTO) as the first Least Developed Country (LDC), obliging the country to comply with the action plans on the implementation of the Sanitary and Phytosanitary (SPS) measures and remove Technical Barriers for Trade (TBT) of the WTO Agreements. In order to avail of the increased market access offered by WTO membership, an adequate quality infrastructure in the form of internationally accredited testing, calibration and certification bodies is necessary.

¹⁴⁵ following a suggestion of the GoN in 2009.

Institutional capacity in these areas is not in compliance with international requirements hence the country frequently encounters problems of market access (e.g. rejection of exports of honey by the EC and Norway). In parallel, it was considered equally important to raise awareness of WTO issues among government and private organisations as well as academia and civil society in order to fulfil the obligations of membership of the WTO.

The overall objective of the WTO Assistance project is: to increase economic development and reduce poverty through assisting Nepal's integration into the international trade system.

The project's specific objectives are to:

- Ensure WTO-compliance in the field of SPS (Sanitary and Phytosanitary measures) and TBT (Technical Barriers to Trade). In particular, addressing quality infrastructure issues so as to facilitate product acceptance at international level, and to increase the capacity of Nepal to export products of improved overall quality (Component 1. Implemented by the United Nations Industrial Development Organisation (UNIDO) with headquarters in Vienna);
- Build capacity in Nepal to understand and implement WTO commitments, and to appreciate and analyse key aspects of ongoing WTO negotiations of importance for Nepal (Component 2, implemented by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) with headquarters in Bangkok).

The main expected results are:

- Accreditation obtained and installed conformity infrastructure of metrology and testing laboratory services (particularly in the agro-processing, textile/ apparel, and leather/ footwear sectors), and standardisation and regulatory system by the promotion of international standards issued by ISO, ISC and ITU and/or, where appropriate, EU standards;
- Established well-functioning SPS and TBT Enquiry Points for standards dissemination resulting in effective country participation in the WTO SPS and TBT regimes;
- Strengthened the WTO Information Centre;
- Awareness and substantive knowledge created about WTO issues and upgrade human resources in various ministries and the private sector;
- Improved compliance of legislative framework with obligations under WTO.

After a very lengthy process of formulation the WTO project effectively started implementation in early 2008. By the end of 2010, the WTO project has been given a budget neutral extension of one year to 31/12/2011.

2.5.1.3 Ind5.1.1 Needs addressed of selected government agencies and non-state actors to comply with WTO obligations

Detailed evidence at Indicator level

According to the CSP 2002-2006, the EC would support Nepal's integration into the International Economy by the provision of technical assistance to facilitate Nepal's accession to the WTO. However, by the time the CSP was signed, Nepal's accession was already effectuated. In April 2004, Nepal became the first LDC with full membership of the WTO. Consequently, EC support was re-oriented to assist Nepal in implementing its WTO's commitments. In the 2004 EU-Nepal Joint Commission meeting on Trade Cooperation (Brussels, September 2004), the GoN specifically requested the EC for capacity building in infrastructure and training for technical standards, SPS, TBT, and IPR¹⁴⁶. This recommendation is based on the Trade and Competitiveness Study (DTIS) of 2004 (see the next indicator under this JC). The FA states: "Although the DTIS did not undertake an in-depth assessment of TBT/SPS issues and Nepal's capacity and institutional structure to comply with these, the DTIS is clear on the need to strengthen the TBT/SPS institutional capacity in Nepal and all TBT/SPS constraints referred to in the IF study are well addressed

¹⁴⁶ Sanitary and Phytosanitary Measures, Technical Barriers to Trade and Intellectual Property Rights

in this proposed intervention". Textiles and agricultural products are the main export products. These sectors are in need of compliance of WTO requirements to make full use of the export potential. High standards of SPS are crucial for Nepalese exporters. For instance, it is estimated that the blocking of Nepalese honey exports by the EU in 2002 due to lack of monitoring of pesticides and other residues, is costing the country annually about 9.4 million NR . The project is also important for the (female) workforce in Nepal working in the readymade garments sector.

It was the task of the project during its inception phase to address all constraints and assess specific needs of the various target groups. However, this "*fine tuning of general priorities into specific needs to be addressed*", did not sufficiently take place. For instance, only the general needs of the SPS and TBT Enquiry Points for standards dissemination and the WTO reference centre have been assessed. The ROM report (August 2010) mentions that a basic activity "*identification of conformity problems*" has not yet been undertaken, while the project is in its last stage. This analysis was supposed to form the basis of a survey - questionnaire for an estimated 50 companies followed by the organisation of a workshop based on the survey results, to provide feedback and fine tune the project's intervention focus. A major reason for this is the unclear institutional set-up of the project and decision making process (see JC8-3).

The FA of the project includes about a dozen targeted beneficiaries¹⁴⁷, which was later reduced to normal proportions. The three GoN institutions that became direct beneficiaries are the Nepal Bureau of Standards and Metrology (NBSM), the Department of Food Technology and Quality Control DFTQC of the Ministry of Agriculture and Cooperatives (MOAC), and the Ministry of Industry, Commerce and Supplies (later on split into two separate ministries). Nepalese Chambers of Commerce and other private sector representative organisations were hardly involved during implementation.

The project addresses in particular the public sector, i.e. the National Bureau of Standards and Measurements (NBSM), Department of Food Technology and Quality Control (DFTQC) of the Ministry of Agriculture and Cooperatives (MoAC), Ministry of Industry, Commerce and Agriculture (MoICS, later divided in two ministries, Mol and MCS)..

However, whereas the project was expected to include both GoN agencies and the private sector (Business organizations, exporters, and consumer organizations), so far only the needs of the public sector are being addressed. Only in the very last year of implementation¹⁴⁸ some activities are planned that would benefit the private sector. The first activity concerns "pilot demonstration projects to promote the adoption of management system standards in the textile, leather and agro-food sectors". A total of 14 companies were recommended for support in achieving ISO 22000 and HACCP. The expected start date was set at July 2011. The second activity is to "strengthen the consumer movement in Nepal to become a viable market force"¹⁴⁹. However, it concerns only diagnostic activities to be implemented by the Ministry of Commerce and Supplies.

In a focal group meeting held during field work in Kathmandu with Chambers of Commerce, export organisations and export companies many requests were made for donor support in assisting them to increase the quality of their products through improved production and transformation technology and increased knowledge on procedures of ensuring patents and property rights. Many examples were given with a huge potential for increased quality and competitiveness of Nepalese products.

¹⁴⁷ The Nepal Bureau of Standards and Metrology, the Central Food Research Laboratory, Kathmandu Metropolitan Food Quality Testing Laboratory, Department of Food Technology and Quality Control, laboratories of the Entomology Division of the Nepal Agricultural Research Council, the Plant Quarantine Office, the Animal Quarantine Office, Kathmandu Milk Supply Scheme factory and laboratories, the Ministries of Industry, Commerce and Supplies; and Agriculture and Cooperatives; as well as Chambers of Commerce and other private sector representative organisations.

¹⁴⁸ This year is actually an extension of the actual project implementation period.

¹⁴⁹ Presentations made at the 6th Project Steering Committee Meeting, Kathmandu, 27 May 2011.

The highest priority of Component 1 of the project is to obtain international accreditation for a number of key laboratories of NBSM and FTQC. This includes the following metrological laboratories (mass, temperature, volume and pressure) and technical laboratories (chemical, foods, microbiology, textile and leather). This is an enormous task, as it involves rehabilitation of buildings and refurbishment, purchase and proper use of equipment and tools, capacity building of staff, and management and documentation (procedures well written out, and record keeping of tests and results done).

Once the accreditations of technical and metrology laboratories have been achieved, it is expected that companies will shift their demands for product testing and metrology services from foreign service providers to the strengthened national institutes. Now exporters and importers refer to foreign service providers, i.e. Standards, Metrology, Testing and Quality (SMTQ) institutions, but once the capacity is established in-country, it is expected that will use these. This assumes that the local service is competitive with external institutes. The services are necessary for being able to export to the EU should be affordable for the target group. Furthermore, the increased compliance with WTO standards and requirements is expected to have an overall positive impact on increased trade and consequently national growth and employment.

Sources of Information (applies for all JC1)

ROM Mission reports of 2008 and 2010

UNIDO, Project Document of WTO assistance to Nepal, including logical framework

UNESCAP, Project Document of WTO assistance to Nepal, including logical framework

UNIDO, Project Progress Reports

EU-WTO Assistance Project, Minutes Steering Committee

EU- WTO Assistance Project, National Project Coordinator, Monthly Progress Reports

Nepal's Tenth Plan (Poverty Reduction Strategy Paper

GoN and UNDP, Nepal Trade and Competitiveness Study- NTCS, 2003.

Ministry of Commerce and Supplies, Nepal Trade and Competitiveness Study (NTIS), Background paper. Kathmandu 2010.

EC-Nepal WTO Assistance Programme, presentations 6th Project Steering Committee, Kathmandu, 27 May 1011.

2.5.1.4 Ind5.1.2 Validity of the reasons provided for not implementing the 2 million EUR Support to SME project

Detailed evidence at Indicator level

Despite several efforts to formulate and implement the SME project, the involved EUD-I and EUD-N did not manage to put this into operation during the period of this Evaluation.

The CSP 2002-2006 and CSP 2007-2011, as well as the NIP 2002-2006 and MIP 2007-2013 did not provide a concrete guideline for the development of this programme. The Evaluation would expect that the MIP 2007-2013 (that retook the project from the CSP 2002-2006) would spell out at least the basic design elements of the project. However, only some suggestions are given and important issues are not dealt with. For instance, the implementation modality and performance indicators are not included. Mention is made that this will be defined during the formulation stage.

An overview of the identification and formulation process is provided in the box below (it covers the period 2004-2010).

Box 4 *Overview of the identification and formulation process of the SME project*

In 2004, the EUD Nepal prepared 'with contributions of EUD-I a first draft of terms of references for an identification mission based on preliminary discussions with key stakeholders (MoICS and FNCCI). At the bilateral consultation on economic cooperation and trade, it was suggested that GoN/MoICS and EC jointly organized a brainstorming session to identify a number of issues key to trade and seen from the Nepalese perspective.

Participants would include businessmen, government officials, donors, academics, and professional organisations, NGOs, Nepal Delegation and Delhi Delegation. A Service Contract for the Identification Mission (lot 6, Rfs 90994) could not be awarded, as the only proposal that was submitted was assessed to be inadequate “*due to the poor expert’s background*” and “*no corrective actions seem to be available*”.

A new team of experts were selected and the mission was scheduled for February 2005. However, due to the political events of 1 February 2005 (royal takeover) preparation activities were cancelled. At the sideline of the EU Troika mission in October 2005 a meeting was organized with the business community (exporters and SMEs) which argued for the revival of the project, but the main obstacle remained the political uncertainty. The cooperation of the EC with Nepal was restored shortly after the Royal Declaration of 24 April 2006. The project was discussed in a meeting with the Minister of Finance (with AIDCO/D Director) and following discussions between RELEX and AIDCO it was decided to re-launch the project within the 2006 budget. However, it was reported (EAMR, 2007) that “*due to the insufficiency of funds in the 2006 budget, the project was moved to the 2007 budget. The funding status was clarified in the CSP 2007-2013 with the decision to insert a third focal sector for activities in the trade and economic sectors on 11 April 2007*”.

The Project Identification Fiche (PIF) which was submitted to AIDCO-D on 4 June 2007 was rejected due to the fact that the PIF considered only one implementation option: i.e. by the World Bank/ IFC. QSG requested a reassessment of the project with more options. EUD-I had to decide on the modality for the preparation of an updated PIF. Initially the EUD-I was thinking to take the lead and planned a mission to Nepal in early December 2007 and late January 2008. However, the EUD-N saw requesting the service through the FWC channel still as the preferable option: “*A new identification/ formulation mission to be launched probably through FWC once EUD-I agree on the matter and submit the revised ToRs*”. EUD-I and EUD-N jointly conducted a preparation mission and selected a team of experts for the identification. The Identification Mission was planned for July 2008, QSG-1 for September 2008, the Formulation Mission for November 2008, and QSG-2 for December 2008.

However, in March 2009, it was decided to reallocate the 2 million EUR envelope of the SME-project to the Education Programme.

Priorities of national stakeholders and EU

There has been a keen interest from the GoN in this project. The EUD Nepal has been in dialogue with the MoICS, FNCCI, and MoF from 2004 to 2009. The EAMR 2008 mentions: “*EUD-N kept following up with officials from the MoICS and informed them of the need to advance on the project. Thanks to EUD-I’s flexibility and support, EUD-N was able to prepare and launch the preparatory mission. All actions are being handled by EUD-I and EUD-N jointly*”. It is notorious to mention that private sector representative organizations are not referred to. The involvement of officials of MoICS in the formulation is not clear either.

The project was also on all Agendas of the Nepal-EU Joint Commissions. During its fourth session (Brussels, September 2004) the Nepalese Delegation referred to the urgent need for support to the productive sectors in particular those with export potential e.g. agriculture. Specific mention was made of the following fields: medicinal plants, carpets, IPR (Intellectual property rights, ICT (Information and Communication Technology), sericulture, herbs and aromatic plants, etc. as specific areas in which the country could have a comparative advantage. The EC replied in confirming that this is in line with the objective of the 2 million EUR Economic Cooperation and Capacity Building project under preparation: “*The Economic Cooperation and Capacity Building project will address challenges such as supply constraints while supporting institutional capacity building. These activities will complement the 2 million EUR WTO assistance project, which will also improve the export potential of agricultural and manufacturing products, through compliance with WTO legislation in the field of SPS, and TBT*”.

Four years later, the GoN’s priorities have not changed. The Minutes of the Joint Commission meeting of January 2009, on the Support for SMEs project is equally clear:

“GoN underlined the importance of the role of the private sector in the economic development of the country. EC acknowledged GoN’s excellent support during project preparation. EC highlighted the strategic results expected to be achieved by the project, such as improved business enabling and regulatory environment for SMEs, increased job opportunities within the SME sector, increased competitiveness of SMEs, and increased access to market information for SMEs, etc.”.

The EAMR-2009 and the MTR of the IP 2011-2013 mention that the budget for the SME project has been reallocated to focal area 1, following a request of GoN.

EAMR-2009: “the Commission agreed to the Government of Nepal’s request made in April 2009 to shift support from the SME project to vocational education and new trade and skills development, which is part of the reform policy in the education sector under the School Sector Reform programme. The two planned AF’s were presented to QSGII in June and approved”.

MTR of the IP 2011-2013: “During the MTR conducted in Nepal in March 2009, the MoF requested the EC to transfer 2 million EUR budget allocated for the project for SMEs to the Education SSRP, for Technical and Vocational Training on Trade skills development”.

It is interesting to note that the EAMR-2007 makes actually reference to the political instability: *“The serious change in the political context (CA elections in April 2008, New Government in May 2008 and the Nepal Development Forum planned for autumn 2008) needs to be considered in reviewing the activities / options to be identified for this strategic project in building confidence of the private sector”.* And even in stronger wording in the EAMR-2008 under *“Major obstacles encountered in the period: the project suffered delays due to the unstable political and security situation in Nepal”.* However, as the analysis above shows, the political situation was not the major reason for this project that is not politically sensitive.

Comparison with identification and formulation of the WTO Assistance project

The identification and formulation process of the WTO Assistance Project is summarised below to show that also in this project similar problems and delays occurred as in the envisaged SME project.

Already in 2002, the EUD had substantive discussions with key players to formulate a project to support Nepal in its accession to the World Trade Organisation (WTO). The Trade Related Assistance (TRA) project that was developed was given the title "EC-Nepal WTO Assistance Project" (CRIS number 2006/018-408), here from now on referred to as WTO-project. The identification mission took place from 24-28 March 2003. The formulation proposal was expected to be submitted to D-QSG in May/June 2003. In July, EUD Nepal was informed that the budget has been revised from 0.7 million EUR to 2.0 million EUR. At that time the EUD Nepal informed GoN of Brussels’ decision and requested the submission of a proposal which reflected the changes in budget. After revision by EUD of the new proposal, comments were forwarded to GoN.

An Appraisal mission was planned for June/ July 2003, however a serious delay took place. The ToR for the appraisal mission was finalised in March 2004 and the request for services was launched (FWC 81151) in the same month. Therefore, the foreseen assessment by QSG did not take place. On 15 April, EC India Delegation and EC Nepal Delegation jointly evaluated the only one offer that was submitted. It was concluded that the offer was of insufficient quality (Project Leader lacked of required expertise indicated in ToRs). Subsequently, the RfS had to be cancelled. It was decided to re-launch the project with the same ToRs. FCS of EUD-I indicated that this could be done and 12 May was set as submission deadline. However, on 11 May, the EUD-I informed EUD-N of the decision to cancel the 2nd RfS after learning that the EUD-I established contact established with UNIDO that communicated to have advanced project proposals in the field of SPS/TBT. UNIDO proposed to field a Joint Formulation Mission and expressed interest in a joint implementation and funding (through a Contribution Agreement). The joint mission was then planned to take place June 2004 and submission of DFP was foreseen for August 2004. Finally, the FA and TAP documents were sent to AIDCO for submission and passed QSG on

23 November 2004. The documents were withdrawn from the ALA Committee in March 2005, following the royal takeover of 1st February 2005. For more than a year no contact was maintained with MoICS (Ministry of Industry, Commerce and Supplies. In the sideline of the EU-Troika visit to Nepal in October 2005 a meeting was organised meeting between RELEX/DDG and the business community that expressed high interest in the project. EUD-N recommended RELEX to reactivate the project, but only after the change in political conditions (Royal Declaration of April 2006) this was possible. Meanwhile, in December 2005 the implementation module was changed from EU-implemented to a Contribution Agreement with international UN organizations (UNIDO and UNESCAP). Nevertheless the FA states that the project will be implemented by the European Commission through its Delegation in Nepal.

The FA was signed by the EC on 21 November 2006. Then the final draft was sent to GoN for its approval. The FA was signed by the Ministry of Finance (MOF) on 27 April 2007. The remainder of 2007 was needed to conclude the two CAs between EC and UNIDO and UNESCAP that were the implementing agencies. The official starting date of the project was 12 December 2007, whereas it was officially launched on 3 April 2008.

In conclusion, the identification and formulation of the WTO Assistance project was a lengthy process: it took more than six years. Implementation has been very slow and an extension of one year was awarded with the expectation that planned outputs and results will be delivered.

2.5.1.5 Ind5.1.3 EC-TRA support is in line with GoN trade policies and priorities

Detailed evidence at Indicator level

The GoN sees the development of trade as major instrument to reduce poverty and create sustainable gainful employment opportunities. Nepal is one of the most trade dependent countries in South Asia with a 51% share of trade in GDP.

Nepal's Tenth Plan (Poverty Reduction Strategy Paper) highlights the need to promote domestic agro-products in local and foreign markets, and upgrade SMEs through technological improvement for achieving economic growth.

GoN has undertaken significant policy initiatives to make its economy competitive in the international market. In an attempt to broaden and diversify its economic and trading structures, Nepal became a member of the World Trade Organization (WTO) in April 2004 and joined two regional trading arrangements, namely South Asian Free Trade Agreement (SAFTA) and Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) Free Trade Area. Nepal also signed various bilateral trade agreements.

However, despite joining multilateral and regional trade blocs, exports have not been satisfactory yet (see also the next indicator). The dismal performance can be attributed to a lack of supply capacities and lack of an enabling institutional framework. Effective and efficient utilization of resources, including Trade Related Assistance (TRA) is necessary to build supply and supportive capacities.

The EC identified the link between trade (policy) and development in assisting developing countries fight against poverty. The EUD in Nepal considers trade-related assistance as a high political and development priority and recognise these as the third focal sector in the CSP and NIP.

Although the project was initiated almost a decade ago, it is still in line with the Government's recently formulated "Nepal Trade Integration Strategy (NTIS) 2010" which specifically identifies Technical Standards and SPSs as key cross cutting issues. The NTIS 2010 should form the basis of future EC support to this sector. NTIS 2010 is the product of an effort led by the Ministry of Commerce and Supplies, with financial and substantive support from the United Nations Development Programme (UNDP), the Government of Finland, and the United Kingdom's Department for International Development (DFID), the International Finance Corporation (IFC), and the International Trade Center (ITC).

Summarising, the EC support through the WTO Assistance project is fully in line with GoN policies and priorities. Future support should be embedded in the multi-donor supported Nepal Trade Integration Strategy (NTIS of 2010).

2.5.1.6 Ind5.1.4 Designed TRA support is complementary to other donor support

Detailed evidence at Indicator level

The suggestions by GoN for the EC support related to the WTO accession were based on the Nepal Trade and Competitiveness Study- NTCS (also known as DTIS) that was prepared by GoN in collaboration with UNDP in 2003. For its implementation close cooperation was recommended with the Integrated Framework Working Group (IFWG). The GoN created an "Integrated Framework Steering Committee" (IFSC), and a "Local Project Appraisal Committee" (LPAC) was established to finalize the project proposals approved by the IFSC and forward them to Development Partners (DPs) for implementation.

Many development partners (e.g. ADB, DFID, EC, Finland, GTZ, ITC, IFC, UNDP, UNCTAD, UNIDO, UNESCAP, World Bank, etc) are engaged in Nepal's trade related capacity building and private sector development activities.

The UNDP support to the GoN through the Integrated Framework Trust Fund (IFTF), under Window I (38,000 USD) and Window II (665,000 USD) is having similar objectives and activities as the EC support. The programme assisted the Government in enhancing institutional capacities, improving trade facilitation, strengthening of SPS/TBT/TRIPS enquiry points, and establishing an export financing mechanism. The project was completed in December 2005. A follow-up project (Enhancing Nepal's Trade Related Capacity (ENTReC) was signed in June 2005 that among others updated DTIS. UNDP extended the project till December 2009. In general, the NTCS implementation status does not show satisfactory progress due to lack of resources and most of the recommendations of the NTCS still stand valid¹⁵⁰.

This UNDP supported project operated in parallel with the EC-Nepal WTO Assistance Project. The UNDP makes reference to this as "a separate project". No evidence is found in the reporting on the EC project that coordination took place with the UNDP-funded project.

It was learned during the field work that the beneficiaries of the WTO support project are fully involved with the up-dating of Nepal Trade Integration Strategy (NTIS). The Background document was published by the Ministry of Commerce and Supplies in 2010. Consequently, coordination is being ensured directly by the Nepalese side.

Since the end of 2010 the German International Cooperation (GIZ, formerly GTZ) is the chairman of a group of donors that takes or will take part in the implementation of NTIS-2010. So far two meetings were held to ensure that donors choose identified needs and to avoid that major gaps in priority areas remain or that any possible overlap in their actions would occur. The EC also participated in these meetings.

JC5-2 Importance of EC trade policy instruments for Nepal's exports

2.5.1.7 Main findings

The objective of EU's GSP scheme is fully in line with EC development aid: the GSP aims promoting sustainable development and reducing poverty. Its function is to encourage greater growth of developing country exports in existing products and encourage diversification into new products.

Two-thirds of Nepal's exports to the EC fall under the EBA scheme, and the utilization rate of the Scheme by Nepal is as high as 91%. However, the Everything But Arms (EBA) segment of the GSP only affects 7.5%-10% of Nepal's total exports, implying that the overall effect on Nepal's export remains limited. This resulted in a weighted average tariff applied by the EC

¹⁵⁰ UNDP website

to all of Nepal's exports of only 0.53%. This tariff would rise to 7.65% in the hypothetical case that all exports would be charged with the Most Favoured Nation (MFN) tariff.

Benefits from the Generalised Scheme of Tariff Preferences (GSP) for the exporting countries and especially for LDC countries are generally limited due to the general low level of EU MFN tariffs: over time there is a further decrease in MFN tariffs an increased number of MFN zero lines and a proliferation of regional trade agreements, both resulting in preference erosion. Subsequently, the GSP will be less beneficial for Nepal as it will face more competition.

So far, Nepal did not reap the benefits of its accession to the WTO. The trends in trade show that the export of Nepal to the EU did not increase over the past five years. Instead, the export value of 88 million EUR in 2006 slightly decreased to 85 million EUR in 2010. The total value of textiles and clothing slightly decreased from 70 million EUR in 2006 to 67 million EUR in 2010. The share of textiles and clothing in total EU imports from Nepal fluctuated around 75%. It is clear that the importance of the bilateral trade with Nepal in total EU trade is very small. The share of Nepal textiles and clothes in total EU imports is only 0.3%.

2.5.1.8 Detailed evidence

Note: The RG specifically requested to give attention to the importance of EC's measures to promote trade of developing countries, making particular reference to Generalised Scheme of Tariff Preferences (GSP) and Everything But Arms (EBA) , which is the category for LDCs, including Nepal. The GSP/EBA is the most important EC trade policy instrument that affects countries like Nepal. For many years the EU has provided duty free- and quota-free facilities for development countries under its GSP with Nepal falling under the Everything But Arms (EBA) category by being a LDC. Given the objectives of GSP, i.e. promoting sustainable development, good governance and reducing poverty the GSP is in line with EU Aid programmes. Consequently, TRA and GSP are both addressed in the same EQ. It will be assessed to what extent these measures were beneficial for Nepal.

2.5.1.9 Ind5.2.1 Share of GSP related trade in total Nepalese trade in terms of volume and trade (during 2002-2010)

Detailed evidence at Indicator level

Introduction: In 1968 UNCTAD recommended that developed countries adopt generalized systems of trade preferences for exports from developing countries to promote their development. In 1971 the European Union became the first economic region to adopt such a preference scheme. Since its inception, the European Community and its successor the European Union has intended to implement its GSP regime through ten-year long programmes. However, formally single multi-year regulations, currently lasting three years, were promulgated by the EU, in effect allowing the EU's GSP regime to change over time.

The GSP is an autonomous trade arrangement through which the EU provides non-reciprocal preferential access to the EU market to 176 developing countries and territories. Tariff preferences on the EU market are expected to enable Developing Countries to participate more fully in international trade and generate additional export revenue to support implementation of their own sustainable development and poverty reduction policy strategies. The GSP scheme is a core part of the EU's trade strategy towards developing countries, alongside other instruments, such as the Economic Partnership Agreements (EPAs) and other bilateral and regional trading agreements.

The objective of EU's GSP scheme is fully in line with EC development aid: the GSP aims at promoting sustainable development and reducing poverty. Its function is to encourage greater growth of developing country exports in existing products and encourage diversification into new products.

The GSP is regulated by Council Regulations¹⁵¹ and consists of three separate arrangements:

- the *standard GSP*, which provides autonomous preferences to 176 Developing Countries and Territories on 4781 duty free tariff lines¹⁵²;
- the *Special Incentive Arrangement for Sustainable Development and Good Governance* (known as the *GSP+*), which offers additional preferences (9717 duty free tariff lines) to support vulnerable developing countries in their ratification and implementation of international conventions (27) on human rights, good governance and sustainable development;
- The *Everything But Arms* (EBA) arrangement (11,053 budget lines), which provides Duty-Free, Quota-Free access for the 50 Least-Developed Countries (LDCs). Compared to GSP and GSP+, the EBA provides most benefits to the applicable countries.

A particular country can be subject to one of these schemes, but at the same time have bilateral preferential trade arrangements. Nepal falls under the EBA regime and has signed a separate trade agreement with the EC for textiles and sugar.

The share of the standard GSP countries is by far the largest, leaving a meagre 8% each for the countries falling under the GSP+ and EBA regime. Their benefits in terms of not paid duties are also limited (as expressed by the nominal duty loss for EU, if the same products would have been imported under the EU's standard MFN conditions of access¹⁵³), see the next table.

Table 10 EC GSP scheme in terms of value and duty loss in 2007

2007	EC GSP Imports (million EUR)	Nominal Duty Loss (million EUR)
Standard GSP	47.848	1.542
GSP+	4.900	0.501
EBA	4.302	0.505
<i>Total</i>	<i>57.050</i>	<i>2.548</i>

Source, EC, Factsheet EC Generalised Scheme of Tariff Preferences (GSP) 2009-2011

The share of GSP scheme in the total value of EU imports is limited with 4.18% for standard GSP countries, and 0.46% for GSP+ and EBA, respectively. The EU preference schemes have generally not led to diversification of exports into new products, and Nepal is not the exception respectively¹⁵⁴.

Importance of the EU EBA status for Nepal.

The MFN tariff varies considerably per category: much is to be gained in animal products (18%), prepared foodstuffs (13%) and textile articles (12%), whereas it just a few percentages, mineral, chemical products and machines; wood and wood products is 0%. Nepal's manufactures form 90%- 98% of the total export to the EU. Textiles and clothes account for approximately 85% of manufactures.¹⁵⁵ The second group consists of agricultural products with a tariff of 10%-12%. Therefore, almost all products fall under the highest MFN tariff¹⁵⁶. The scheme is therefore potential beneficial for Nepal.

¹⁵¹ There have been different Regulations.....

¹⁵² Information on duty free budget lines taken from Caris,

¹⁵³ The MFN (Most Favoured Nation) tariff is being applied by a member of WTO on a good or service to other members of the WTO.

¹⁵⁴ University of Sussex, Caris, MTR EU GSP scheme, 2010

¹⁵⁵ EC, DG Trade, trade statistics of EU with Nepal

¹⁵⁶ Ibid.

An Agreement between the European Community and the Kingdom of Nepal on Trade in Textile products was signed on December 10, 2003¹⁵⁷. The most important feature is that specified textile products originating in Nepal would be free from quantitative limits. The GoN has for the past decade actively lobbied for the renovation of the Textile Agreement and the derogation of the “Rules of Origin” (RoO), as witnessed in the various minutes of the EC-Nepal Joint Commission meetings.

EC Regulation (EEC) No 2454/93 of 2 July 1993 established the definition of the concept of originating products (RoO). The RoO principle in the context of GSP are used to determine whether imported goods really originate from the countries covered by preferential trade arrangements, making them eligible for a preferential customs tariff. Since 1997, the country has benefited from the derogation of the RoO for certain textile products, “*taking into account the special situation of Nepal*”. The justification (2006) in the last Regulation was as follows: “*Application of the GSP rules of origin currently in force would have an adverse effect on investments, and employment on Nepal, as well as on the ability of existing industry on Nepal to continue its exports to the Community*”. The latest revised RoO relaxes and simplifies the rules and procedures for LDCs wishing to access EU's preferential trade agreements and will come into effect from January 1st 2011.

Nepal as an EBA country sees its exports affected as follows¹⁵⁸:

- 10% of Nepal's exports to EU enter under MFN=0, 7% under MFN>0, whereas 76% enters under EBA, indicating the high importance of the EBA scheme for the country (for all EBA countries 63% enters under MFN=0);
- Nepal's utilization rate is as high as 91% (the EBA utilization rate for all EBA countries steady increase from 73% in 2002 to 85% in 2008);
- In case of non-existence of the GSP/EBA scheme for Nepal 91% of its exports would fall under the MFN>0 regime;
- The above figures resulted in an weighted average tariff applied to all of Nepal's exports of only 0.53%. This tariff would rise to 7.65% in the hypothetical case that all exports would be charged with the MFN tariff, it would decrease to 5.77% in case Nepal would be a standard GSP country and further to 0.11% if Nepal would be a GSP+ country.

The figures above clearly indicate that the scheme is beneficial for Nepal. However it should be realized that the overall impact on total Nepal's export is limited: according to DG Trade and TEPC of Nepal EU's share in the total export of Nepal is 10-15%¹⁵⁹. This means that EBA only affects 7.5%-10% of Nepal exports.

The tendency in the MFN tariffs is that they decreasing over time and that the number of MFN zero lines are increasing. Together with a proliferation of regional trade agreements, this will result in preference erosion¹⁶⁰. Particularly, elimination of textile quota the EU imposes on other countries – by far the most important export product of Nepal - would be a serious problem for Nepal as it would face increased competition. Since the Multi Fibre Agreement (MFA) expired in January 2005, the Nepali garments export to the USA fell significantly (by 40%) and the EU replaced the USA as number one importer.

Despite the high expectations of EBA, the export of Nepal to the EU did not increase over the past five years. Instead, the export value of 88 million EUR in 2006 slightly decreased to 85 million EUR in 2010. The total value of textiles and clothing slightly decreased from 70 million EUR in 2006 to 67 million EUR in 2010. The share of textiles and clothing in total EU imports

¹⁵⁷ Likewise, Nepal and EC have signed a Framework Agreement for exporting sugar to EC under EBA. Volumes of sugar are very small, i.e. about 9000 MT annually

¹⁵⁸ University of Sussex, Caris, Statistical Appendices, base year 2008.

¹⁵⁹ The TEPC reports for the European Union a value of 6.5 – 7.0 billion RP (65-70 million EURO) from FY 2004/05 to 2008/09 with 12% to 11% of total exports. DG Trade: reports Nepal exported 67.8 million EUR or 14.2% of total export to EU.

¹⁶⁰ University of Sussex, Caris, MTR EU GSP scheme, 2010

from Nepal fluctuated around 75%. The share of Nepal textiles and clothes in total EU imports is 0.3%¹⁶¹

This development and analysis presented above underlines the need for addressing removal of constraints in the supply chain, besides institutional support to Nepal's trade sector. In other words, it stresses the need for a strengthened and intensified TRA to Nepal.

Sources of Information (applies for JC5-2)

EC, Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee on the function of the Community's generalised system of preferences for the ten year period from 2006-15" (COM(2004)461 – Official Journal C 242 of 29.4.04)

EC, Factsheet Generalised Scheme of Tariff Preferences (GSP) 2009 – 2011

University of Sussex, Centre for the Analysis of Regional Integration (Caris), Mid Term Evaluation of the EU's Generalised System of Preferences, Final Report, and Statistic Appendices, 2010.

EC, Textile Agreement with Nepal, Official Journal of European Communities, 7.2.2000

Trade and Export Promotion Centre, Nepal. Trade statistics

EC, DG Trade, Trade statistics with Nepal.

¹⁶¹ EC, DG Trade, trade statistics

2.6 EQ6: Rural development and food security

Evaluation Question 6: To what extent has EC support contributed towards an increase in rural incomes and an improved food security in selected rural areas of Nepal?

Introduction

The evaluation question on the results and impact on rural incomes and food security has been included in the focus of the evaluation given the importance of this focal sector in the CSP 2002-2006. The evaluation question is directly linked to the overarching objective of EC co-operation, i.e. support Nepal's efforts to improve people's living conditions, particularly the rural poor, and indirectly to improve its economic performance.

Nepal, despite a decade long conflict, has made considerable progress in reducing poverty and food insecurity since 1996. However, the country still faces significant food and nutritional security challenges, compounded in recent years by high food prices, low economic growth, infrastructural constraints as well as natural disasters. Long term policies which help address poverty and strategic investments to enhance growth and raise incomes are required, especially in the agriculture sector. Global development experience reveals that growth in agriculture is at least two to three times more effective in reducing poverty than same growth through the non-agriculture sector¹⁶². In Nepal, with the agriculture sector employing the majority of the workforce and contributing nearly 34% to the country's GDP, improving agriculture is of special importance to help fight poverty and hunger.

Nepal is the only South Asian country where growth in cereal production trails behind population growth, and the country has been a net importer of cereals since the 1980s. The low use of inputs such as improved variety seeds, fertilizers and improved technologies is a major reason for low cereal production growth. Despite the slow growth in cereals output, per capita availability of cereals in Nepal is second highest in South Asia, due to the food imports especially across the open border with India. Although cereals occupy nearly three-fourths of the cultivated area, they have been losing importance in terms of share in the value of agricultural production. High value crops, especially vegetables and fruits, accounting for less than 7% of cultivated land, have been growing in importance in terms of value of output. The relatively high productivity of these crops is due to the greater use of modern seed varieties compared to cereals. Livestock products – milk and meat – too have been showing healthy growth though somewhat less than vegetables and fruits.

Agricultural performance shows substantial spatial variation – across both ecological zones and development regions. Growth is generally higher in the agriculturally well endowed regions of *Terai*, while it is significantly lower in the hill and mountains, especially in the Western, Mid-Western and Far-Western regions. Availability of arable land is a major constraint to agriculture in the country as a whole, especially in the hills and mountains. While water availability is less of a constraint in Nepal, irrigation development has trailed behind the needs of agriculture and plan targets have not been fully met. The use of key farm inputs – improved seeds, fertilizers, pesticides, and farm machinery – in Nepal depends crucially on their price in India, which is the major supplier of most of these inputs. Besides, the low research capacity to provide high quality seeds, the poor / absent extension services (including extension related to animal health) and the low availability of formal credit for agriculture are other major constraints to agricultural growth.

Over 50% of the agricultural producers are smallholders with less than one hectare and with high incidences of poverty. These producers have a low and stagnant productivity and poor uptake of improved technologies¹⁶³. Nepal has serious deficiencies in food security and nutritional levels. 49% of children under five are stunted and 20% are severely stunted, 13% are wasted and 3% are severely wasted. The weight-for age indicator shows that 39% of children under age five are underweight and 11 percent are severely underweight. These figures are disproportionately high for a country of Nepal's economic level¹⁶⁴.

¹⁶² IFPRI-Delhi study: Ensuring Food and Nutrition Security in Nepal, a Stocktaking Exercise, September 2010.

¹⁶³ FAOSTATS, 2010

¹⁶⁴ Nepal Demographic and Health Survey (DHS), 2006, Table 12.11.

JC6-1 Appropriate decision to not implement the SRD+G programme

2.6.1.1 Main findings

The SRD+G (Sikta) project had a high priority for the GoN, despite its revised irrigation policy of GoN that favoured middle and small scale schemes, as these would allow full participation of the users.

The SRD+G (Sikta) project was given a high priority in the CSP 2002-2006, as it was seen as the heart of the EC overall cooperation strategy in Nepal, accounting for almost 60% of the total budget.

Although the EC had gained experience in irrigation projects in Nepal, the huge Sikta scheme was of a completely different order with a number of critical issues that were still inconclusive and unresolved at the time of project formulation (conflict with India on water rights (riparian law), technical and environmental issues, high risks in scheme management, financial deficits in maintenance and operational costs, not yet secured funding of the scheme).

The proposed medium-sized alternatives for the Sikta scheme required additional studies and surveys that were to cover several agricultural seasons, before they could be formulated. Equally important was the growing political insecurity during 2005. These three groups of reasons led in early 2006 to the EC decision to cancel the SRD+G project.

The Evaluation Team finds the arguments for not continuing the preparation of the SRD+G project, - either the large Sikta scheme or a number of medium-sized schemes - valid, but does not find a justification for completely withdrawing from this concentration area. The CSP 2007-2013 downplays the importance of rural development, based on lessons learned that were actually not relevant for these irrigation schemes. The programmes that were referred to were broad rural development projects that would have limited local impact only. They covered many sectors (health, education, institution building, infrastructure (roads, buildings, water and sanitation), forestry, agriculture and livestock. Irrigation did not play a key part in these programmes.

Three relatively large rural development programmes started in 1996/7 and were in the last stages of implementation by the time the CSP 2002-2006 was being formulated. These were the (i) Gulmi Arghakhanchi Rural Development project (14.7 million EUR); (ii) the Bagmati Integrated Watershed Management Programme (12.2 million EUR); and (iii) the Irrigation Development Project-Mid Western Region (8.1 million EUR). The MTRs and Final Evaluations of these projects came up with generally satisfactory achievements and results and formulated a number of lessons learned for future interventions. But these could not be taken on board, as there was no budget allocated for this kind of interventions.

Under the thematic budget lines, in particular support to vulnerable groups and those affected by the conflict a number of projects were undertaken by NGOs that had also a livelihood or food security component as one of the components. Ironically, these were relatively very small projects with limited local impact and low sustainability that were referred to in the CSP 2007-2013.

2.6.1.2 Detailed evidence

Introduction

The Strengthening Rural Development and Governance (SRD+G) project (41 million EUR) was the major action under the first concentration area "Nepal's Poverty Reduction" of the NIP 2002-2006. This action is directly linked to the overarching objective of EC co-operation stated in the CSP 2002-2006, i.e. support Nepal's efforts to improve people's living conditions, particularly the rural poor, and to improve its economic performance.

The SRD+G project was meant to be a continuation-cum extension of earlier started irrigation activities in the same conflict affected areas in the Mid-Western region of Nepal. However, the programme was not implemented and funds were reallocated to the education sector. The evaluation will assess for which reasons this decision was taken.

The strategic value of interventions in the productive sector as part of the overall EC intervention strategy in Nepal is further referred to in EQ 8, particularly in JC8-1.

2.6.1.3 Ind6.1.1 Relevance of the SRD+G (Sikta irrigation) project for GoN and the EC country strategy

Detailed evidence at Indicator level

On the basis of the results of the ongoing project “Irrigation Development Programme in the Mid Western Region” (ALA/95/24), and the findings of a feasibility study for “Sikta Irrigation Project” prepared by the GoN (Department of Irrigation, (DoI) of the Ministry of Irrigation), the EC included the implementation of the Strengthening Rural Development and Governance in the Mid-Western Region Project (SRD+G) as a key action to be implemented within the framework of the CSP and NIP 2002-2006. According to the Aide Memoire of the Identification Mission¹⁶⁵, expanding and consolidating agricultural activities through irrigation in areas of Midwestern Nepal would have major consequences that go beyond an increase in production and better living standards. The special focus on good governance and land tenure issues would help to prevent local beneficiary participation in insurgency activities. By enhancing the livelihood of the rural population and subsequently relieving local socio-economic tensions, a root-cause of the conflict, the SRD+G/Sikta project would help prevent conflict through long-term development activities¹⁶⁶.

The main reason for targeting the high percentage of the total indicative budget of the CSP 2002-2006 to the SRD+G project (41 Million out of 70 Million EUR, almost 60%) was that “EC had already been working successfully in this region” and “the long-term consolidation and expansion of project activities in this field in the Mid West was seen as the heart of the Nepal strategy that simultaneously addresses poverty eradication and conflict mitigation”¹⁶⁷. The Relex Note further explains:

“Poverty in this region is the simple result of total government negligence, which has generated frustration and rebellion¹⁶⁸. Capitalizing on past experiences will greatly enhance the livelihood of communities. A strong injection of resources in good governance, i.e. to fight corruption and upgrade accountability and capacity of local administrative authorities, as well as the mobilization of the local community to participate and contribute to local development initiatives was seen as a key complement to the development goals of the project (irrigation schemes, on-farm development, increase of productivity”.

On the side of the GoN, the Sikta Irrigation Project was ranked in the highest priority list of the 10th National Development Plan. Given its objectives to increase agricultural production and productivity by the use of improved technologies, the GoN had a high interest in Sikta Irrigation Scheme, situated in Banke District in the Terai. The large and complex project has been in the pipe-line for a very long time.

The first project studies date to the late 1970s and by 2003 the Department of Irrigation (DoI) of the Ministry of Agriculture prepared an updated Feasibility Study. It is a very large project in terms of irrigated area (34,000 hectares), infrastructure works (35 km long feeder canal, 143 main and secondary canals, 432 km of drains), beneficiaries (population of close to 300,000) and funding (approximately 87 million USD¹⁶⁹). This high interest was stressed by the GoN Delegation during the EC-Nepal Joint Commission of 2004.

In 2003, Nepal’s irrigation policy was revised and updated taking into consideration the experiences with small and medium and large scale irrigation schemes. The most important lesson learned was the necessity of delegated responsibility to users and their organisations.

¹⁶⁵ Aide Memoire identification Mission SRD+G, 12/01/2004

¹⁶⁶ Encs to # 380 of 25 May 2005.

¹⁶⁷ Note of RELEX on Nepal CSP/NIP 2002, 2006, Brussels, 25 July 2003.

¹⁶⁸ The Maoists were having a stronghold in the Mid-Western Region.

¹⁶⁹ The GoN estimated total budget was approx USD 87, however the Assessment Mission found this an under estimation, as important costs were not accounted for. They estimated USD 100 million investment to be more realistic.

Sustainability can easier be achieved with small and medium scale irrigation schemes, planned and implemented with the highest participation of the users. Funding of maintenance is a rather big problem in large schemes, as contributions in kind and labours and service fees in equal shares, i.e. corresponding to the land served by the system, are difficult to collect. Therefore, the focus shifted to the development of small and medium schemes with large participation of the water users. However, this focus was not yet present in the Sikta Scheme (this inconsistency is also mentioned in the draft PIF).

In conclusion, the project had a high priority, both at the side of the GoN as of EC. Although the EC had gained experience in irrigation projects in Nepal, the Sikta scheme was of a completely different order, whereas the revised irrigation policy of GoN favoured middle and small scale schemes as these would allow full participation of the users.

Sources of Information

Note of RELEX on Nepal CSP/NIP 2002, 2006, Brussels, 25 July 2003.

Agrisystems, Sogreah, Assessment Mission for Irrigation within a Strengthening Rural Development and Governance Project, Final Report, 26 May, 2005.

Agrisystems, Sogreah, Assessment Mission for Irrigation within a Strengthening Rural Development and Governance Project, Aide Memoire, February, 2005.

EC, Terms of Reference. EC Identification-cum-Appraisal Mission. Strengthening Rural Development and Governance in the Mid-Western Region of Nepal.

EC, Terms of Reference, Assessment Mission

Aide Memoire, Identification Mission SRD+G, 12 January, 2004.

EUD-N, Identification Fiche SRD+G, undated.

EUD-N, Road Map Alternatives (370 of 25 May 05)

EC, Final Evaluation of the Gulmi and Arghakhanchi Rural Development Project Phase II (GARDP-II), June 2002.

EC, Mid Term Review of the Bagmati Integrated Watershed Management Programme, ALA/96/17, 2004.

2.6.1.4 Ind6.1.2 Validity of the reasons provided for non-implementation of the SRD+G

Detailed evidence at Indicator level

According to the sources available, there are at least five reasons why EC did not pursue the implementation of the SRD+G project¹⁷⁰:

1. An inconclusive identification and formulation phase. By mid 2003 the TOR for an Identification-cum-Appraisal Mission has been prepared and the Mission was to be fielded in October 2003¹⁷¹. From EAMR-2004 it was learned that the Identification Mission did not result in a Final report, causing a delay of one full year (2004). However, during 2004 various EC stakeholders from HQ and EUD-I visited Kathmandu and the project area and reservations against the project were rising on the feasibility of the project. A number of critical factors were partly unresolved: a huge civil engineering component; institutional and management set-up; alignment with revised GoN irrigation policy the funding requirements; the formal opposition by India; fears that smooth implementation would be impossible due to worsening political situation. By the 3rd Quarter of 2004 the EC decided internally that 20 Million EUR for a first stage was within acceptable range of risk. However, during the Joint Commission that took place in October 2004, a Memorandum of Understanding was signed with the GoN that still included a SRD+G Project up to 41 million EUR. Most of the reservations of EC stakeholders were addressed by a new Identification Mission (called Assessment Mission). The Mission was fielded in January 2005 with three major tasks: (i) to update feasibility

¹⁷⁰ These five reasons were mentioned by EUD-N (email of 12/01/2011) and further elaborated by the evaluation team.

¹⁷¹ EAMR, September 2003, is not consistent in the terminology, it speaks of Launching an Identification Mission, and in other parts of an Appraisal Mission.

studies of Sikta and assess alternative feasible irrigation schemes; (ii) to conduct a full EIA; and (iii) to assess the legal framework on riparian issues of non-navigational use of cross-border waterways (see the next last reason). Two more missions were planned: One Final Evaluation of a completed Irrigation Project in the Mid-Western Region, and a third Mission to prepare the PIF and the DFP, scheduled for March and May 2005 respectively. The last mission did not take place.

The Assessment Mission presented an Aide Memoire in February 2005 and a final report in May 2005. The Assessment Mission Final Report¹⁷² concluded that the Sikta Irrigation scheme would bring large new areas under irrigation and would develop commercial agriculture. However, according to the Report, the Sikta proposal was not a bankable project with acceptable and calculated risks. More studies were needed to give a conclusive answer to some key issues related to the Sikta Scheme:

- if sufficient water was available for all-year round irrigation of 34,000 ha and if the scheme would not affect availability of water for down-stream schemes in India;
- the financial feasibility would be affected with more realistic assumptions, for instance system efficiency rate was set at 45-55%, whereas current systems in Nepal only reached about 30%, insufficient cost-recovery for O&M, more costs needed for setting up well-functioning Water user Associations (WUAs) and cost for land loss and land acquisition was not yet counted for.

Other conclusions were that the (i) the Sikta scheme would require at least 5 years in a row for its construction and 2 years of operation and maintenance; and (ii) that it does not make sense to consider a scaling down of the Scheme (this was a suggestion from EC), as the reduction in costs would lead to a much higher reduction in benefits (unacceptable return to investment rates). When comparing to alternative schemes, the Mission recommended not including Sikta in the SRD+G programme. Instead it recommended conducting further studies to develop the medium-sized alternative schemes (Rani Jamara and Babai) and possibly a dozen small systems. However, the development of a full project proposal for these alternatives would also take considerable time, as most were just in the stage of “project idea”.

2. Financing Gap. The estimated cost of the project was 87 million USD, of which the GoN would contribute with 17 million USD and the EC with 43 (later 41) million EUR. Other potential donors were the Saudi Development Fund with 17 million USD, and the Kuwait Fund with 10 million USD. However, with the withdrawal of the Saudi Development Fund a financing gap was eminent Own contributions of beneficiaries (1 million USD by Water User Committees) were also not fully agreed upon. Other donors were reluctant to enter the programme probably due to political pressure of India (see point 5).

3. Security. The Political instability of 2005/2006 affected this project as well. There was an increasing concern that local authorities could not play their envisaged role. The works related to the irrigation scheme were also facing a considerable risk for security disruptions. The inclusiveness of the SRD+G project at the time made it also an easy subject for budget reallocation: despite the appeal of GoN to the EC to not divert from its earlier commitment¹⁷³. Based on: “*an in-depth assessment to pro-actively suggest adapted approached to the local context*”¹⁷⁴, 5.05 million EUR were redirected from the rural development to the Human Rights sector.

4. Refinement of Environmental Impact Assessment. Further studies were needed to assess the water balance and needs for ecological flows (at that time reliable data were not available), and the study should last at least a full year as it needed to compass at least one monsoon and the dry season. This was also a sensitive issue as it also would provide the data basis for assessing the impact of water availability in India (see next point).

¹⁷² Agrisystems, Sogreah, Assessment Mission for Irrigation within a Strengthening Rural Development and Governance Project, Final Report, 26 May, 2005.

¹⁷³ Ibid.

¹⁷⁴ EAMR-2005

5. Legal aspects on navigational use of trans-boundary waterways. Pursuant to the rules of customary international law Nepal is under obligation to notify and consult India if the Sikta Irrigation Scheme would have a significant impact on India. Unfortunately, there are no reliable data that predicts available water for India. Meanwhile, India protested against the scheme, but also cannot substantiate its claim that it would be affected.

In conclusion, the reservations the EC had already on the Sikta project were mainly confirmed by the Assessment Mission, whereas new uncertainties were raised. Substantive additional work needed to be done, not only for the Sikta project, but also for the other activities. One of the outputs of the Mission was a TOR for an Identification-cum-Formulation Mission. On top of that the political situation had dramatically worsened since the royal takeover of February 1st that year.

The EC was not happy with these conclusions: “... given all remaining issues and the deteriorated political situation..., it became ill-advised to field a mission for identification, adding more delay still for a swift project preparation¹⁷⁵”.

Already as early as May 2005 the EUD-N suggested to possibly resume the 41M € project “Strengthening of Rural Development and Governance” (no CRIS code yet), or to redirect funds for other projects/programmes such as Education for All (EFA-21 M€) or Disaster Preparedness (20 M€) for an UNDP implemented programme within the last year of the currently applicable 2004-2006 NIP or within the 2007-leg of the three-phase 2007-2013 CSP. It is unclear why the option of other rural development projects - probably to be implemented when conditions would improve - was not considered. Concerns of not spending funds of the CSP may have played a role.

The inconclusive state of the SRD+G project, i.e. considerable constraints and serious issues for the various irrigations schemes (Sikta and the several medium scale alternatives) that remained unsolved and/or needed to be addressed by additional studies and surveys, the continuously growing political insecurity that started early 2005 led, in early 2006, and finally the withdrawal of the Saudi Development Fund led to the EC decision to completely cancel the SRD+G project, as well as not to explore further a number of proposed alternatives. Unfortunately, the EAMR of 2006 does not contain a summary of the reasons for the cancellation of the SRD+G project. It just mentioned that the EC had notified to the Minister of Finance that the funds for the SRD+G are no longer available. The GoN (MoF) accepted the EC stance, but expressed the country’s needs for huge irrigation networks in the Terai. The GoN remained committed to the Sikta project. Three years ago the Department of Irrigation has started with the implementation of the Sikta Scheme, exclusively using resources from Nepal’s’ national budget. The Head Works and half of the Main Canal have been constructed¹⁷⁶.

The Evaluation is of the opinion that there were good reasons not to implement the proposed SRD+G (Sikta) scheme, but fails to understand why the EC decided to completely withdraw from the rural development sector. Whereas many donors pulled out of the irrigation sector, the ADB and World Bank have continued their support to the Department of Irrigation providing loans for various community managed irrigation schemes in the Western and Eastern parts of Nepal.

Sources of Information

Note of RELEX on Nepal CSP/NIP 2002, 2006, Brussels, 25 July 2003.

Agrisystems, Sogreah, Assessment Mission for Irrigation within a Strengthening Rural Development and Governance Project, Final Report, 26 May, 2005.

Agrisystems, Sogreah, Assessment Mission for Irrigation within a Strengthening Rural Development and Governance Project, Aide Memoire, February, 2005.

EC, Terms of Reference. EC Identification-cum-Appraisal Mission. Strengthening Rural Development and Governance in the Mid-Western Region of Nepal.

¹⁷⁵ Internal Note EUD-N (enc to # 380 of 25 May, 2005).

¹⁷⁶ Information obtained from Deputy Director General of the Department of Irrigation.

EC, Terms of Reference, Assessment Mission
 Aide Memoire, Identification Mission SRD+G, 12 January, 2004.
 EUD-N, Identification Fiche SRD+G, undated.
 EUD-N, Road Map Alternatives (370 of 25 May 05)
 Discussions at the Department of Irrigation and ADB, during fieldwork.

2.6.1.5 Ind6.1.3 Implications of non-implementation of the SRD+G for further EC support in agricultural development/food security

Detailed evidence at Indicator level

The SRD+G project was given the highest priority in the CSP 2002-2006, it was seen as the heart of the EC overall cooperation strategy in Nepal and it had almost 60% of the total budget. Therefore, it is remarkable that despite these high stakes the EC has put on the SRD+G (Sikta) programme, in the next CSP this priority sector was completely left out. Instead, the CSP 2007-2013 appears to downgrade its importance. In the CSP 2007-2013, there are two references to the SRD+G project and the sector in general:

7. Remark under Review of past and present EC cooperation: *“The EC aid was only partially implemented due to technical problems during the identification mission for the SRD+G project, which was later cancelled with the agreement of GoN”.*
8. Paragraph under Lessons Learned of past EC cooperation: *“EC cooperation with Nepal has traditionally been characterised by the financing of numerous rural development and natural resource management projects, which have tended to have a limited and localised impact, and little influence on national policy. These projects were generally funded on a ‘one-off’ basis, with complex and time-consuming implementation and monitoring mechanisms. This CSP is therefore bringing about a policy shift from individual rural development projects towards a sector support programme in education, thus supporting the Government’s reform agenda, good governance and effectiveness, always with a view to ensuring that more systematic attention is paid to ‘targeting the poor’ and ‘sustainability’ of results, within a context of synergy with other development partners.”*

The Evaluation notes that the first reference is definitely incomplete (see Indicator 6.1.2), whereas the paragraph on lessons learned is inappropriate, as the SRD+G project was not one of the numerous rural development projects with limited impact. The SRD+G project was a large and complex with possibly a much wider development and policy impact. There were actually three relatively large rural development programmes that were started in 1996/7 and were in the last stages of implementation by the time the CSP 2002-2006 was being formulated. These were: the Gulmi Arghakhanchi Rural Development project (14.7 million EUR), the Bagmati Integrated Watershed Management Programme (12.2 million EUR) and the Irrigation Development Project-Mid Western Region (8.1 million EUR). The first two projects followed an integrated approach covering many sectors.

Box 5 Overview of rural development projects finalised at the beginning of the evaluation period

The Gulmi Arghakhanchi Rural Development Project Phase II (GARDP-II) is a multi-sectoral rural development implemented through District Development Committees with EC assistance in Nepal's Western hill districts of Gulmi and Arghakhanchi. The Final Evaluation of the GARP-II project of 2002 concluded that *“GARP-II has achieved its objectives and some impacts are visible. Others are unclear and many will not be visible for some time to come, as most activities are recently completed or not yet. No definite conclusions can be drawn, however, due to the lack of a baseline study and monitoring system. The project might have further benefited from a design that included less sectors and instruments to deal effectively with poorer sections of society”*. The project was very broad in that it covered agriculture, livestock, forestry, soil conservation irrigation, drinking water, health and education, human resources development (VDCs, DDCs, and beneficiaries), feeder roads, construction of clinics, sport accommodations, SME development, and women development.

The share of irrigation in the project was relatively small, and could have been improved. The Evaluation praised the decentralized set-up leading to high ownership, good governance and a distinctly positive effect on conflict resolution. At the same time it comments that *"This centralized set-up must have often led to "invisibility" and lack of appreciation at central level, but that is only a minor result from decentralisation to which central level agencies can adjust"*.

The Evaluation formulated the following lessons learned and recommendations: (i) The followed decentralisation approach is an effective and replicable model that should be used in future projects; (ii) The conflict resolution benefits from this project should be maintained; (iii) The number of activities and sectors in future projects should be reduced to levels that are manageable and will not affect project output and quality: concentrate on livelihood enhancement through cash crops, skill development, livestock, rural roads and marketing; (iv) Future projects should have a design that guarantees valuable baseline data and a monitoring system that is tightly linked to the logframe; (v) Future projects should have policies and instruments that can effectively deal with those communities with less claiming power and absorption capacity, that in the present situation got a disproportionately low share of the benefits: an approach to address the poor and disadvantaged areas and groups through special support activities, integrated with the mainstream programme rather than running parallel to that.

The Bagmati Watershed Project (BWP) was completed in 1996 after ten years. After two years a new phase called the Bagmati Integrated Watershed Management Programme (BIWMP), was implemented with a five-year implementation schedule. The BIWMP (EC contribution 11.4 million EUR) began its work with a new team, changed target area and also with new objectives of introducing measures to reduce soil erosion and make sustainable improvements in the management of selected sub-watersheds in the Bagmati River Basin, thus improving land productivity and living standards of the people. The objectives for the BIWMP were much broader than the BWP. With the main goal of soil conservation the BIWMP now included in its objectives the establishment of users groups, improving agricultural practices, community forest management, gully and landslide control, infrastructure development, income generating activities favouring women and lower castes and family health care. Whereas BWP was mostly based upon the physical construction of soil erosion control measures, BIWMP was mainly aimed at increasing land productivity as well as improving the living standards of extremely poor and vulnerable farming families. The MTR concluded that the project was highly relevant and valuable results were made, albeit the project also suffered from the wide range of sub-sectors and activities. The MTR made a large number of specific recommendations directly related to the implementation of its various components. General lessons learned for future were not drawn.

However, stressing the assumed low impact of rural development projects on the one hand and the general policy shift towards sector support programmes meant that EC support under the geographical budget line to this sector actually ended. Under the thematic budget lines, in particular support to vulnerable groups and those affected by the conflict a number of projects were undertaken by NGOs that had also a livelihood or food security component as one of the components. Ironically, these were relatively small projects with limited local impact and low sustainability.

The major implication was that the largest focal sector (in terms of funding) of the CSP2002-2006 was not implemented. In addition, this focal sector was also not included in the next CSP, although apparently the intervention strategy remains unchanged.

In 2009 and outside the scope of the geographical budget line, new middle-sized programmes in food security were implemented through the Food Facility, see the next indicator.

Sources of Information

Note of RELEX on Nepal CSP/NIP 2002, 2006, Brussels, 25 July 2003.

Agrisystems, Sogreah, Assessment Mission for Irrigation within a Strengthening Rural Development and Governance Project, Final Report, 26 May, 2005.

Agrisystems, Sogreah, Assessment Mission for Irrigation within a Strengthening Rural Development and Governance Project, Aide Memoire, February, 2005.

EC, Terms of Reference. EC Identification-cum-Appraisal Mission. Strengthening Rural Development and Governance in the Mid-Western Region of Nepal.

EC, Terms of Reference, Assessment Mission

Aide Memoire, Identification Mission SRD+G, 12 January, 2004.

EUD-N, Identification Fiche SRD+G, undated.

EUD-N, Road Map Alternatives (370 of 25 May 05) EC, Final Evaluation of the Gulmi and Arghakhanchi Rural Development Project Phase II (GARDP-II), June 2002.

EC, Mid Term Review of the Bagmati Integrated Watershed Management Programme, ALA/96/17, 2004.

JC6-2 The needs of the rural households are addressed in a sustainable manner in the projects funded under the Food Facility

2.6.1.6 Main findings

All interventions funded under the Food Facility identified and addressed the intended target groups and were implemented in the most food deficit areas with a priority to address the most vulnerable groups. Both IOs used the WFP classification system for identifying food insecure households, whereas the four NGOs built upon earlier identified vulnerable groups in the districts they had previously implemented other programmes (support to vulnerable groups, water supply and sanitation, health, natural resource management).

All interventions implement activities for those rural households that have access to land, as well as those that are land-less. For the latter group the projects work on small livestock, land-leasing arrangements and promotion of off-farm employment (vocational training, food for work).

The sustainability of the interventions funded under the Food Facility is low. This is basically due to the short duration of the programme (18-22 months in actual implementation) resources that are spread thinly (many activities, very high numbers of beneficiaries, VDCs/districts), the low institutional embedding of the actions, and the absence of an exit strategy. Therefore, it was impossible to develop value chain-based systems, whereas national and local stakeholders (VDCs, DDCs and districts) lack of capacity and/or willingness for the scaling up of the good practices introduced by the projects.

The Food Facility was meant as a one-time intervention, therefore it was known from the start that an extension was not possible, despite the fact that food prices, after a temporarily decline, started to increase in the second half of 2010 and are at historically high levels at the start of 2011. The projects funded under the Food Facility have not taken this into account in the design phase. A supporting system was not put in place, so most of the achievements, such as the introduction of improved quality seeds, awareness of their benefits in vulnerable communities, will gradually fade away. The four INGOs have presented the results of their respective projects to the central, regional and local authorities during a one-day seminar in Kathmandu in June 2011 inviting the participants to reflect on how to ensure proper scaling up and sustainability. In some cases NGOs and/or other donors will include part of good practices introduced by the Food Facility funded projects into on-going or new interventions, but unfortunately the majority of the VDCs and districts attended by the EU-FF lack this follow-up.

The activities of the NGOs generally differ from those of the IOs (FAO and WFP) in that they follow a wider and more integrated approach: they combine support activities to agriculture (access to irrigation, technical assistance and improved production technology (seeds, fertiliser, crop protection products, livestock) which was done by FAO/WFP with providing farmers access to the market and with overall capacity building of communities and local authorities. This is an appropriate strategy, but would already be a huge task in view of the large numbers of beneficiaries and even more given the limited timeframe.

However, the NGOs go beyond the agricultural sphere in that they also work on off-farm and wider capacity building: organizing and empowerment of targets groups to access government programmes; some seek to develop food security strategies to be implemented at district level, as well as influencing favourable national policies; others support vulnerable groups into larger structures to claim rights for food.

2.6.1.7 Detailed evidence

Introduction

Since 2008, Nepal is a large beneficiary of the EU Food Facility (EU-FF), an emergency fund (1 billion EUR) that addresses the sharp increase in prices of food world-wide. The portfolio of the EC support in Nepal consists of actions of two international organisations, i.e. FAO and WFP with a budget of approximate 17 million EUR, and four international NGOs with together about 6.5 million EUR, giving a total commitment of 23.5 million EUR.

Box 6 EU Food Facility: Brief overview

EU Food Facility: for rapid response to soaring food prices in developing countries

The EU/EC commitment to the food crisis

Following the 2008 food crisis, which severely affected the livelihoods of millions of the poorest people in Africa, Asia and Latin America, a Regulation establishing the so-called "Food Facility" was adopted by the European Parliament and the Council in December 2008. This new instrument provides for 1 billion EUR funding to be spent over a three-year period (2009-2011) in order to provide a rapid response to soaring food prices and related worsening food insecurity in 50 vulnerable developing countries.

What does the EU Food Facility (EUFF) support?

The Food Facility is designed to bridge the gap between emergency aid and medium to long-term development assistance. It aims to provide a short and medium term response to agricultural production and to provide access to food for the most vulnerable populations by supporting:

- * measures to improve access to sustainable agricultural inputs and services including fertilizers, seeds and training;
- * safety-net measures to maintain or improve sustainable agricultural production capacity and help meet the basic food needs of the most vulnerable populations, including children;
- * other small-scale measures such as micro-credit, investment, equipment, infrastructure and storage as well as vocational training and support for agricultural professionals.

Source: EU Food Facility website

The EUFF has allocated 23.5 million EUR to Nepal which makes it the largest programme in terms of value and in terms of annual spending in Nepal. Six interventions are funded, two implemented by IOs (17 million EUR) and four by NGOs (7.5 million EUR). They are implemented from May 2009 to October 2011¹⁷⁷.

The evaluation focused on the relevance and the design of the projects and the likelihood of achieving tangible results within the short project duration (22 months for INGOs and 36 for IOs). It will be assessed to what extent the projects funded under the EU-FF address the overall situation of food security. In addition, the sustainability of the Food Facility projects will be given specific attention.

¹⁷⁷ one project will end in April 2011, two in June and three in October.

2.6.1.8 Ind6.2.1 Existence of a thorough needs analysis and adequate identification of the target groups (in accordance with the objective of the Food Facility¹⁷⁸) during the project design.

Detailed evidence at Indicator level

The design, preparation and selection of EUFF interventions in Nepal by HQ (in cooperation with the EUD-N) has been done in a very short period, which meant that a thorough risk analysis and checking of crucial assumptions that needed to be fulfilled for a successful implementation could not be undertaken. It was for instance assumed that improved seed and fertilizer would be readily available, but during implementation it was found that the procurement process was facing many challenges.

Overall, the support is provided to the intended target groups:

- The international NGOs have a local representative office and all work through numerous local NGOs as partners in implementation. These local NGOs are often resident in the district headquarters in the respective intervention areas.¹⁷⁹
- All are experienced in writing proposals for EU-CfP EU and have been implementing projects under other thematic EC budget lines, as well as for other donors, mainly Scandinavian countries, UK, USAID.
- They implement the EUFF intervention alongside and parallel to other projects in the same area (such as water and sanitation, health, natural resource management, etc.).

Both IOs used the WFP classification system for food insecure households because they were supposed to work with the same beneficiaries as mentioned below. FAO's selection criteria for beneficiaries were HHs having less than 0.75 ha of arable land, food sufficiency for less than 6 months, and priority to socially discriminated groups (women headed HH, dathis, indigenous communities, ethnic minorities). The four NGOs had comparable criteria and built upon earlier identified vulnerable groups in the districts where they had previously implemented programmes (support to vulnerable groups, water supply and sanitation, health, natural resource management).

Two NGOs continued to apply holistic or integrated approaches in rural development and food security with the same long term perspective. The other two had not yet implemented food security and/or rural development projects in Nepal.

As far as FAO and WFP are concerned, they tend to use the conventional distribution models of agricultural inputs and safety net actions using food for work schemes, respectively. Whereas the FAO programme was a new programme and implemented with a FAO management project implementation unit, for WFP it meant an additional source of funding for its ongoing Protracted Relief and Recovery Operation (PRRO) intervention.

All interventions implement activities for those rural households that have access to land, as well as those that are land-less. For the latter group projects work on small livestock, leasing arrangements and off-farm employment (vocational training, food for work).

It is concluded that all EU-FF funded projects adequately identified and selected their target groups in accordance with the objective of the Food Facility.

Sources of Information (for all indicators of JC 6-2)

EAMR, 2010

Practical Action, Project proposal for EUFF, HELP – Helping to Enhance Local Productivity for Food Security, 2009;

Oxfam GB, Project Proposal for EUFF, “Improving Food Security in Communities Vulnerable to Food Price Volatility”, 2009

¹⁷⁸ i.e those with capacity to increase production, as well as the extremely vulnerable ones

¹⁷⁹ This is the case with all funding agencies in Nepal: as per the law, they must have their projects implemented by local NGOs. Therefore, this applies to the FAO and WFP as well. If all six EU-FF partners had implementing partners in the field, the FAO had set up local offices in each of the ten target districts. Thus, the FAO was also represented in the field.

FAO, Project Proposal for EUFF, Support to mitigate the negative effects of high food prices on local rural populations in ten districts in Eastern, Central, Mid-West and Far-West Regions of Nepal.

WFP, Project Document “Food Assistance for Vulnerable Populations affected by conflict and high food prices in Nepal”, 2009.

Save the Children, Project document Food Facility - Facility for rapid response to soaring food prices in developing countries, 2009

2.6.1.9 Ind6.2.2 Benefits of support are (likely to be) sustainable

Detailed evidence at Indicator level

In their project proposals, WFP and FAO stressed that complementarity of their actions is key for sustainability. On one hand, food for assets, such as small irrigation schemes and rural roads (WFP) are expected to benefit those small farmers that will be given agricultural inputs and TA for improved production technology (FAO). On the other hand the timing of the work is crucial and beneficiaries should not work during key agricultural periods on food for assets, as well as they should not have been migrated during lean periods. This is a complex and complicated planning exercise. Actually, this complementarity is rather an element of impact and effectiveness than a sustainability issue. FAO and WFP were required to work with the same beneficiaries. However, this failed to materialize and ended up in a meaningless constraint for FAO. More than half of the WFP FFW schemes were construction of roads and buildings that were not directly related to agricultural production. According to the FAO Programme Coordinator the desired complementarity was only achieved in about one third of the VDCs where both IOs were operating.

FAO mentions in their project proposal a second major element of sustainability, i.e. the capacity building through the MoAC. However, it was found that while FAO contracted staff was keeping an office in the district agricultural offices; they did all the actual work.

A major result to be achieved by the FAO intervention was to “secure access to improved agricultural inputs to farmers”. However, what was done was actually distribution of the inputs to the beneficiaries. The project document does not explain how beneficiaries could obtain improved seeds and fertilisers in the subsequent years. The affordability of farmers to buy improved seeds and fertilizers is hardly addressed. This also applies for the agricultural component of the interventions implemented by NGOs.

It is not known if vulnerable households can afford to buy high quality inputs for agricultural production from their own resources, and often supply chains are not available to them they after the interventions end. Possibilities are less for beneficiaries in remote and isolated areas, as well as for extremely socially and economically marginalized communities, such as Dalits. An added factor is that the farmers have little knowledge on the costs of the improved inputs and the return on investment. The projects did not include basic cost analysis so farmers would not know what the technology means in terms of additional net income. Calculation of costs and returns is important for the development of small-scale commercial farming. In several cases the beneficiaries were not aware of the name of variety of the improved seed received and where they came from, which is not appropriate either for sustainability.

FAO included a component of technical capacity building to the beneficiaries through the Farmer Field School (FFS) approach, i.e. providing training to lead farmers who then will pass on their knowledge to his colleague farmers in his village. Comments were received during field work that the number of lead farmers trained is insufficient to reach all farmers, and there is no monitoring/feedback on lead farmers’ performance and impact. EDPA reports that 18% of beneficiaries was covered by FFS and that 8% formed part of farmer groups. About 5% of beneficiaries received some kind of support and feedback by lead farmers (Local Resource Persons). Given the short time of the programme, it is doubtful if these head farmers are confident enough to continue to the farmer field school. Particularly in the hill area the distances and time involved in meeting are a huge constraining factor.

WFP mentions that the created infrastructure would contribute to long term development and increased food security and improved market access. But infrastructure alone will do not achieve this. WFP comments that community members themselves are responsible for maintaining the created infrastructure, which is not an easy task. For instance when feeder roads and tracks that have been constructed with support of food or cash by WFP, are damaged during the rainy season, the community may lack resources to repair it afterwards. Water Users Groups are responsible for maintenance and repair of small scale irrigation schemes and ponds, but capacity building of these groups is not an integral part of the programmes.

The very high number of direct beneficiaries or target households (WFP 45,000 HH, and FAO 114,410 HH, the NGO targeted) is another factor that reduces the intensity and effectiveness of capacity building and subsequent sustainability.

Both the FAO and WFP programme are directly implemented by local staff contracted by these organisations. Although agricultural district staff are invited to key project activities, such as trainings and workshops, the planning implementation and the day to day implementation is directly done by these organisations.

The activities of the NGOs generally differ from those of the IOs (FAO and WFP) in that they follow a wider and more integrated approach: they combine support activities to agriculture (access to irrigation, technical assistance and improved production technology (seeds, fertiliser, crop protection products, livestock) which was done by FAO/WFP with providing farmers access to the market and with overall capacity building of communities and local authorities. This is an appropriate strategy, but would already be a huge task in view of the large numbers of beneficiaries and even more given the limited timeframe.

However, the NGOs go beyond the agricultural sphere in that they also work on off-farm and wider capacity building: organizing and empowerment of targets groups to access government and/or other donor programmes; some seek to develop food security strategies to be implemented at district level, as well as influencing favourable national policies; others support vulnerable groups into larger structures to claim rights for food.

It was found that the four NGOs share the following characteristics:

- All refer to the most vulnerable groups as their major target groups. These are at the same time the most difficult group to work with to realise the core objective of EHFF to increase agricultural production and productivity.
- Many different VDCs and multiple agroecological zones (terai, hills and mountains) are covered in one and the same intervention, highly underestimating that agricultural and marketing aspects differ and require adapted approaches.
- Related to the holistic approach (see the previous indicator), they are trying to cover many eligible fields in the programme and claim very high number of beneficiaries, so as to obtain a high score and getting the project approved. However, this lack of focus and spreading resources thinly reduces sustainability of the various activities.

The specific sections on sustainability in the project documents are not convincing. The projects simply state that their actions (provision of capacity building of target groups, providing linkages among various local actors, creation of small-scale facilities and infrastructure) ensures sustainability. While the importance of these actions are not disputed, it cannot be taken for granted that within such a short time span of the interventions such structures will be in place by the end of the project implementation and capable of generating benefits for the communities. For example, one NGO states:¹⁸⁰ *“The diversified and improved farming practices will continue after the work and work as resource centres for the promotion of sustainable farming”*. But it is not explained how the target groups can actually continue to receive benefits once the projects are finalized. Without providing any evidence that this will actually happen, such comments become rather wishful thinking than real prospects. On the

¹⁸⁰ Dan Church Aid, Project Proposal

other hand, induced mechanisms by some NGOs, such as seed banks and saving groups may continue over a longer period.

None of the six implementing agencies has developed an exit strategy. It was envisaged that follow-up support would be funded under the Food Security Thematic Programme (FSTP, 2011-2013¹⁸¹) for the most promising actions (FAO support to seed producer groups, 2 million EUR, and WFP support to the institutionalization of the Food Security Monitoring System, 2 million EUR). However, only the WFP proposal will be funded (4 million EUR). Representatives of the two agricultural districts offices visited during the field work clearly expressed that without an adequate support system project achievements would be lost. This view was also clearly expressed in the Lessons Learnt workshops held by FAO and the NGOs.

The Food Facility was meant as a one-time intervention, therefore it was known from the start that an extension was not possible, despite the fact that food prices, after a temporarily decline, started to increase in the second half of 2010 and are at historically high levels at the start of 2011. The projects funded under the Food Facility should have been taken this into account in designing their interventions.

In conclusion, based on the review of the project documents (particularly the design and sustainability sections), the field visits and the progress reports, the Evaluation Team concludes the sustainability of the interventions funded under the Food Facility is low.

This is basically due to the short duration of the programme (less than two years), resources that are spread thinly (many activities, very high numbers of beneficiaries, VDCs/districts), its transitional focus ("being in between" emergency and development), the low institutional embedding of the actions, and the absence of an exit strategy.

A supporting system was not put in place, so most of the achievements, such as the introduction of improved quality seeds, awareness of their benefits in vulnerable communities will gradually fade away. The four INGOs have presented the results of their respective projects to the central, regional and local authorities during a one-day seminar in Kathmandu in June 2011 inviting the participants to reflect on how to ensure proper scaling up and sustainability. In some cases, NGOs and/or other donors will include part of good practices introduced by the Food Facility funded projects into on-going or new interventions, but unfortunately the majority of the VDCs and districts attended by the EU-FF lack this follow-up.

Sources of Information

Project proposals and progress reports of the six implementing agencies of the EU-FF

Internal Monitoring Reports of five field visits of the EUD- task manager of the EU-FF.

FAO, Workshop on achievements, lessons learned and the way forward, European Union-Food Facility Project) GCP/NEP/065/EC). April 21-22, 2011.

EDPA (Economic Development and Policy Analysis Center). Post Harvest Survey (summer 2010) and Post Distribution (Winter 2010) Assessment Report, Kathmandu, March 2011.

WFP, Nepal, Food for Asset (Programme Monitoring Report, September 2010).

IFPRI-Delhi, Ensuring Food and Nutrition Security in Nepal, a Stocktaking Exercise, September 2010.

EUD-Nepal. Nepal Food facility Programme. Lessons learned, March 2011.

JC6-3 Increase (realised and/or expected) in household food security situation in rural areas covered by EC support

2.6.1.10 Main findings

The largest programme in the provision of improved seeds (the FAO project) faced huge difficulties in procuring and could not meet the targets set, particularly affecting cereals (52%

¹⁸¹ under the strategic priority 3 of the FSTP: "Addressing food security for the poor and vulnerable in fragile situations"

of target of rice and 66% of target of wheat. Whereas FAO could procure the fertilizers according to target, NGOs could not obtain this input. NGOs also had problems in procuring improved seeds and they had to compromise on the quality in a number of cases. The experiences of the interventions clearly point to the need to improve the seed multiplication and distribution system, including the promotion of local seed grower farmer groups. But this is not possible within the current programme.

All interventions report increases in production and productivity due to the provision of improved seeds, some by 20%, other by 50% or even a doubling in yields. In addition, a number of promising new technologies were identified, but as these were implemented in a few and small demonstration plots, they had not yet an effect on overall production levels. There are also reports of some failures, particularly in rice due to inappropriate varieties for the specific location (low land rice used in uplands), but this affected a minor share of farmers in one particular season.

The boost in production will gradually phase out. The majority of farmers will keep improved second generation seeds for the next planting season and will do so for 3-4 years until the seed has deteriorated, the irrigation facilities if properly managed and maintained will also lead to a continued higher production.

The WFP interventions do not always have a direct impact on production. This is caused because not all infrastructures are agriculture-related, and the effect is rather long-term development. A positive effect on production is expected with micro-irrigation schemes (from ponds, streams, wells), although the size of land irrigated and number of households that benefit is usually rather limited.

Growing of vegetables increases and good prices are being fetched by households in off-season production (poly house technology). Irrigation facilities have not only increased the cropping intensity but farmers have shifted towards more productive cultivation such as from upland rice (*ghaiya*) to low land high yielding rice.

Scaling-up of these promising technologies is needed for having a continued effect on production. This is only possible when GoN and/or other donors include these in on-going or new interventions, and when the physical conditions are optimal. For instance, SRI requires irrigation and a good water management, but is not a solution for rain-fed areas, where the most vulnerable and food insecure people live.

Regarding food security, the overall trend is that for each of the cropping seasons the households - with access to land – that received project support could add a couple of months of food availability. Overall the available food stock and numbers of months to feed the family was increased by 35-40% (FAO data). NGOs report similar data.

The WFP food for work schemes increased the availability of food, particularly of the most vulnerable groups, as these participate in these schemes. WFP reports¹⁸² that the majority of beneficiaries (89%) had an increased food security situation compared to before the project; 7 percent said it was the same and very few reported a deteriorating situation (2%). The WFP is temporary support, once the works are completed the distribution ends.

An important activity of WFP financed by the Food Facility has been the setting up of a Food Security Monitoring System. There is no direct effect on improvement of food security, but the monitoring of food security situation in 75 districts (developed by WFP) is expected to lead to improved responses and contribute to the development of a national food security policy and approach.

The outcomes for the landless are less convincing. A relative small number received a few animals and received vocational training. The first results are positive, but they are difficult to be maintained after the project ends. There are few opportunities, much competition among the self-employed land a small demand for their services and products, limiting the scope for income increase and consequently access to food.

¹⁸² WFP, Nepal, Food for Asset (Programme Monitoring Report, September 2010)

The cultivation of vegetables on plots close to the home increased the nutritional status and led to some cash for those households that are relatively close to main roads and urban centres.

2.6.1.11 Detailed evidence

2.6.1.12 Ind6.3.1 % and number of farming households that realised higher production and incomes due to access to high quality agricultural inputs and improved production technology as a result of EC support.

Detailed evidence at Indicator level

The largest intervention that was oriented towards increase of agricultural production and productivity was implemented by FAO in 10 districts with more than 106,000 beneficiary households. FAO encountered difficulties in procuring the high numbers of agricultural inputs. FAO faced a huge task in the selection and procurements of the right inputs and the delivery at the right time. The project covers multiple agro-ecological zones and particularly seeds are location specific and supply may be problematic, given the high targets. Whereas FAO¹⁸³ was able to meet the target for vegetable seed, maize, and fertilizers, they fell short in rice (716 out of 1,353 MT, or 52%), wheat (816 out of 1,226 MT, or 66%), lentils (47 out of 75 MT, or 62%) and True Potato Seed (44 out of 600 kg).

The experience of FAO pointed clearly to the need to improve the seed multiplication and distribution system, including the promotion of local seed grower farmer groups. FAO formulated a follow-up programme for the FSTP, but it was not selected for funding. Other donors are active in this field including the WB and more recently USAID and DFID.

Regarding the increase in production, FAO reports that the largest increase was made in maize: on average an increase of 53% (from 1,372 to 2,102 kg/ha). The increase in paddy was smaller, i.e. 18% (from 2,113 to 2,589 kg/Ha).

During the implementation a number of trials and demonstration plots were established. Some promising technologies, such as True Potato Seed (seeds instead of tubers), and rice production systems (SRI) were experimented with promising results. The question to what extent improved production technology has or will increase production and productivity depends very much on the possibility of scaling up. Scaling up at the moment is only possible when GoN and/or other donors include these in on-going or new interventions, and when the physical conditions are optimal. For instance, SRI requires irrigation and a good water management, but is not solution for rain-fed areas, where the most vulnerable and food insecure people live.

The WFP interventions do not always have a direct impact on production. This is caused because not all infrastructure is agriculture-related, and the effect is rather long-term development, a consequence of funding their on-going PRRO. Examples are the construction of roads and social infrastructure (school construction that reportedly take more than half of all schemes). There will be an effect on production with pond construction for irrigation, although the size of land irrigated and number of households that benefit is usually small.

There are also reports of failures to increase production, due to improved seeds applied in inappropriate locations, late planting, planting before irrigation scheme completed, etc., but these represent a very minor share, i.e. 5-10% of the total attended households, where facing this problem. In one case compensation was provided (FAO).

The four NGOs all report increases in production due to improved seeds and organic fertilizer of 60% for maize and paddy and 30% for potatoes. Growing of vegetables increases and good prices are being fetched with off-season production (poly house technology). Irrigation facilities have not only increased the cropping intensity but farmers have shifted towards more productive cultivation such as from upland rice (ghaiya) to low land high yielding rice.

¹⁸³ FAO, Lessons Learned Workshop, Kathmandu, April 2011

Box 7: Example of reported results of an NGO:

"The observation on this intervention in year one has found a significant impact on crop production, household income and improvement of household nutrition.

The impacts of commercial vegetables particularly two hill districts and in Banke have increased a significant household income of average Rs 3500 per households. The introduction of poly houses has immense impact on off season tomato production in Rukum and Rolpa, It has found spill over effects on neighbouring VDCs. There was total production of 56.63 MT of fresh vegetable with the net income of NRS 7.34 million

The introductions of improved varieties of maize, wheat, potato and beans have doubled the production compared to local varieties. Many of the farmers in Banke who grew 'Janaki' improved rice variety commented that the production was more than the Hybrid variety. The production of Participatory Variety Selection (PVS) trial in Banke on this variety was recorded as 10 MT per hectare signifying high production as compared with the average of 2.5 MT in Nepal. A total of 15.5 MT of maize and 76 MT of rice seed have been produced and stored by those FGs. About 61 MT of wheat seed is expected to be produced this year."

Summarising, the FAO project that was largest programme in the provision of improved seeds faced huge difficulties in procuring and could not meet the targets set, particularly affecting cereals (52% of target of rice and 66% of target of wheat. Whereas FAO could procure the fertilizers according to target, NGOs could not obtain this input. NGOs had also problems in procurement of improved seeds and had to compromise on the quality in a number of cases. The experience the interventions clearly point to the need to improve the seed multiplication and distribution system, including the promotion of local seed grower farmer groups.

All interventions report increases in production and productivity due to the provision of improved seeds, some by 20%, other by 50% or even a doubling in yields. In addition, a number of promising new technologies were identified, but as these were implemented in a few and small demonstration plots, they had not yet an effect on overall production levels. There are also reports of some failures, particularly in rice due to inappropriate use of improved varieties and late planting, but this affected a minor share of farmers in one particular season.

The boost in production will gradually phase out. The majority of farmers will keep improved second generation seeds for the next planting season and will do so for 3-4 years until the seed has deteriorated. Irrigation facilities if properly managed and maintained will also lead to a continued higher production.

The WFP interventions do not always have a direct impact on production. This is caused because not all infrastructures are agriculture-related, and the effect is rather long-term development. A positive effect on production is expected with micro-irrigation schemes (from ponds, streams, wells), although the size of land irrigated and number of households that benefit is usually rather limited.

Growing of vegetables increases and good prices are being fetched by households in off-season production (poly house technology). Irrigation facilities have not only increased the cropping intensity but farmers have shifted towards more productive cultivation such as from upland rice (*ghaiya*) to low land high yielding rice.

Scaling-up of these promising technologies is needed for having a continued effect on production. This is only possible when GoN and/or other donors include these in on-going or new interventions, and when the physical conditions are optimal. For instance, SRI requires irrigation and a good water management, but is not a solution for rain-fed areas, where the most vulnerable and food insecure people live.

Sources of Information

Same as above

2.6.1.13 Ind6.3.3 Decreased number of rural households with insufficient access to food areas as a result of EC support

Detailed evidence at Indicator level

FAO reports that due to their intervention the number of HH with less than 3 months of food decreased from 30.2% to 21.5%, HH with 3-6 months decreased from 50.6% to 46.7%, whereas those HH with 6-9 months increased from 15.9% to 21.8%, and those with 9-12 months from 3.3% to 9.3%. On average the food stock per HH increased from 2.84 to 2.94, which is 35%. Quintal and the stock lasting period from 2.94 to 4.85 months (2010 data).

The WFP food for work schemes increased the availability of food of the most vulnerable groups, as these participate in these schemes. Mostly women participate, as men migrate in the lean period to India or Middle East. WFP reports¹⁸⁴ that the majority of beneficiaries (89%) had an increased food security situation compared to before the project; 7 percent said it was the same and very few reported a deteriorating situation (2%). Twenty percent of HH increased the size of their meal and 50% increased the number of meals per day, due to the project. An important activity of WFP financed by the Food Facility has been the setting up of a Food Security Monitoring System. A local Network has been created that consists of a broad range of district offices and NGOs that assess the development of food security in the respective VDCs in the respective districts. After initial challenges and delays (signing of a MoU with MoAC), training has been provided and the participatory set-up make this a successful component of the project. There is no direct effect on improvement of food security, but the monitoring of food security situation in 75 districts (developed by WFP) is expected to lead to improved responses and contribute to the development of a national food security policy and approach.

The promotion of off-farm activities, enterprise development and vocational training has been a component of some NGOs implemented interventions. This component was primarily oriented towards landless, the youth and those households with little land. Given the relatively small local market and often high numbers of trained self-employed there is not much scope for a meaningful income increase and subsequently access to food. The cultivation of vegetables on plots close to the home increased the nutritional status and led to some cash for those households that are relatively close to main roads and urban centres.

In conclusion, the overall trend is that for each of the cropping seasons the households - with access to land – that received project support could add a couple of months of food sufficiency and/or food availability.

Overall the available food stock and numbers of months to feed the family was increased by 35-40% (FAO data). NGOs report similar data. The WFP food for work schemes increased the availability of food, particularly of the most vulnerable groups, as these participate in these schemes. WFP reports¹⁸⁵ that the majority of beneficiaries (89%) had an increased food security situation compared to before the project; 7 percent said it was the same and very few reported a deteriorating situation (2%). An important activity of WFP financed by the Food Facility has been the setting up of a Food Security Monitoring System. There is no direct effect on improvement of food security, but the monitoring of food security situation in 75 districts (developed by WFP) is expected to lead to improved responses and contribute to the development of a national food security policy and approach.

The outcomes for the landless are less convincing. A relative small number received a few animals and received vocational training. There are few opportunities, much competition among the self-employed land a small demand, limiting the scope for income increase and consequently access to food. The cultivation of vegetables on plots close to the home increased the nutritional status and led to some cash for those households that are relatively close to main roads and urban centres.

Sources of Information: Same as above.

¹⁸⁴ WFP, Nepal, Food for Asset (Programme Monitoring Report), September 2010.

¹⁸⁵ WFP, Nepal, Food for Asset (Programme Monitoring Report), September 2010.

2.7 EQ7: Renewable energy and the environment.

Evaluation Question 7: To what extent has EC support in renewable energy contributed to an improved environment, better social services and economic development in selected rural areas of Nepal?

Introduction

Nepal is - despite its huge untouched energy potential - among the lowest per capita energy consuming country. The immense hydropower resources are largely untapped and contribute only for about 1% to the total energy consumption of the country. As of today, only 40% of the population, and less than 3% of the rural population, have access to electricity. The central grid is not expected to reach many remote populations due to the difficult topographic conditions in the Himalayas, large distances and low population densities. The 10th Five Year Plan has the ambitious goal of extending the coverage to 55% by the year 2007.

The GoN has emphasised that the promotion of alternative **Renewable Energy Technologies** (RET) has an important role in rural development. Off-grid Renewable Energy Technologies (RETs) have been promoted in Nepal since the early 1980's; support to this sector was institutionalised in 1996 with the establishment of the Alternative Energy Promotion Centre (AEPCC). The AEPCC is an agency under the Ministry of Environment. The 9th Plan (2003-2007) stressed that the use of hydro, solar and wind energy as replacement of imported energy will be encouraged through adaptive study, research and development, and commercialization of energy technology. The 9th Plan (2003-2007) has recognised that the development in alternative energy is a key factor, to economic development by improving the living standard of the rural people, increasing the employment opportunities and maintaining environmental sustainability through rural energy systems. Off-grid rural energy development is under the purview of the Ministry of Environment, Science & Technology and is implemented through AEPCC, planning, coordination, monitoring and fund mobilization activities in the sector. The Centre also works through District Development Committee (DDCs) to implement district level rural energy programmes.

Nepal's natural environment has been greatly affected by **climate change** and the UNDP ranks Nepal 5th in its risk rating scale regarding the vulnerability of its population to flooding. The Himalayan ice caps are melting faster than any other, in part because global temperature rises are doubled at high altitude. There has been a controversy on how fast this process is taking place. Some experts claim that two thirds of glaciers are retreating, three quarters will disappear by 2030 and 20 glacial lakes are at risk of bursting their natural dams. Even if these alarmist figures would be half of these claims it is clear that this remains a critical issue. Nepal will also experience more intense monsoons and dry seasons. Support to mitigation and adaptation will be important.

Community forest management offers good opportunities for carbon trading, and the government is developing a national adaptation plan with DFID and other donor support.

JC7-1 Quality of design and implementation capacity

2.7.1.1 Main findings

The EC support to the environmental sector has been given a minor place in the EC intervention strategy. Environment was not selected as a concentration area, and has been addressed mainly as a cross-cutting issue. Besides one relatively large intervention in renewable energy in remote rural areas (15 million EUR) as part of the "poverty reduction" concentration area, no other environmental actions were undertaken under the geographic budget line.

The EC support in renewable energy is fully in line with the GoN and EC policies. During implementation a detailed needs assessment was made of the energy demand in the selected rural areas, as well as the training needs of COs that would handle (or would be transformed into) the Community Energy Service Providers (CESPs).

To avoid overlap and ensure complementarity the Project Task Force (PTF) of REP decided to supply community or institutional systems, instead of individual systems.

The project included, besides increased energy supply for community services in selected rural communities, also a wide range of institutional and policy objectives that were not matched with adequate human and financial resources and defined activities needed to reach these objectives. This meant that the project became a typical implementation project with little reaching out in policy and strategic and institutional issues.

Despite the general name “Renewable Energy Project” the project focuses fully on one major type of Renewable Energy, i.e. solar energy (mainly photovoltaic, a minor portion of thermal systems); REP does not cover hydro power, wind power, biomass or biodiesel. Consequently, REP covers a niche segment of the energy market in Nepal. The project supplies solar power equipment to selected rural areas where (i) the possibility of grid extension within the next five years is very small and where there is no proven potential for micro-hydro power. The implication of this focus was that the solar equipment was installed in remote and very remote communities, which is a highly appreciated asset.

The project has faced long delays in implementation that were caused by (i) Administrative and Management Arrangements; (ii) a very long and cumbersome procurement process; (iii) low efficiency of international TA and the PTF; (iv) difficult working conditions due to the remoteness of the project sites and the unstable political situation. Consequently, the efficiency of the project has been very low.

Due to the prolonged delays, the REP cannot support the COs in the actual operation and maintenance of the supplied equipment and in performing their tasks as CESP (administration, fee collection, handling new applications). Even with a prolonged project duration, the project ends premature.

2.7.1.2 Detailed evidence

Introduction

On request of the Reference Group and the TOR of this Evaluation, a specific Evaluation Question on environment/renewable energy was included, although environment as such was not a concentration area in both CSPs.

Nepal is beneficiary of the EC Global Climate Change Initiative (GCC) with an allocation of 8.6 million EUR, including a 600,000 EUR contribution from Cyprus. The EC took the Financial Decision in 2010. The project will be implemented under indirect centralised management through a delegated co-operation agreement with DFID, in line with the EC's commitment to ensuring consistency and coordination with Member States of the EU. The identification and formulation of interventions under the GCC will take place in 2011, and therefore falls outside the scope of this Evaluation.

Consequently, the analysis of EC support focuses entirely on the Renewable Energy Project (REP).

2.7.1.3 Ind7.1.1 Evidence that the design of EC support was adequate to the needs identified and the implementation requirements

Detailed evidence at Indicator level

Aspects related to the identification of needs

The EC support responded to the energy needs by the “Action: Renewable energy and the environment” that was the first action under the concentration area “Poverty Reduction” of the CSP 2002-2007 (15 million EUR). This action was not a programme on renewable energy, but a project¹⁸⁶, and referred to as the Renewable Energy Project (REP). The project was actually identified and developed before the formulation of the CSP 2002-2007. Besides the REP, no other environmental actions were undertaken under the geographic budget line. Environment is dealt with as a cross-cutting issue only. In addition, very few environmental projects were carried out under thematic budget lines: only one forestry and one SWITCH-Asia project have been undertaken. These two projects have relatively small budgets and are

¹⁸⁶ This was also specifically stressed by the General Director of the AEPC (personnel information during field work)

too specific. Taken all environmental interventions together they do not form a sufficiently large endeavour to claim a substantial impact in the environmental conditions of Nepal.

The major energy equipment procured by the project has been solar photovoltaic systems. Amongst all renewable energy technologies, photovoltaic energy has proven to be the least-cost electricity supply option in remote areas of Nepal, particularly where other approaches, such as grid extension or micro hydro are not feasible. Moreover, solar PV systems have low maintenance costs over the entire lifespan of the system. Since 1996, individual households are being electrified by solar home systems through the Energy Sector Assistance Programme (ESAP I and II), which is a successful programme funded by Danida, Norway and GTZ and implemented by the AEPC¹⁸⁷. By mid 2006, more than 72,000 units of residential Solar Home Systems (SHS) have been installed in Nepal, thereof 62,000 units with the support of the ESAP Program.

To avoid overlap and ensure complementarity the Project Task Force (PTF) of REP decided to supply community or institutional systems, instead of individual systems¹⁸⁸. During the preparatory phase of the EC support, the energy demand has been assessed, as well as the priorities of the communities. Communities did not request solar cookers, so these were not included in the tender package.

Besides the key outcome of an increased energy supply in specific rural areas of Nepal, a wide range of complementary institutional and policy results have been formulated (see bFigure1, below).

Figure1 Main objectives of the Renewable Energy Project (REP)

The **overall objective** is to create a renewable energy infrastructure in rural areas, which facilitates income generation, sustainable growth and delivery of social services, thus alleviating poverty.

The **key expected result** is: Increased security of energy service supply in a number of specific Nepalese districts through mobilized, technically- and business-trained community organizations that would progressively transform into community owned legal business entities for rural energy service provision. These Community Energy Service Providers (CESP) would provide and manage energy supply to rural villages or communities of districts where neither grid connection extension or mini-grid hydro-power will or can be made available for social services (health posts, schools, drinking water) and other community end-uses (computing, internet, entertainment, lightning) and agro-processing (cooling, drying).

The project is also expected to contribute to:

1. Improving the environment at local and global level;
2. Institutional strengthening to public agencies and policy reform: Technically qualified district technical officers in energy planning, maintenance and operation of existing systems, fund management and accounting (for district energy funds). Enhance capacity of AEPC for promotion of renewable energy, monitoring and evaluation; facilitating the implementation of the Government's Plan of Rural Energy Supply;
3. Intensification of the industrialization process by developing the energy sector in the form of community based enterprises on comparative and competitive level;
4. Establishing a sustainable financing strategy and credit schemes for decentralized rural energy service supply in co-operation with local financial institutions;
5. Quality control of products and services, and capacity of strong outreach at regional and DDC levels in enhanced; Solar Test Station is equipped and staffed for to perform the quality control of solar energy equipment, including the solar thermal applications; quality assurance schemes, codes of practices, and minimum standards for institutional solar PV systems developed and in effect in central and rural areas; Improved product quality, availability,

¹⁸⁷ ESAP runs since the late 1990s and has been extended regularly, involving more donors and funds. Recently, GTZ joined the group with 8,5 million EUR.

¹⁸⁸ REP, Overall Work Plan, June 2006.

diversity and warranty support from manufacturers and suppliers of renewable energy products and systems in Nepal, especially solar.

Project Activities (as per approved OWP):

Activity 1 Assistance in Project Management

Activity 3 Social Mobilization for energy service demand

Activity 4 Community service providers – set-up and capacity building

Activity 5 Setting up of sustainable system for financing of the CESP

Activity 6 Setting up of the sustainable system for procurement of solar energy equipment

Activity 7 Promotion and awareness of uses and schemes for end-use applications through energy service provision

Activity 8 Capacity building of AEPC and district level officials

Activity 9 Quality assurance of solar and other renewable energy products and services

Source: Summary made by the evaluation team based on the TAP & OWP of the project

In the opinion of the Evaluation, given the fact that many activities need to be undertaken to address these complementary results renders the project over-ambitious. Moreover, partly these activities were not undertaken in the respective work plans.

Activities 1 to 5 were directly related to energy supply and CESP. In actual practice activity 6 and 7 was also restricted to REP target groups and beneficiaries of REP. Activity 8 was limited to specific training of AEPC staff. Activity 9 was focused on the development of a thermal solar testing unit in the Testing laboratory of renewable energy. This shows that the list of activities that were planned and reported on since the start of the project reflects a strong bias towards the core business of the project turning, providing renewable energy supply in specific rural areas. It meant that the project became a typical implementation project with little reaching out in policy and strategic and institutional issues. This orientation was further strengthened by the fact that AEPC delegated the project to a Project Task Force that consisted of contracted personnel that were not AEPC staff. The only AEPC staff involved in the project was the National Director of the AEPC, in accordance with the requirements of the decentralised implementation module of the EC.

Summarising, the project is fully in line with the GoN and EC policy on rural energy and the contribution it can make to poverty alleviation. During implementation a detailed needs assessment was made of the energy demand in the selected rural areas, as well as the training needs of COs that would handle (or would be transformed into) the Community Energy Service Providers (CESPs).

The project included, besides increased energy supply for community services in selected rural communities, also a wide range of institutional and policy objectives that were not matched with adequate human and financial resources and defined activities needed to reach these objectives. This meant that the project became a typical implementation project with little reaching out in policy and strategic and institutional issues.

Despite the general name “Renewable Energy Project” the project focuses fully on one major type of Renewable Energy, i.e. solar energy (mainly photovoltaic, a minor portion of thermal systems); REP does not cover hydro power, wind power, biomass or biodiesel. Consequently, REP covers a niche segment of the energy market in Nepal. The project supplies solar power equipment to selected rural areas where (i) the possibility of grid extension within the next five years is very small and where there is no proven potential for micro-hydro power. The implications were that the solar equipment was installed in remote and very remote communities, which is a highly appreciated asset.

Sources of Information (same for all JCs and indicators of EQ-7)

AEPC, e-Newsletters from June 2009-January 2011.

AEPC-Danida-Norway, Energy Sector Assistance Project (ESAP-II) Annual Report Jul 2008-Jun 2009.

EC, Risk Assessment Report, Renewable Energy Project, March 2007.

EC, Financing Agreement Renewable Energy Project, NPL/AIDCO/2000/2589, October 2002. Addendum I, August 2008. Addendum II, July 2009.

EC, Technical and Administrative Provisions Renewable Energy Project, NPL/AIDCO/2000/2589, October 2002. Addendum I, August 2008. Addendum II, July 2009.

EC, ROM reports 2006 and 2010.

Sofreco, Technical Assistance Renewable Energy project, Nepal. August 17, 2004 – December 31, 2008. Final Report.

AEPC, REP Quarterly Progress Reports from 2005 to 2010 (selection)

REP Newsletters, four issues from 2006-2008.

REP, Overall Work Plan, June 2006.

REP, Annual Work Plans, 2006-2010.

ADB, Aide Memoire Scaling Renewable Energy Program in Low Income Countries (SREP), Joint MDBs Scoping Mission to Nepal, Feb. 3-8, 2011.

Ministry of Foreign Affairs, Denmark. Assessment of Nepal's Renewable and Rural Energy Sector and its Institutional Framework, Energy Sector Assistance Programme (ESAP), Nepal, 8/9 2010

2.7.1.4 Ind7.1.2 Available management capacity at EUD Delhi & Nepal and the GoN

Detailed evidence at Indicator level

The project has suffered many delays and the period of implementation was extended twice. The major reason for extension was the delay in the procurement and instalment of the energy equipment, as well as to have sufficient time for operation and maintenance support to the CESP¹⁸⁹. However, as shown in the next section, the PTF is still under high pressure to certify the installed equipment and to transfer them to the beneficiaries. The Financing Decision was taken by the ALA Committee in **2000**, but the project became part of the CSP 2002-2006. The **FA** was signed by the EC on **17/12/2002** and GoN on **15/4/2003**. The project officially started on 17/08/2004, upon arrival of Technical Assistance (TA) Team Leader/ Advisor to Nepal. However, the project had a difficult start; it was officially launched in the inauguration Workshop of 28 June 2006. The initial end date of the project was 31/12/2008. Due to delays the project lifetime was extended twice. In the Addendum I (signed EC 14/08/2008 and GoN 11/09/2008), the expiry date was set at 17/08/2011. In the Addendum II (signed EC on 06/08/09 and GoN on 11/08/2009), the expiry date was set **at 16/02/2012**. In the Addenda only the project cycle periods were changed. There was no change in the description of the institutional set-up of the project, despite the change to a new implementation mode (from EU-Nepal co-directorship to the decentralised set-up).

Reasons for delays in implementation

- *Administrative and Management Arrangements:* After the signing of the FA/TAP a new EC Financial Regulations came into force, instead of Co-Directorship the Decentralised Management System causing confusion and conflicts; the AEPC nominated a national project director on 04/11/2004. Designation of EC Team Leader, as from May 2005, replacement after 3 months; Despite the two Addenda the TAP were not modified to reflect the new institutional set-up.
- *A very long and cumbersome procurement process:* Because of different views between GoN and EC on procurement procedures, the project stagnated about 7 months (finally EC decided to follow its own regulations not splitting the tender for solar PV equipment worth 10mEUR).

Long delays occurred related to the procurement process:

- Different views of GoN and EC on procurement regulations to be followed.

¹⁸⁹ EC, Risk Assessment Report, 2007

- o The inexperience of Nepalese counterpart (AEPC) in implementing EC procurement regulations and related unsuccessful tenders that needed to be re-launched;¹⁹⁰
- o Sofreco¹⁹¹ reports also the long waiting time for EC's for approval of extension of REP led to further delays in procurement as this was a sine-qua-non for continuing the procurement process.

All in all the delays implied that by the end of the international TA contract period (31/12/2008) none of the supply tenders for energy equipment or the service tenders was launched. The PTF did all the work without international TA. The procurement was finalised in 2009, and equipment started to arrive in 2010. By mid 2011 most of the equipment was received, but some of them was yet to be installed by the contractor and to be supervised by the PTF.

The implications of the delays are clear: with a delayed international tendering time and installation, the REP cannot support the COs in the actual operation and maintenance of the equipment.. *Low efficiency of international TA and the Project Task Force.* The international TA contract was completed before the procurement process started, so they were only involved in the conceptualisation of the CESP's and preparatory work in the field (selection, training COs), The efficiency was particularly low in the regional offices due to lack of computer and office equipment (because of delayed procurement), causing relatively high operating costs due to the need of hiring them – this equipment was only delivered by the end of 2010. Other issues were rotation of staff and other commitments.

- *Political situation:* Although the project was located in Maoist controlled areas, the project activities were not affected and its staff was never threatened¹⁹². The project may have directly suffered from general strikes (mainly in the Terai region) and having received insufficient support from government at district level.
- *Difficult working conditions:* The focus on remote villages in the hills and mountains means that project activities can only be conducted during specific periods of the year (difficult accessibility in monsoon, seasonal agricultural work and migration)¹⁹³. This is a known constraint, but in combination of the above constraints it becomes more difficult to handle them properly.

Summarising, the project's implementation process has faced long delays that were caused by (i) Administrative and Management Arrangements; (ii) a very long and cumbersome procurement process; (iii) low efficiency of international TA and the PTF; (iv) difficult working conditions due to the remoteness of the project sites and the unstable political situation. Consequently, the efficiency of the project has been very low.

Due to the prolonged delays, the REP cannot support the COs in the actual operation and maintenance of the supplied equipment and in performing their tasks as CESP's (administration, fee collection, handling new applications). Even with a prolonged project duration, the project ends premature.

Sources of Information

EC, EAMRs and Risk Management Report.

Sofreco, Technical Assistance Renewable Energy project, Nepal. August 17, 2004 – December 31, 2008. Final Report.

Project documentation.

¹⁹⁰ EC, EAMRs and Risk Management Report.

¹⁹¹ Sofreco, Technical Assistance Renewable Energy project, Nepal. August 17, 2004 – December 31, 2008. Final Report

¹⁹² EC, Risk Management Report, 2007

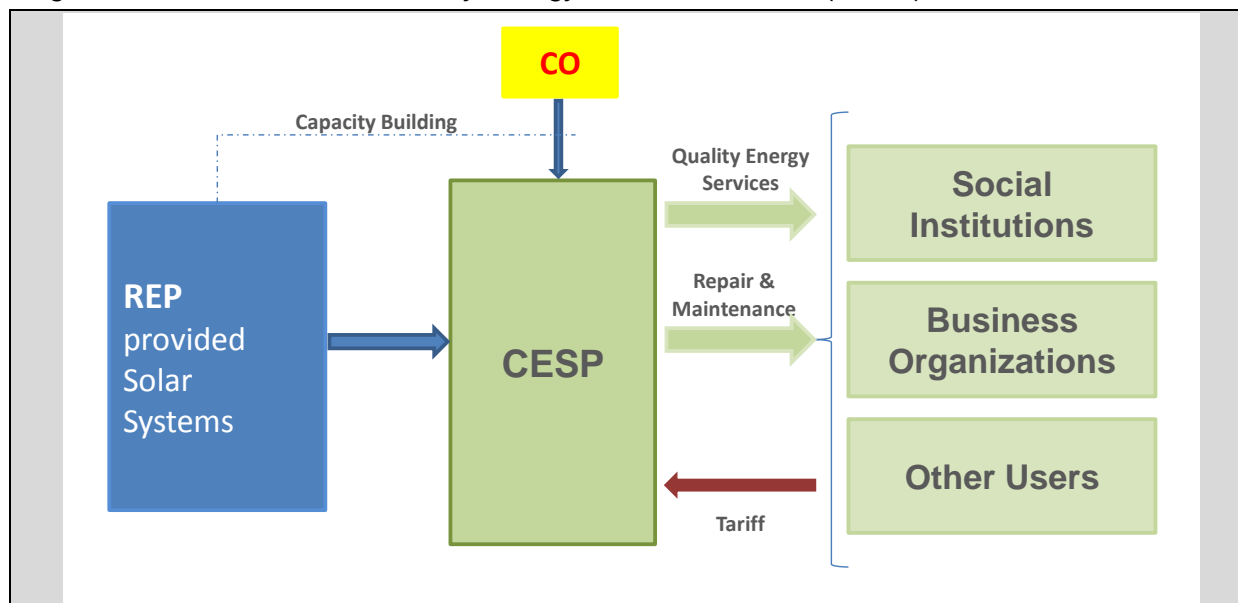
¹⁹³ Ibid.

2.7.1.5 Ind7.1.3 Sustainability of the services provided by the project

Detailed evidence at Indicator level

REP formulated the concept of Community Energy Service Providers (CESPs): “REP provide solar energy services to the rural areas through the community organizations (CO), which are considered as the driving force for the energy service provision and creation of the energy infrastructure in rural areas. CESP, an energy cooperative, is a public–private partnership initiative which provides off-grid energy services from stand-alone solar PV systems for a fee through energy service agreement. The CESP is owned and managed by the local Community Organisation (CO) with proven operating experiences and is engaged in both "not-for-profit" and "for-profit" energy sales”.

Figure 2 Role of Community Energy Service Providers (CESP)



Source: REP Final Project Report (draft, 2011)

What are CESPs?

The process of CESP set-up started with the identification of community based organizations (COs) operating in the REP eligible VDCs. In order to transform the confirmed COs into CESP, REP provided them extensive training and technical

As an independent legal entity, the CESP has its own set of rules for the operation, and autonomy in their execution. The main business area of the CESPs is **Energy supply**. REP support focus on energy services to social institutions (schools, clinics), for water pumping and for individual productive appliances (milling, audio-video entertainment, computer use, Internet and email). The CESPs may in the future expand their business to other clients and other technologies.

CESP are setting financially viable and economically affordable tariffs that cover CESP's full costs for providing the energy services: costs of operation, maintenance and rehabilitation as well as the costs of management and administration. The basic tariff principles of CESP are: "not-for-profit" tariff for energy service to public institutions and water pumping covering the basic cost of operation; and commercial tariff (which also includes certain percentage of profit margin) for energy service to business and income generating activities. The average combined tariff of all activities must, as a minimum, cover all operating cost of the CESP.

Source: REP Final Project Report (draft, 2011)

The PTF has been aware from the start that sustainable CESPs are key for the successful operation of the installed systems and therefore the success of the project. Three crucial factors appear to be relevant for sustainability: (i) the quality and potential of COs that would handle (were to be transformed) in the CESP (ii) capacity building; (iii) assessment of demand for energy and possible end-use. Throughout the whole project implementation

period these activities have been prioritized and took by far the major share of the human resources. Whereas, in the first years of the project, the PTF focused on selecting the COs and staff and to prepare the Learning Content and Teaching Materials, the actual training took place, once the procurement process had been successfully concluded. This means that the training was actually postponed several times. Several training modules were developed, that included Organization and Financial Management, Business Development and Technical expertise (Operation and Maintenance).

Assessment

The above developed concept appears to be rather a theoretical structure. It was found during field work that the so called CESP are actually COs that have been legally registered by REP at the Ministry of Cooperatives. The representatives themselves speak of "Cooperatives" rather than "CESP". The Cooperatives have as global objective the acceleration of economic development in their VDC and the improvement of the socio-economic status of the people. Most cooperatives were existing local groups that run a Credit and Saving Scheme or some small-scale businesses, such as grinding, small shops. Making business out of energy provision is only one of their activities. In other words the "CESP" is an integral part of the Cooperative and not (yet) a new established entity out of the CO.

It was found that the COs run themselves a number of solar powered activities, such as grinding and communication and entertainment centers. Other systems are placed in schools and clinics. Some systems only involve the solar powered systems, including cables, sockets, invertors, charge controllers and batteries. These systems are (will be) installed by the contractor. Schools and clinics have to acquire themselves computers, printers, furniture, refrigerators, lamps, etc. However, some solar power systems provided by REP also include the appliances (grinders, dryers) or are complete systems (drinking water systems, i.e. the water pump, including tank, distribution pipes and taps).

Regarding the market plan the Cooperatives are expected "to sell solar energy to potential users for the purpose of social and enterprise development¹⁹⁴". The equipment has been provided and is installed by REP on a grants basis. The ownership of the equipment will be transferred to the registered COs. They are expected to raise service charges to create a fund for maintenance and operation, as well as replacement of systems parts (energy distributors, batteries). Replacement is not foreseen before 5 years, unless parts of the system are being destroyed by accident. The REP has calculated the standard service charges for the various systems, but it was found that the COs visited during field work charged about half or less of that tariff to schools and hospitals (and this was already the lower "non for profit tariff. The COs still needed to agree with the users of drinking water on the tariff (would depend on the quantity of water) or charged a unit fee for the use of grinders, charging batteries, use of computer, etc. There were plans to create bank accounts, but not yet finalized."

As the CESP are in the early steps of finalizing the tariff structure and collection, it is impossible to predict how effective they will be in establishing an energy fund. Neither is can be assessed how and when the collected sums will be used.

The fund that will be created from the fees or tariffs that users pay will be used first to cover current expenditure (labour costs, small expenditure) and to maintain the systems supplied by REP. The capacity of COs for own capital formation, their capacity to obtain loans/grants in relation to the unit costs of the various systems is generally too low to be able to acquire new equipment, serve new clients and make a real business out of renewable energy. The (potential) CESP aim to create such business, but REP did not fully worked out realistic business plans. Moreover, there would be possibly only scope of a few CESP per district. The average number of 10 CESP per district is certainly far too much to be able to gain a sufficient market share, so to speak. Furthermore, the knowledge of the leadership of energy activities of the COs on the energy market is rather limited; they expressed the need for more training. Potential clients also need to have confidence in the CESP and should have an

¹⁹⁴Source: AEPC-REP, Business Plans for CESP, (undated).

advantage in using them, instead of paying upfront 20%-30% of the investment, while receiving the remainder as grant, which is the GoN's system. Summarizing, the large majority of the COs/CESPs -beneficiaries of REP- will aim at maintaining the obtained systems, rather than seeking expansion. Only a small percentage of CESPs with high potential could with adequate external business and technical support evolve in real energy service providers.

Unfortunately, the REP will not monitor the performance of COs as the PTF will be dissolved by August 2011. It was found during the field work that the PTF is under pressure to complete the supervision of all installed equipment before the closure of the project. Most water supply systems were still in the process of construction, and the grinders were not yet installed. Whereas the involved COs may need support in the actual management and administration of the renewable energy systems, there is actually no time left for REP to perform this service. Moreover, the equipment has a guarantee period of one year, which may not be used properly, as AEPC has not planned follow-up activities after REPs closure¹⁹⁵. The (potential) CESPs will have to solve eventual problems on their own. It is impossible to assess to what extent problems will arise and to what extent the COs can solve them. A post-evaluation and impact assessment is highly recommended.

Sources of Information

Project documentation (e.g., 2011 Final Project Report).

AEPC-REP, Business Plans for CESPs.

Interviews with key stakeholders in Nepal.

JC7-2 Improved environmental conditions and policies at local and national level

2.7.1.6 Main findings

The EC support has a very limited impact on an improved local environment, as the choice for communal energy systems instead of energy systems for individual households does not affect their current practises of using firewood that may deplete natural resources. In addition, the replacement of fossil fuels is very limited (hospital fridges, grain mills).

The EC support included capacity building of AEPC staff members that were oriented towards the facilitation of the implementation of REP. The EC support has increased the capacity and skills of AEPC staff in developing and implementing energy service delivery through community organisations.

Other donor agencies had taken the leading role in the institutional strengthening of AEPC, particularly ESAP-II that is funded by Danida, NORAD and GTZ.

The contribution of REP to an improved policy environment has been very small. This applies both at the central and the local level. At central level a number of policy studies were cancelled as they became less important (for instance on financing, as the REP provided the equipment with a 100% grant), and other studies were already undertaken by other donors. At the local level representative of VDCs and DDCs were involved in the promotional and survey activities, but EC support did not provide specific capacity building for these target groups. Capacity Building was directly linked to COs and CESPs.

2.7.1.7 Detailed evidence

2.7.1.8 Ind7.2.1 Reduction in the use of firewood in the attended villages

Detailed evidence at Indicator level

The renewable energy that is supplied with EC support is restricted to institutions and communities. Therefore, individual households' energy needs are not being addressed by EC support. Consequently, the direct impact on the natural environment will be negligible, as the major expected impact, i.e. a decrease in the use of fuel wood with possible depletion of scarce forest cover does not take place. In addition, solar cookers were not requested by the

¹⁹⁵ Information collected during interviews at AEPC (field work May 2011).

communities and not included in the tenders. The choice for institutional systems was taken to avoid duplication with other donor programmes that had already started the provision of individual systems.

One of the assumptions of the REP was that improved energy service would benefit the poorer segments of the population and replace rather than complement the current use of fossil fuels¹⁹⁶. The first part of the assumption appears to be valid, but the second part is only partly true. Hospital fridges and village mills that run on kerosene are replaced by those working on electricity. But the quantities are small. Solar power installations in the schools for computers and printers, and communication centres provide new services, albeit with clear energy. Overall the replacement of fossil fuels is very limited. The same observation was found for household systems provided by programmes like ESAP, as the capacity is very small and only allows for a few lights¹⁹⁷.

Sources of Information

Interviews with key stakeholders in Nepal.

CSP 2002-2006.

Project documentation (e.g., 2011 Final Project Report).

2.7.1.9 Ind7.2.2 Improved renewable energy policies and strategies at the central and local level

Detailed evidence at Indicator level

As indicated in the previous JC, the activities that were implemented by the PTF since the start of the project contain very few elements that would contribute to an improved policy environment for renewable energy. The REP has done very little to improve the policy environment of renewable energy and this part of the project objectives is hardly covered in the project documentation (AWPs, newsletters).

Although policy makers were attending a number of National and Regional REP Workshops, these Workshops were mainly held to discuss and further elaborate the CESP concept and obtaining support for the developed approach.

The PTF downscaled their activities related to rural financing of energy systems – as the PV systems were provided as a grant; there was no need for securing additional financing¹⁹⁸. The TA team did not continue to work in the development of credit schemes for renewable energy, once it was decided by the EC that the solar systems to be provided would be on a full grant basis. The revolving fund which was planned as a way to generate additional funds for PV systems was not put in place. This was taken over by ESAP that was also implemented by the AEPC.

It was also learned that the PTF prepared the draft TOR for a number studies related to improving the policy environment, which means that the PTF and EC TA were not involved themselves. However, the 9th PSC meeting decided to put the Study on Policy and regulation for decentralised energy service provision & strategy for promotion of renewable energy technologies on hold as:

- *“REDP and ESAP are already working on district level institutional setting and the GoN is engaged in work on regulation of off-grid electrification. The AEPC and PTF will reassess the scope of the study being undertaken by REDP and ESAP, as well as that of proposed by the REP. The tender will be launched if there will be no duplication; and the scope of the proposed study supplements the ongoing effort of REDP, ESAP and GoN”¹⁹⁹.*
- As no further information in REP and AEPC reports is found on these, it is assumed they were not implemented.

¹⁹⁶ Financial Agreement and CSP 2002-2006

¹⁹⁷ Ministry of Foreign Affairs, Denmark, Assessment of Nepal's Renewable and Rural Energy Sector and its Institutional Framework, Energy Sector Assistance Programme (ESAP), Nepal, 8/9 2010

¹⁹⁸ Sofreco, Final Report, 2008.

¹⁹⁹ AEPC, AWP, 2007.

The AWP 4 and AWP 5 make reference to another policy study. AWP-4 (covering July 2009-July 2010) mentions that terms of reference for a Policy Gap Study will be prepared. The following rationale is provided:

- *Though a number of efforts have been carried out for the formulation of policy and regulation for promotion of renewable energy technology, renewable energy sector still needs to identify the policy gap as well as the policy refinement and regulatory framework for the promotion of RETs. For these reasons, REP has planned to conduct a study to identify the policy gap related to the promotion of renewable energy which will be used as a background document for updating new policy and regulations.*

The AWP 5 (covering July 2010- July 2011) mentioned that the contract for the study has been awarded and that the study will be implemented. The contract value is only 10,000 EUR.

Summarizing, the contribution of REP to an improved policy environment has been very small. This applies both at the central and the local level.

Sources of Information

Interviews with key stakeholders in Nepal.

Project documentation.

AEPC, AWP, 2007.

2.7.1.10 Ind7.2.3 Institutional strengthening of the Alternative Energy Promotion Centre (AEPC) and VDCs/DDCs²⁰⁰

Detailed evidence at Indicator level

The strengthening of AEPC has focused on the delivery of equipment, tools and vehicles, as well as on increasing the skills and improving the knowledge of AEPC staff (training, courses participation in seminars and workshops) with the aim of facilitating the implementation of REP. Technical and managerial capacities of the AEPC staff have been enhanced through their participation in existing courses abroad, in the topics related to (i) Advanced Level Project Planning and Management; (ii) Market Development of RET. Four AEPC staff was sent abroad (1 degree and 3 diplomas).

In addition, the programme funded REP/AEPC staff to attend national and international seminars, workshops and conferences. These provided opportunities to share experiences and learn from the experiences of other participants. These exchanges may be used to disseminate the project results on the provision of rural energy service through the CESP.

Wider capacity building plans were initially made by the EC TA team, but only partially implemented as the day-to-day work related to the core function of the REP was given priority and many implementation problems needed to be solved first. The institutional component was also given less attention after the departure of the EC TA by the end of 2008.

Representative of VDCs and DDCs were involved in the promotional and survey activities of REP, but specific capacity was not developed by EC support for these target groups. Capacity Building was directly linked to COs and CESP.

The institutional strengthening of AEPC (central office and 5 regional centres) comprised the provision of office equipment and IT (computers and software such as the software related to Geographical Information Systems (GIS), ArcView and to design of PV systems (Auto Cad, Solar Design Pro) and Management Information Systems (MIS) for monitoring and evaluation). Unfortunately, due to procurement problems, the equipment was delivered very late (by the end of 2010), causing the PTF to hire equipment and use company systems.

The Energy Sectors Support Project (ESAP), a solar energy support programme funded by Danida, Norway and GTZ, has capacity building of AEPC as one of its major components. ESAP has, therefore taken the key role in the institutional strengthening of AEPC

²⁰⁰²⁰⁰ VDC is the Village Development Committee and DDC is the District Development Committee.

This institutional component, amongst others, works on the Strategic and Organization Development (SOD) of AEPC. This programme also explores the feasibility of a Sector Wide Approach (SWAp) in the renewable energy sector. In 2008, the EC TA also prepared draft ToR for two other service contracts: (i) Training of financial institutions (45,000 EUR) and (ii) Training of district level officials (80,000 EUR). As no reporting has been found on these two service contracts it is assumed they were not further processed and executed. The EUD-N informed that training to staff of banks was not considered necessary as the equipments were procured with 100% grants. Although no specific trainings were conducted for district officials they were invited to participate in trainings in their districts.

Summarizing, the EC support has increased the capacity and skills of AEPC staff in developing and implementing energy service delivery through community organisations.

The contribution of REP to an improved policy environment both at the central and local level has been very limited. At the central level the Energy Sector Support Programme (ESAP) funded by Nordic countries and GTZ took the leading role in renewable energy policy and strategy development, as well as in institutional strengthening of AEPC. At the local level representative of VDCs and DDCs were involved in the promotional and survey activities, but EC support did not provide specific capacity building for these target groups. Capacity Building was directly linked to COs and CESP.

Sources of Information

Interviews with key stakeholders in Nepal.

Project documentation.

JC7-3 Increased provision of solar energy to selected rural areas of Nepal

2.7.1.11 Main findings

The solar equipment has been acquired and most units have been installed by the contractor. The REP is finalising the certification. However, a large number of systems are still awaiting appliances, particularly in the case of schools and hospitals. The integrated systems (water supply and grinders) are under pressure to be completed before project closure.

Due to the choice for institutional systems instead of systems for individual households the installed capacity is half the target set in the project document (1 MW instead of 2.2 MW).

The project has spent considerable resources for the development of viable CESP. However, so far the reporting does not provide information on the functioning of the COs/CEPs, because most of them are just starting to operate. The installation and certification of the solar systems will/has to be finalised shortly, i.e. before project closure. As no further supervision and monitoring are planned afterwards, it is not likely that systematic information on the functioning of the CESP and the use that is made of the systems will come forward.

2.7.1.12 Detailed evidence

2.7.1.13 Ind7.3.1 Amount of solar energy provided to different end users

Detailed evidence at Indicator level

Planning. The total EC contribution for the Renewable Energy Project Nepal (REP) project is 15 million EUR (21%) of the total contribution of 70 mEUR package support in NIP 2002-2006. GoN contribution is set at 675,000 EUR in kind.

The project was expected to install at least 2.2 MW of PV systems of different size, according to the energy service demand (around 19,000 PV products) for a total amount of 10 million EUR; and solar thermal systems for the total amount on 150,000 EUR for supply of process heat (agro-business), hot water supply for health posts and tourism industry, solar cookers for clinics, schools and tourism industry²⁰¹.

²⁰¹TAP as part of FA of REP.

REP planned to serve approximately 205 health posts, 266 schools, 182 other community services, that includes computer literacy, community entertainment and community telecommunication centres. In addition, at least 87 PV systems for milling, 30 water pumping, 24 solar dryers and 14 Solar Hot Water Systems (SHWS) will be supported²⁰².

Implementation. The energy surveys resulted in an eligible demand for PV systems of 2.23 MW, which was beyond the possibilities of REP. The project conducted feasibility studies of approximately 1,200 PV projects. The following systems were actually contracted:

- 653 Institutional systems of 4,713 million EUR (approx. 800 kW)
- 86 Agro grinding systems and 30 solar water pumping systems for 2,238 million EUR (approx 200 kW)

The details are provided in the table below²⁰³.

Table 11 Amount of solar energy provided

Type	PV Package	No of PV systems	kWp	Total kWp
1	Health post	206	0.64	132
2	School 1	238	1.12	267
3	School 2	140	1.92	269
4	Community computer literacy	29	0.75	22
5	Community entertainment	59	0.24	14
6	Community communication centre	124	0.96	119
7	Agro grinding mill	107	1.55	166
8	Water pumping system	30		34.7
	Total	933		1,023

Source: Fact sheet provided by EUD-N in December 2010.

In financial terms, this is 30% short of the budget of PV systems (7 out of 10 million) and 40% short of solar heating systems (90,000 out of 150,000). The major reason that fewer funds have been spent is due to lower than expected bids. Unfortunately, only a small part of the funds could be reallocated and the major part had to be decommissioned.

The contract conditions require installation of the PV systems within 15 months of the contract signature. The contracts have been signed in December 2009; therefore, the contract implementation period ends by March 2011. This means by the time of the field work of the present evaluation all systems are expected to be operating. It was found during field work that the majority of the solar systems were installed. But in most cases the appliances still had to be purchased and/or installed, particularly in the case of schools (computers, printers) and clinics (fridge). In addition, with the exception of a pilot scheme, most water supply systems were still under construction and the grinders were not yet installed. A certain time lag is logic, as these institutions could apply for funding by VDC/DDCs once there was evidence the equipment has actually been installed.

Summarizing, the solar equipment has been acquired and most units have been installed, although a large number of systems are still awaiting appliances, particularly in the case of schools and hospitals. The integrated systems (water supply and grinders) are under pressure to be completed before project closure.

Due to the choice for institutional systems instead of systems for individual households the installed capacity is about half the target set in the project document (1 MW instead of 2.2 MW). The under spending in the budget for solar equipment (30%) caused by lower than expected bids could not be reallocated and had to be decommissioned from the action.

Sources of Information

Interviews with key stakeholders in Nepal.

²⁰² EC Project Summary and Contact Details, undated.

²⁰³ The final number of systems installed and certified by the end of the project may deviate slightly from the figures in the Table, which are of December 2010, but this does not change the overall picture.

Project documentation.

2.7.1.14 Ind7.3.2 Percentage of well-functioning Community Energy Service Providers (CESP)

Detailed evidence at Indicator level

The project received 738 applications from COs that were interested to become involved as CESP. After several rounds of assessments, 168 COs active in 21 districts were selected. The project has spent considerable resources for the development of viable CESP. However, so far the reporting does not provide information on the functioning of the COs/CESP, because most of them are just starting to operate. The installation and certification of the solar systems will/has to be finalised shortly, i.e. before project closure. As no further supervision and monitoring are planned afterwards, it is not likely that systematic information on the functioning of the CESP and the use that is made of the systems will come forward.

Sources of Information

Interviews with key stakeholders in Nepal.

Project documentation.

JC7-4 Likely impact on improved social services and increased production, incomes and employment

2.7.1.15 Main findings

The EC support through REP forms in terms of size a significant contribution to solar powered energy systems in Nepal (933 systems and 1 MW). It is rather unique in that it provided institutional systems in remote and very remote areas, which is not done by other donors.

So far REP has not made an estimation of the contribution it is making to the expected results and impact. Consequently, only an estimation of the likely impact is possible.

The social and cost-saving impacts of the access to electricity in social institutions (schools, clinics) and community centres are high in the remote areas, and significantly increases the quality of these services in particular and the quality of life in general.

The project will not have a significant impact on agricultural production and productivity, due to the choice of systems that are mainly social and consumer-oriented. There are no specific uses directly linked to agricultural production, such as irrigation or small scale solar powered agricultural machinery. Only a small number of solar dryers (24) have been provided that would benefit a limited number of producers. Consequently, household incomes and employment will not be significantly affected.

There are no plans for a follow-up project on renewable energy funded by the EC, although this sub-sector may be included in the programme funded under the Climate Change Alliance Initiative. Renewable energy remains high in the priorities of the GoN and international donors. There is a high international interest for the scaling-up of renewable energy in Nepal, witnessed by the 40 million allocation to Nepal by the Multinational Banks under the Scaling Renewable Energy Program (SREP). Some bilateral donors have shown interest in the kind of activities that was undertaken by REP, i.e. institutional solar systems in remote areas with a focus on productive activities.

2.7.1.16 Detailed evidence

Introduction

The reporting of the project is related to outputs only, i.e. number of workshops, trainings, feasibility studies conducted in so many districts, number of PV packages designed by end users and number of systems procured and installed. So far REP has not made an estimation of the contribution it is making to the expected results and impact. Consequently, only an estimation of the likely impact is possible.

Size and importance of the EC support in renewable energy

The EC support through REP will provide energy to approximately 300 VDCs and 900,000 people in 21 districts²⁰⁴. This is below the claim in the FA/TAP and Final Report of REP that the project would benefit to 1.5 million people, but this figure may have been set unrealistically high. Even the number of 900,000 appears to be a rather high number and probably reflects the total population in the 21 districts. The high figures can also be explained by double (multiple) counting, as the same beneficiary could make use of several systems provided in the community, i.e. use of grinder, drinking water, community communication centre, hospital, etc.

Nevertheless, the REP forms in terms of size a significant contribution to solar powered energy systems in Nepal (933 systems and 1 MW). It is rather unique in that it provided institutional systems in remote and very remote areas, which is not done by other donors. In comparison, AEPC with funding of other donors has installed over 192,000 household systems in 74 districts with an aggregate capacity of 5.36 MW. AEPC's own capacity is very small; it only installs 10-15 systems yearly from the national budget. On the other hand, micro and mini hydropower is, however, the most important source of renewable energy with an installed capacity of 30 MW in 46 districts. Another smaller source is biogas: about 200,000 household systems have been installed in 72 districts²⁰⁵.

Duplication and scaling-up of REP

There are no plans for a follow-up project on renewable energy funded by the EC, although this sub-sector may be included in the programme funded under the Climate Change Alliance Initiative. Renewable energy remains high in the priorities of the GoN and international donors. There is a high international interest for the scaling-up of renewable energy in Nepal. The most important initiative is the Scaling Renewable Energy Program (SREP) of the Multinational Banks. The programme has allocated 40 million USD for Nepal and is in the process of formulation. The programme provide a mix of financing instruments favouring public-private partnerships (1-10MW) and local communities (< 1MW).

In 2010 an Assessment Mission fielded by Danida recommended a continuation of ESAP: "Whereas ESAP II has been much focused on improved access to energy services for the rural population, ESAP III should focus equally on the improved access and on implementation of income generation activities in order to support the overall target of poverty reduction. Most of the implemented micro hydropower systems operate with low load factors and increasing load factors will increase the economics of scale as well as the livelihood of the villagers. It is also recommended that some focus is on development of community based solar grid systems for remote areas with options for inclusion of income generating activities as well²⁰⁶".

This illustrates the interest for REP-minded activities, and that there will possibly be a follow-up of similar actions by other donors. Lessons learned from REP may be useful.

2.7.1.17 Ind7.4.1 Quality of social services improved by the provision of community services

Detailed evidence at Indicator level

As said before, neither detailed information exists of the conditions nor quantitative data on the use of the installations provided. Moreover, in many cases the solar panels have recently be installed in schools and clinics, and management of these institutions are still in the process of acquiring the appliances. So the actual use is still unknown.

The access to electricity in remote communities is enormously appreciated by the beneficiaries. The impact is mainly social in that communities have access to modern communication media, such as computers, watching films through DVDs and internet, although the latter is not yet available in most cases. On schools and community centres computer courses are given and this increases the skills of pupils and adults.

²⁰⁴ Sogrea, Final Report REP, 2008

²⁰⁵ ADB, Aide Memoire, Scoping Mission SREP, Feb. 2011.

²⁰⁶ Underlining of Evaluation Team

The availability of printing means that schools and community members save costs and time, as before they often had to travel many hours to the nearby district headquarters to have photocopies made.

For the clinics the new fridges means a more secure storage of medicines and lower operating costs, and the lights will increase the quality of examination and treatment of patients.

As the REP only provides the electrical gear (solar panels, cables, batteries) for the schools and clinics, they have themselves procure the appliances. This may take some time, but the indications are that most obtain financing from VDCs or DDCs.

The water supply systems provide clean water close to the homes, saving time for fetching water and create conditions for increasing hygiene and health conditions of the beneficiary communities.

Although these benefits may look small, in the remote areas they have an enormous appeal and impact, which is also witnessed by the large number of applications that the CESP, the REP and the EUD-N is receiving from institutions and communities. Unfortunately, these applications are filed at the moment, as there is not yet the possibility to attend them

Summarising, the social and cost-saving impacts of the access to electricity in social institutions (schools, clinics) and community centres are high in the remote areas, and significantly increases the quality of these services in particular and the quality of life in general.

Sources of Information

Interviews with key stakeholders in Nepal.

Project documentation.

2.7.1.18 Ind7.4.2 Increased productive use of solar energy and subsequent increased employment and income

Detailed evidence at Indicator level

The project document of REP formulated the following assumption: "The lack of energy service in the agricultural sector and other small industry is a major constraint to productivity and economic viability". This was seen as one of the justifications for the provision of solar powered systems. However, it is not expected that the project has a significant impact on agricultural production and productivity, due to the choice of systems that are mainly social and consumer-oriented. There are no specific systems directly linked to agricultural production, such as irrigation or small scale solar powered agricultural machinery. A small number of dryers (24) have been installed in the Eastern part of Nepal in the more productive areas. They are linked to agricultural processing that may lead to increase income for a limited group of producers.

Another small link to agriculture is the possibility vegetable production in home gardens, in case drinking water supply systems produce water in excess of needs for human consumption. It is not known to what extent this will occur.

As far as solar thermal systems are concerned, they were recommended for 14 districts (in Himalayan mountain range), 146 applications were processed, 82 feasibility studies conducted and 38 projects found to be eligible and feasible²⁰⁷. Finally, a tender was launched of 14 solar water heating systems worth 89,700 EUR. The end result of having actually 10% of the applications granted, means that there is a high untapped demand. These installations may provide some income for communities rendering services in the provision of hot water to tourists.

Summarising, the EC support through REP will not have a significant impact on agricultural production and productivity, due to the choice of systems that are social and consumer-oriented. There are no specific systems directly linked to agricultural production, such as irrigation or small scale solar powered agricultural machinery. Only a small number of solar

²⁰⁷ Sogrea, Final Report, 2008.

dryers (24) have been provided that would benefit a limited number of producers (post harvest handling).

Sources of Information

Interviews with key stakeholders in Nepal and Project documentation.

2.8 EQ8: Responsiveness

Evaluation Question 8: To what extent has the programming and implementation of the EC strategy responded adequately to the specific context of Nepal and its evolution over the 2002-2010 period?

Introduction

This evaluation question covers all sectors of the EC support. It analyses the relationship between the strategic choices made by the EC (in terms of both programming and implementation) and the specific context of Nepal during the Evaluation period.

The 2002-2010 period has been characterised by a high level of instability and unrest, although this was not a new condition for EC support, for the political instability and security risks in Nepal had been high since the proclamation of the People's War by Maoist movements in 1996.

The beginning of the first decade of 2000 was characterised with increased tension and conflict, culminating in the royal takeover of 1 February 2005. The royal declaration of 24 April 2006, following a three weeks popular uprising (Jana Andolan) and the November 2006 Peace Accord, created opportunities for the political transformation of Nepal. Key events were the Constituent Assembly Elections (April 2008), the end of the Monarchy and the birth of the Federal Democratic Republic of Nepal. However, the deep mistrust among the key players led to an impasse across the board.

Despite some improvements, the peace process – which includes the integration and rehabilitation of former Maoist combatants and justice to victims – remains relatively weak. The elected Constituent Assembly, mandated to restructure the Nepali state, was unable to draft a statute in time. Its term has been extended several times (on 29 May 2011, the Constituent Assembly extended the Interim Constitution by a further three months), as major differences on key issues like the form of government and the shape of the federal structure continue to persist.

During the period covered by this Evaluation, the following expressions of unrest (evolving from the unstable political situation and governance conditions) have emerged:

- In the aftermath of the royal take over: (i) restrictions imposed upon civil society actors; (ii) Code of conduct and Media Ordinance; (iii) Threatened impartiality and independence of NHRC.
- General strikes, and youth movements (political and trade union organizations), setting-up road blocks, forcing donations and committing violent actions.
- Frequent postponing of the Nepal Development Forum (e.g. since 2009).
- Change of composition of Government and its provisional status (caretaker status from June 2010 up to February 2011).
- Persistence of corruption and vacancies in key positions of public offices, lack of ownership and accountability by the government, and a poor security environment in certain areas of the country affected normal operations²⁰⁸.
- Relatively high levels of fiduciary risk due to entrenched corruption and overall weak PFM systems.

This evaluation question assesses the impact of this situation on the EC intervention strategy, and the way the EC responded to the evolving context. The analysis takes into account various dimensions and, in particular, covers following issues: assessment of needs carried out by the EC, changes in priorities, use of a mix of instruments (geographical/ bilateral and thematic instruments) and aid modalities, and implementation capacity of the EC as well as the implementing partners.

²⁰⁸ EAMR 2010.

JC8-1 The main needs and priorities of the people and the Government of Nepal are adequately taken into account in the programming and identification phases

2.8.1.1 Main findings

The needs and priorities have been adequately analysed in the process of drafting the CSPs, and are fully in line with GoN's priorities and strategies as laid out in the various planning and policy documents.

However, it is not made explicit for what specific reasons the choice was made for the three focal areas. The key interventions to be funded under the focal area "Nepal's poverty reduction" in the CSP 2002-2006 were already decided upon before the formulation of the CSP started. The CSP 2002-2006 provides only limited details on the reasons for the selection of key priorities and partner institutions in the focal area "Consolidation of Democracy and Conflict Mitigation". The CSP 2007-2013 lacks a structured analysis and convincing justification for making "Stability and Peace" building one of the three focal sectors.

The CSP 2007-2013 is not convincing on the reasons for pulling out of the rural sector. It has not been analysed what the implications would be for the overall EC intervention strategy, where support to a key productive sector was a crucial element. While not having an appropriate policy, the needs of the rural sector remain high. As analysed in the IFPRI study of 2010 and confirmed by major stakeholders during the field phase, food security remains a big issue and malnutrition is still an important problem by the end of the period subject to this evaluation.

It is not clearly spelt out in the CSPs which particular lessons were learned and how these were taken into account in the formulation of EC intervention strategy and specific actions. Only a general reference is made to "numerous small rural development projects with limited and localised impact", whereas the foreseen intervention, i.e. Strengthening Rural Development and Governance (SRD+G Sikta) project was actually a huge project with activities both the local and national level.

The formulation of the CSPs was not a joint exercise of the EC and GoN. EC stakeholders (EUD-N and EUD-I, Aidco and Relex²⁰⁹) took clearly the lead and sought consent of GoN afterwards for programmes that were already formulated and decided upon by EC Headquarters. The participation of the Nepalese stakeholders in the formulation of CSPs and actions was limited to consultation in early stages of formulation only. The EC did not organize specific consultative events with GoN and civil society with the purpose of developing the CSPs.

However, GoN reconfirmed the CSPs and their respective interventions as being priorities for Nepal. This was done during the Joint Commission meetings (the CSPs/NIPs were usually signed by both parties during these occasions).

Since the start of the conflict in 1996, Aid from Western Europe is being seen by Nepalese stakeholders as neutral/apolitical and constructive and, therefore, generally well accepted. Grass roots activities have never been a direct target for armed parties in the conflict. Only minor incidents affected ground operations with little negative impact. Overall, the success of on-going projects was not significantly jeopardised. Nevertheless, following the royal takeover of 1 February 2005 the EC suspended formal preparations of the CSP 2007-2013, as well as pipeline projects except those concerning human rights and conflict mitigation, as these were seen having a direct positive impact on the situation. This has caused a delay in the implementation of EC support, particularly of the programmes financed under the geographical budget line. By mid 2006 the EC cooperation was restored and normalised.

From 2006 onwards, several disturbances directly related to the unstable political situation had a negative impact on the smooth programming and implementation of EC support, such

²⁰⁹ Following the adoption of the Lisbon Treaty and the establishment of the EU External Action Service, the Directorate General AidCo and Directorate General Relex do no longer exist; they are now replaced by the Directorate General "Development and Cooperation – EuropeAid".

as general strikes, road blocks, and high levels of fiduciary risk, postponement of political dialogue and lack of strategic planning and accountability of GoN.

The EC responded in a flexible manner to the evolving context of Nepal. During 2006, an intensive interaction took place between EC and GoN initiated by EC Headquarters and a number of strategic interventions were planned in response to the new situation: (i) special aid package to help the victims of conflict, especially people who had suffered mentally & physically; (ii) monitoring of human rights (OHCHR); (iii) support to the election process of the Constituent Assembly. At the same time the funds earmarked for the SRD+G (Sikta project) was reallocated to the Education Sector, although the political instability and insecurity did not play a major role in this decision. The actual implementation of these and already planned interventions, such as CMP-II, was severely delayed, making them less effective and reducing their impact.

The EC interventions addressed fully the geographical priorities, in particular the vulnerable areas in the Western regions of Nepal. Some conflict mitigation interventions are also located in the East in the neighbourhood of Bhutanese refugee camps. Whereas the sector support to education followed nation-wide priorities, the complementary support in education by NSAs funded by the EC strengthened the mentioned geographical priorities. The actions of the food facility and renewable energy are also located in the more vulnerable areas, particularly remote and food deficit areas.

Regarding the monitoring of the CSP, there has been no evaluation or review of the CSP 2002-2006. In March 2009, EC staff from Headquarters conducted a Mid Term Review of the CSP 2007-2013.

Regarding the EC-funded interventions, a good use has been made of external monitoring instruments, such as ROM, mid-term or annual reviews. These external reviews are particularly useful, as most interventions of the project modality have put in place rather elementary monitoring systems. Project reports focus almost exclusively on outputs delivered, making it difficult to assess results and impact of the interventions. Examples were found where recommendation led to actual follow-up. However, changes recommended in logical frameworks of action", approach and work plan were often hardly followed-up as this requires an addendum of contracts, which can be perceived by certain actors as a difficult and lengthy process. Monitoring has given an increased attention by DPs in the education sector. Considerable progress had been made in performance monitoring the ESPSP compared to BPEPII, although there are still areas for improvement, see details in EQ3 and EQ4.

2.8.1.2 Detailed evidence

Introduction

The objectives and focal areas of the two CSPs subject to this evaluation (CSP 2002-2006 & CSP 2007-2013) are summarised below.

CSP 2002-2006

The CSP 2002-2006 outlines a quite elaborated strategy that is well aligned with key national priorities. Under the **overall objective of poverty reduction**, the EC intervention strategy has three specific objectives that should reinforce each other:

- improve the living conditions of people, particularly among the poor and vulnerable groups,
- consolidation of democracy,
- enhance the national economy by its integration in the international market period²¹⁰.

The common denominator in the CSP is the integration of **poverty reduction and conflict mitigation** over a long, medium and short-term period. These twinned goals are complemented with the **strengthening and consolidation of the democracy**. In addition,

²¹⁰ EC, CSP 2002-2006.

good governance is seen as a new and increasingly important focal area of cooperation (in the previous period the strategy was focusing on rural development, reproductive health, education, institutional capacity building, mapping, population census and civil aviation).

A basic element of the overall EC development strategy is to **encourage sustainable development re-focusing development aid to a reduced number of projects/programmes, while maintaining the overall magnitude of financial assistance**. For Nepal, this led to the following three sectors (with their respective actions) in the CSP 2002-2006:

Concentration Areas
Area 1: Nepal's Poverty Reduction Action 1: Renewable Energy and the Environment (Renewable Energy Project, REP) Action 2: Strengthening Rural Development and Governance (SRD+G or Sikta project)
Area 2: Consolidation of Democracy and Conflict Mitigation Action 1: Conflict Mitigation Package I: Support for Local Communities and Civil Society Voice (CMP-I) Action 2: Conflict Mitigation Package II: Support for The Judicial System and Human Rights (CMP-II)
Area 3: Integration into the International Economy Action 1: Trade Policy (Accession to WTO), (WTO Assistance Project) Action 2: Economic Co-operation and Capacity Development (Support to SMEs)

CSP 2007-2013

The CSP 2007-2013 is obviously bringing about a **strategic shift** from individual rural development projects towards a sector support programme in education. This shift seems driven by the Government's reform agenda and the increase attention given to good governance.

The three focal areas are:

Concentration Areas
Area 1: Education: Support for School Sector Reform Programme
Area 2: Stability and Peace Building
Area 3: Trade Facilitation and Economic Capacity Building Programme

2.8.1.3 Ind8.1.1. Existence of detailed needs assessment for the strategic approach contained in two respective CSPs

Detailed evidence at Indicator level

According to the information available in the CSPs, a number of key documents pointing out the main needs and priorities of Nepal were taken into account in the development of the cooperation strategy.

In January 2002, in the framework of four short-term Rapid Reaction Mechanism pilot initiatives, a **Conflict Prevention Assessment Mission** was carried out. Some of the results of this assessment were apparently used in the development of the EC cooperation strategy.

The main contributory factors to the unstable political situation (as identified in the Assessment Mission²¹¹) are indeed presented in the Country Analysis section of the CSP.

In addition, the strategy seems to significantly benefit from the joint assessment made by main Development Partners (DP) and the GoN. The CSP 2002-2006 affirms that the co-operation objectives take into account the conclusions of the **2002 Nepal Development Forum (NDF)**²¹², "which underlined the importance of implementing **poverty alleviation strategies**, in response to a situation that has dramatically deteriorated over the last two years in political and economic terms" (CSP, p.8). As described in EQ9, Nepal is

²¹¹ The three main factors identified are: 1/ Uneven Development between Kathmandu valley and rural Nepal (despite decentralisation measures, power remains centralised in Kathmandu). 2/ Endemic Corruption – Corruption has intensified inequities. 3/ The caste system in Nepal maintains and strengthens socio-economic inequalities.

²¹² See answer to EQ9 for more information on the Nepal Development Forum.

characterised by a small well-coordinated and active donor community, and regular exchanges seem to take place between the main DP.

The CSP 2002-2006 and related NIP further indicate that the strategy has been developed in consistence with **GoN's priorities** as expressed in the 2002-2007 Tenth Five Year Plan and the Three Year Interim Plan (2008-2010).

Key strategic decisions benefit from regular high level political dialogue between the EC and the GoN, particularly in the framework of the EC-Nepal Joint Commission²¹³, established by the 1996 EC-Nepal Framework Co-operation Agreement. For instance, the Joint Commission of 2002 mentions that

"The EC Multi-annual Programming would take the following principles into account: (i) more impact on poverty alleviation; (ii) Optimizing financial and human resources; (iii) Beneficiary countries to be in the driving seat."

The minutes further mention that:

*"The new EC development cooperation strategy aims to intensify policy dialogues among government, local communities and civil society and to prioritize development cooperation with the principles of complementarities. Future EC cooperation would be concentrated on rural development, institution building and environment. The leader of the EC Delegation also said that ensuring the rule of law, decentralisation and local capacity building would be a main denominator in financing projects"*²¹⁴.

The CSP 2007-2013 has also been developed taking into account key national priorities. The CSP 2007-2013 refers several times to a needs assessment that was jointly carried out by UNDP and the National Planning Commission in 2005/2006. The Needs Assessment Report, showing that the GoN must make public investment of 12.6 billion USD over the next decade if the goals are to be reached, was launched at national level in October 2006.

The CSPs provide a quite comprehensive country diagnosis and highlights key medium-term challenges for Nepal, although with regard to the area of consolidation of democracy, the country analysis is rather general.

The three concentration areas are in line with a number of GoN key priorities, as confirmed by the GoN, see the Box below.

Box 8 *Minutes of 6th session of the Joint Commission, Brussels, 15 January 2009*

The EC side recalled that the three main priorities indicated in the Country Strategy Paper (CSP) for Nepal 2007-2013: education, peace building and economic and trade development remain totally relevant in the current and future context of Nepal. 2009 is an important year, as the CSP will be subject to a Mid Term Review Exercise. The EC will also have to start preparing the second Multi-Annual Indicative Framework (MIP) covering 2011-13.

The Nepalese side recalled that the CSP had been prepared during the time of conflict, but indeed the priorities remain relevant to the current situation of relief, reconstruction and rehabilitation. Inclusive education is indeed vital to enable youth employment, wealth creation and rural development.

On the other hand, the choice for the particular "focal areas" is not explained.

In the CSP 2002-2006, the wording of the first focal sector "Nepal's' Poverty Reduction" does not really correspond to a "sector". The area described encompasses action in the agricultural and rural development (renewable energy) sectors. Two Actions were formulated under this focal area: the SRD+G (Sikta) project and the Renewable Energy Project (REP). The decision to fund both projects was made before the formulation of the CSP started in the framework of the EC-Nepal Joint Commission. The tender dossier for REP was already published in August 2003. In 2003, the SRD+G was a pipeline project. Minutes of EC-Nepal Joint Commission of 2002 mentions in this respect: *"While noting security concerns and other challenges, the leader of the EC Delegation accepted to finance the Sikta Irrigation*

²¹³ See EQ9 – Indicator 9.1.1 for the complete list of Nepal-EC Joint Commission.

²¹⁴ Minutes of the Third Session of the Nepal-EC Joint Commission, March 2002.

Project that HMG/Nepal has proposed during the meeting of Nepal-EC Sub-Commission on Development Cooperation in October 2001".²¹⁵

By the time the CSP 2002-2006 was being prepared, education was not considered to be a priority for EC assistance since there was still a large outstanding balance (only 20 million USD of the 112 million USD in the basket had been spent) to be spent on BPEPII.²¹⁶

The CSP 2002-2006 provides only limited details on the justification for the selection of key priorities and partner institutions in the focal area "Consolidation of Democracy and Conflict Mitigation". The CSP 2007-2013 lacks a structured analysis and convincing justification for making "Stability and Peace" building one of the three focal sectors. The presentation of this focal "sector" (it can be argued if this is indeed a sector) is vague and all-encompassing. There is no indication of that any analysis has been carried out to identify the causality between different issues and priorities. All in all, when it comes to the stability and peace building sector and apart from the support to the Election Commission, the CSP provides very little guidance to the EC development cooperation in any particular direction. With regard to education, the CSP 2007-2013 states that "*Consistency and coordination will be ensured with the return of the EC in the sector budget support group of donors, which includes three EU Member States (Denmark, Finland and United Kingdom).*"

The CSP 2007-2013 and the MIP 2007-2010 directly introduce the three focal areas (education, stability and peace, and trade/ economic development) without any reference to the underlying strategy.

Equally, the 2009 Mid-Term Review (MTR) of the CSP does not discuss the underpinning of the three focal sectors.

It turns out that the CSPs and related MIP are quite elusive on a lessons learned. Both CSPs mention that in developing the strategy and the respective interventions lessons learnt from past cooperation activities were taken into account. However, these lessons learned are not made explicit.

Regarding the cancelation of the SRD+G (Sikta) project, the CSP 2007-2013 just mentions that "*technical problems were encountered during the identification mission*". From the analysis carried out in EQ6, it turns out that many crucial issues were unsolved and that for all alternatives considered additional studies and surveys were needed. By reallocating all the funds earmarked for the SRD+G project to Education, the direct implication was that the EC pulled out of the agricultural sector altogether. The CSP 2007-2013 notes in this respect:

"EC cooperation with Nepal has traditionally been characterised by the financing of numerous rural development and natural resource management projects, which have tended to have a limited and localised impact, and little influence on national policy. These projects were generally funded on a 'one-off' basis, with complex and time-consuming implementation and monitoring mechanisms. This CSP is therefore bringing about a policy shift from individual rural development projects towards a sector support programme in education, thus supporting the Government's reform agenda, good governance and effectiveness, always with a view to ensuring that more systematic attention is paid to 'targeting the poor' and 'sustainability' of results, within a context of synergy with other development partner".

The Evaluation notes that the reference to numerous small projects with limited and localised impact cannot be used as an argument for the non-implementation of the SRD+G (Sikta project) as this was a huge project with links to national agricultural policies. This reference does not logically lead to a sector support in the education sector, as also other sectors could have been considered for sector support, including sector support agriculture or rural development. Moreover, The CSP 2007-2013 does not address the question of what this change implies for the overall strategy, although an *improved productive basis and incomes in the rural sector* was said to be key in the two-pronged approach.

²¹⁵ Minutes EC-Nepal Joint Commission, March 2002.

²¹⁶ Communication from EUD during the team's field visit.

Since the end of 2009, the EU Food Facility (EU-FF) suddenly has put rural development again on the agenda. Given its size (23.5 million EUR) it forms about 30% of the total EC intervention. The EU-FF has raised enormous expectations at the level of GoN, as well as the direct beneficiaries. This EC support was planned in a policy vacuum: currently there is no agricultural policy in general and food security policy in particular in place. The 1995-2015 Agricultural Perspective Plan (APP) became obsolete. An ADB-IFAD-GoN project is ongoing to develop an Agricultural Development Plan for the next 20-30 years. When this Plan is approved this may guide further food security policies. Like in many other countries, the MoAC in Nepal is not a strong ministry. Although the 2009 budget for MoAC was increased by 62%, this is still a meager 4% of the total budget (was 3-2.5%)²¹⁷.

While not having a food security policy, food security remains a big issue and malnutrition is still a major problem by the end of the period subject to this evaluation. The EAMR 2010 mentions in this respect:

"Rural Development as a whole and food security/ agriculture/ nutrition in particular are increasingly being considered as key issues in Nepal. Until now, the lack of a sound government policy framework in these sectors has prevented donor agencies and development partners from adopting a long-term, programme-wide approach. This is currently changing with the ongoing formulation by the government of a nutrition development plan and an ADB-supported Agriculture Development Strategy. The EUD to Nepal is planning to be part of this policy-making process through a contribution of 0.15 million EUR. This involvement, although limited, reflects the EUD's commitment towards increased Government's leadership and ownership with a longer-term approach".

In summary, the needs and priorities have been adequately analysed in the process of drafting the CSPs, and are fully in line with GoN's priorities and strategies as laid out in the various planning and policy documents. However, it is not made explicit for what specific reasons the choice was made for the three focal areas. The key interventions to be funded under the focal area "Nepal's poverty reduction" in the CSP 2002-2006 were already decided upon before the formulation of the CSP started. The CSP 2002-2006 provides only limited details on the reasons for the selection of key priorities and partner institutions in the focal area "Consolidation of Democracy and Conflict Mitigation". The CSP 2007-2013 lacks a structured analysis and convincing justification for making "Stability and Peace" building one of the three focal sectors.

The CSP 2007-2013 is not convincing on the reasons for pulling out of the rural sector. It has not been analysed what the implications would be for the overall EC intervention strategy, where support to a key productive sector was a crucial element. While not having an appropriate policy, the needs of the rural sector remain high. Food security remains a big issue and malnutrition is still a major problem by the end of the period subject to this evaluation.

It is not clearly spelt out in the CSPs which particular lessons were learned and how these were taken into account in the formulation of EC intervention strategy and specific actions. Only a general reference is made to numerous small rural development projects with limited and localised impact, whereas the foreseen intervention, i.e. Strengthening Rural Development and Governance (SRD+G Sikta) project was actually a huge project (EC contribution 41 million EUR in a total budget of about 70 million USD) with activities both the local and national level.

Sources of Information

CSP 2002-2006 and MIP 2002-2006

CSP 2007-2013, MIP 2007-2010

EAMR reports

Minutes of EC-Nepal Joint Commission 2004, 2007 and 2009.

²¹⁷ Ibid.

EC, Mid-Term Review Document, CSP 2007-2013/IP 2011-2013, April 2010.

2.8.1.4 Ind8.1.2. Evidence that the EC cooperation strategy was elaborated in a participatory process

Detailed evidence at Indicator level

As also indicated in the previous indicator, the main communication on strategic issues, including preparation of CSP and signing of MIPs were done within the framework of the Nepal-EU Joint Commissions. The following quotation is from the 4th session of the JC (September 2004) and indicates that the EC takes the lead in the preparation of these documents:

"The EC delegation briefed the Nepalese side on the progress made in the programming of the new Cooperation Strategy and discussed the priorities agreed in the NIP. Mr. Fotiadis stated that the situation in the country requires a careful approach and makes it necessary to ensure that the preparation and implementation of the planned projects can take place under appropriate technical, political and security conditions. Certain modifications to the NIP may be needed pending developments in Nepal. This may involve a partial swapping of funds from Rural Irrigation in the Mid-Western Region in favour of the Education for All Sector Programme."

Some actions originated from the inclusion of GoN proposals in the CSP (such as the Sikta project, as the major action of the SRD+G project) but all other actions were prepared by EC stakeholders (EUD-N and EUD-I, DG Aidco and DG Relex) with or without support from external international consultants. Only during early stages of project formulation some consultation took place with Nepalese stakeholders. No evidence was found that the EC organised specific consultative events with GoN and civil society with the purpose of developing the CSPs. Instead, during the Joint Commissions the EC Delegation sought GoN's consent and approval after EC top management took decisions on priorities and the broad programme formulation was finalised.

The preparation process of the CSP 2007-2013 was put on hold during 2005, but then put again on the agenda during the Joint Commission of February 2007. It seems that this was the first formal announcement to Nepal authorities that the EC had started to prepare the CSP. The Joint Commission of 2007 mentions: "As regards the future cooperation, the EC side stated that the Country Strategy Paper (CSP) covering the period from 2007 to 2013 would soon be finalized". It was also confirmed that the focus of EC Development Cooperation shall target "education for all, infrastructure building²¹⁸, and energy" emphasizing inclusiveness, good governance and stabilization of economy by 2009. In the 2005 EAMR, it was considered to have a flexible scenario with three NIPs, i.e. 2007, 2008/2010 and 2011/2013, but eventually two were prepared. The first MIP (2007-2010) was signed during the 6th session of the Nepal-EU JC of 15 January 2009 in Brussels

Given the political conditions of Nepal, the EC development strategy was never discussed with members of parliament or other elected representatives of the people of Nepal. The EC MTR review that took place in 2009 was the first time that a meeting took place with members of the Constituent Assembly.

The evaluation team understands that a formalized process with extensive consultations would have been difficult in view of the specific political conditions in Nepal.

In line with the DCI regulation of January 2007, the CSP/ MIP 2007-2013 for Nepal was being discussed with the European Parliament²¹⁹. One of the conclusions of the Working Group was that the EC development partners in Nepal and their activities are to be fully taken into consideration in the process of elaboration and implementation of the envisaged EC support so that it will contribute to a more coherent and effective development policy. And

²¹⁸ This should be reference to the SRD+G project, although at that time there were serious doubts at the EC that this programme would be implemented.

²¹⁹ Working Group on the Implementation of Regulation No1905/2006 of the European Parliament and the Council of 18 December establishing a Financing Instrument for Development Cooperation, CSP/MIP Nepal, 27 September 2007 (Strasbourg) and 9 October (Brussels).

the group further stresses that a more elaborated and explicit EC action towards strengthening of the Nepalese civil society is to be envisaged.

In summary, the formulation of the CSPs was not a joint exercise of the EC and GoN; EC stakeholders (EUD-N and EUD-I, Aidco and Relex) took clearly the lead and sought consent of GoN for programmes that were already decided upon by EC Headquarters. The participation of the Nepalese stakeholders in the formulation of CSPs and actions was limited to consultation in early stages of formulation only. The EC did not organize specific consultative events with GoN and civil society with the purpose of developing the CSPs. However, GoN reconfirmed the CSPs and their respective interventions as being priorities for Nepal. This was done during the Joint Commission meetings; the CSPs/NIPs were usually signed during these occasions.

Sources of Information

CSP /MIP 2002-2006

CSP/ MIP 2007-2013

2009 MTR

EAMR reports

Minutes of EC-Nepal Joint Commission 2004, 2007 and 2009.

2.8.1.5 Ind8.1.3. Evidence of the impact of the evolving political context on the programming and implementation of the EC strategy

Detailed evidence at Indicator level

The political instability has been a major issue throughout the whole period subject to this evaluation. In 2003, in commenting on the prepared CSP 2002-2006 as part of inter services consultation²²⁰, DG Relex noted that the history of political instability showed that grass roots activities have never been a direct target for armed parties in the conflict. Only minor incidents affected ground operations and the impacts were marginal; the success of on-going projects was not significantly jeopardized. The communication adds in commenting that aid from Europe is being seen as neutral/apolitical and so EC assistance has been particularly well accepted. DG Relex comes to the following conclusion: *“This is to reiterate that the EU commitment should not at this stage be systematically put into question by the risk factor... in the event of fresh conflict alternative co-operation assistance should be deployed”*.

Nevertheless, following the royal takeover of 1 February 2005 a worsening of the political conditions took place. In autumn 2005, the GoN issued restrictions upon civil society actors; Code of conduct and Media Ordinance was threatening EIDHR and other EC funded activities in using public media. The impartiality and independence of NHRC was in question and needed to be solved;

The EC suspended formal preparations of the CSP 2007-2013, as well as pipeline projects except those concerning human rights and conflict mitigation, as these were seen having a direct positive impact on the situation. All appraisal and identification missions in the process of being launched were put on hold. On-going co-operation continued as far as the situation on the ground permitted; thematic and Asia-wide programmes were prohibited from providing new grants to partnerships involving central or local government.

During 2005, the EUD-N continued to work internally, submitting regular assessment reports of the political situation to EC Headquarters and EUD-I in order to facilitate the analysis of the EC position on programming and the ongoing development aid programmes²²¹.

The Assessment Risk Report of May 2005²²² shows that the EUD-N, while closely monitoring the political situation and ensuring safety of staff and effectiveness, sought to continue as much as possible the cooperation with Nepal. The report specifically recommends:

²²⁰ EC, Relex, Comments on Nepal CSP (2002-2006), Brussels, 25 July 2003.

²²¹ EUD-N, EAMR, 2005.

²²² ECD-N, Nepal Crisis: In-depth assessment of EC Cooperation, 12 May 2005.

“there should be no restriction on meetings between Commission officials and GMH/N officials as practiced by other EU Member States present in Nepal”, and “support to central and local government and the signature of agreements should be considered on a case by case basis with due attention to be paid to budget accountability and transparency” and “support to NGOs should be preferred over delivery through central and local government. However, care should be taken in selecting NGO partners in view of political obstacles and their occasionally weak capacity”.

The specific recommendations were:

- To continue with the two on-going projects (Renewable Energy, for which an extensive risk analysis is made, and the Population Census Project);
- To continue with the preparation of CMP1 (including signing contracts) and CMP2 (avoiding a gap with EIDHR projects, building in flexibility);
- To put on hold the two project in economic cooperation (support to WTO and support to SME);
- To reallocate the 41 million EUR earmarked for the SRD+G programme to other sectors (such as education²²³). Reference is made to the conclusions of the Assessment Mission that additional studies and assessments were needed for the Sikta irrigation scheme, as well as for all medium-scale alternatives considered taking considerable time.

The comment of EUD-N was that:

“these extra tasks may jeopardize the timely preparation for a commitment in 2005 or even 2006”. “With the added uncertainty, (the EUD-N and EUD-I) have been exploring the feasibility in dedicating the EC support preferably with non-Government implementing partners with proven absorption capacity to other sectors such as Education for All and Disaster Preparedness”.

In addition, particular reference is made to a Mission to appraise possible EC participation in the EFA programme 2004-2009 prior to the February event:

“The consultants have positively recommended that the Commission should contribute to the EFA as a pool donor with an estimated budget of 23 m EUR to be taken from the fund (41 m EUR) allocated for SRD+G. Suggest initiation of preparatory work for the participation of EC in EFA together with other EC Member States (i.e. UK/DFID, DK/Danida and Finland/FINIDA).”

For the SRD+G programme, no risk analysis is being made in the mentioned report.

A new political situation emerged in Nepal on 24 April 2006, following the Royal Declaration which completely changed the country's state of affairs. The Declaration returned sovereignty to the people, restored the rule of peoples' representatives and opened up safe-landing opportunities for the Maoist rebels. The king delivered the proclamation following a three-week popular uprising, “Jana-Andolan”.

The initiation of the democratic process led soon thereafter to the restoration and normalization of cooperation with Nepal (May - June 2006). Three visits from EC headquarters took place in 2006 of which two were at a very high level. Work on the pipe-line projects restarted.

In a direct response to the new situation that emerged, a number of new interventions were developed: special aid package to help the victims of conflict, especially people who have suffered mentally and physically, monitoring of human rights (OHCHR) and support to the election process of the Constituent Assembly. In addition, a programme on disaster preparedness in collaboration with UNDP was considered, but actually not further explored

It took, however, considerable time before the change in focal sectors and the respective actions were actually implemented.

²²³ Already during the 4th Session of the Nepal-EU Joint Commission (21 September 2004) the EC already hinted to this possibility

In the education sector, when BPEPII finished in June 2004, the EC involvement was limited to being an observer in meetings and reviews of the EFA programme. With the suspension of formal preparations of the CSP 2007-2013 in February 2005, it meant in effect that there was a gap of four years before the EC restarted its support to the education sector. The Financing Agreement for the Education Sector Policy Support Programme, drawn up in May 2007, was finally signed in June 2008.

In the concentration area of consolidation of democracy and peace building, the implementation of the medium-term projects was significantly delayed partly as a result of political developments. For instance, while the key strategic focus of CMPPII was identified in the CSP 2002-2006 and further elaborated on by the 2004 Appraisal Mission, the project was only implemented from 2007 onwards. By that time, major changes had taken place in the country situation, the needs of the partner institutions, and in the donor landscape. The EC showed some flexibility to adjust the focus within the CMPPII to such changes, but the overall objectives and results areas stayed more or less the same. The evaluation team also notes that when the CMPPII was eventually launched in 2007, the EC cooperation strategy had changed. In fact, capacity building of the judicial sector and human rights institutions does not figure as a key priority in the CSP 2007-2013.

During the last period (2007-2010), the following negative impact of the political situation on performance of on-going EC interventions was reported²²⁴:

- General strikes, and youth movements (political and trade union organizations), setting-up road blocks, forcing donations and committing violent actions; caused occasionally problems for Government organizations (such as AEPC) and NGOs to conduct and monitor project activities in rural areas;
- Political dialogue in the framework of the Nepal Development Forum was difficult as sessions were postponed several times;
- Change of composition of Government (2010) and its provisional (caretaker) status are not conducive for strategic planning and obtaining firm commitments. The belated adoption of the budget, the persistence of corruption and vacancies in key positions of public offices, lack of ownership and accountability by the government, and a poor security environment in certain areas of the country affected normal operations²²⁵.
- Relatively high levels of fiduciary risk due to entrenched corruption and overall weak PFM systems continue to call for caution and risk mitigation measures, in particular when working through government systems. In this regard, the Nepal Delegation has been considering options to support PFM in the country.

The above elements contributed to an already heavy workload of the staff of EUD-N, see JC8-3.

In **summary**, since the start of the conflict in 1996, aid from Western Europe was being seen by Nepalese stakeholders as neutral/apolitical and constructive and, therefore, well accepted in Nepal. Grass roots activities have never been a direct target for armed parties in the conflict. Only minor incidents affected ground operations with little negative impact. Overall, the success of on-going projects was not significantly jeopardised.

Nevertheless, following the royal takeover of 1 February 2005, the EC suspended formal preparations of the CSP 2007-2013, as well as pipeline projects except those concerning human rights and conflict mitigation. This has caused a delay in the implementation of EC support, particularly of the programmes financed under the geographical budget line. By mid 2006 the EC cooperation was restored and normalised.

The EC responded in a flexible manner to the evolving context of Nepal. During 2006 an intensive interaction took place between EC and GoN initiated by EC Headquarters and a number of strategic interventions were planned in response to the new situation: (i) special aid package to help the victims of conflict, especially people who have suffered mentally &

²²⁴ EAMR 2006 -2010

²²⁵ EAMR 2010.

physically; (ii) monitoring of human rights (OHCHR); (iii) support to the election process of the Constituent Assembly. Whereas the EC formulated some good responses to the changing political conditions, the actual implementation of these (and already planned interventions, such as CMP-II) was severely delayed, making them less effective and reducing their impact.

From 2006 onwards, several disturbances directly related to the unstable political situation had a negative impact on the smooth programming and implementation of EC support, such as general strikes, road blocks, high levels of fiduciary risk, postponement of political dialogue and lack of strategic planning and accountability of GoN.

Sources of Information

CSP 2002-2006 and MIP 2002-2006

CSP 2007-2013, MIP 2007-2010

EAMR reports

Minutes of EC-Nepal Joint Commission 2004, 2007 and 2009.

2.8.1.6 Ind8.1.4. GoN Geographical priorities are being addressed in EC's interventions

Detailed evidence at Indicator level

The geographical priorities are the Mid-Western region (centre of conflict) and Far-West Region (most poor and vulnerable). This prioritization has been followed in virtually all interventions under the thematic and horizontal programmes, as well as CMP-I and CMP-II (as far as activities took place at the sub-national level). Furthermore, some conflict mitigation projects are located in the East in the neighbourhood of the Bhutanese refugees camps.

The REP focuses on remote VDCs and those without possibility of connection to electrical grid of water power. The coverage is nation-wide: the 22 districts attended resort under all regions of Nepal, particularly in the hills and mountains.

Whereas the sector support to education followed nation-wide priorities, the complementary support in education by NSAs funded by the EC strengthened the mentioned geographical priorities.

Moreover, TRA (WTO support) focused at central level. And the Interventions funded under the Food Facility are located in areas with a high incidence of food-deficit households. It is not known to what extent these beneficiaries are located in the same areas of the EC support.

In **conclusion**, the EC interventions addressed fully the geographical priorities, in particular the vulnerable areas in the Western regions of Nepal. Some conflict mitigation interventions are located in the East in the neighbourhood of Bhutanese refugee camps. The actions of the food facility and renewable energy are also located in the more vulnerable areas, particularly remote and food- deficit areas.

Sources of Information

Same as above + project documentation.

2.8.1.7 Ind8.1.5. Evidence on the quality of M&E systems established and evidence on the fact that feedback from previous M&E activities are taken into account in the formulation and the management of subsequent interventions

Detailed evidence at Indicator level

Regarding the monitoring of the CSP, there has been no evaluation or review of the CSP 2002-2006. In March 2009 a Mid Term Review was conducted of the CSP 2007-2013. The MTR was conducted by EC staff from Headquarters and the conclusions were based on consultations with Nepalese stakeholders. The MTR did not include an assessment of the performance of various EC interventions. The MTR concluded that the “response strategy

2007-2013 remain adequate and that no major adjustments are required²²⁶". A number of the improvements that were needed to strengthen the EC cooperation strategy were identified, such as

1. putting more emphasis on economic development and tangible peace dividends, especially in the rural areas;
2. an enhanced coordination and harmonisation between donors;
3. encouraging the GoN to take more ownership by adopting a demand-driven approach. Recently developed EC programmes, such as the Climate Change Alliance and the Food Facility were also mentioned as instruments that would strengthen the EC cooperation strategy.

Regarding the EC-funded interventions, the CSP 2007-2013 mentions:

"the EC will use an extensive range of mechanisms and tools in its monitoring and evaluation exercise. In keeping with past practice, projects and programmes will be regularly monitored by project managers at field level. Each year, projects and programmes will be selected on an ad-hoc basis for Result Oriented Monitoring (ROM)."

Nearly sixty ROM missions were carried out by independent consultants during the evaluation period. The evaluation team analysed the scoring of 54 ROM reports (for missions conducted in Nepal during the evaluation period). As shown in the table below, in almost half of the case (24) the efficiency score was "C" (problems); in only 5 cases a "A" (very good) was awarded; in 2 cases, the score was "D" (serious deficiencies).

Table 12 Assessment of the EC-funded projects' efficiency made in ROM reports

Grading	Number of reports
A (very good)	5
B (good)	23
C (problems)	24
D (serious deficiencies)	2

Most of the ROM missions took place in the PBCD sector. The trade intervention and the renewable energy intervention were both monitored twice.

It was found during fieldwork that many implementing agencies and partners who had been awarded grants under EC instruments regarded the ROM exercise to be helpful with most reports being of relatively good quality and providing relevant recommendations. The Evaluation Team was not in the position to fully assess to what extent ROM recommendations were actually followed up. However, it was found proposed changes to the design, approach or work plans of projects were often not followed, as this would require addenda to contracts. On the other hand, the proposed extension of the WTO assistance and the Renewable Energy project were followed. Furthermore, the evaluation team has identified a number of specific cases where the M&E feedback has lead to concrete adjustments, while keeping the overall approach and results framework. For instance, the midterm evaluation of Saamarthya project suggested restructuring the project management team for a more effective coordination within Action Aid Nepal's resource centres. The aim was that programmes could be better followed up and institutional strengthening of partners could be more focused. Following this recommendation, Action Aid Nepal closed down its project office in the capital and relocated to central field offices. Likewise, Janseep evaluation suggested a closer coordination and network building with district and national level organisations and line agencies to improve access of IPs to available services. Janseep's

²²⁶ EC, Nepal Mid Term Review Document CSP 2007-2013, IP 2011-2113, April 2010.

main implementer CARE accordingly linked Janseep with various agencies like District Drinking Water Office, District Forest Office, District Education Office, District Health Office and District Agriculture Office for resource sharing and exchanging learning.

The interventions funded under Call for Proposal programmes are based on logical frameworks, specifying expected results, objectively verifiable indicators (OVIs), sources and means of verification and assumptions. It was found that often the OVIs are broadly and vaguely formulated making the assessment the impact of the project almost impossible. Most LFAs have a number of flaws, such as repetition of objectives at output, result, outcome and impact level, inappropriate assumptions. Another common weakness of EC-funded projects, particular in the PBCD sector is the absence of adequate baselines against which impact can be measured. Few projects use the logframe as a guide for their progress reports. Relatively good logframes and monitoring systems were found in the interventions funded under the EU-FF programme, particularly by the IOs. In addition, the four INGOs also reported at result level.

The implications are that the reporting of most projects is mainly output oriented (with some good exceptions), and that very few information is provided that indicate to what extent outcomes are being or will be achieved.

In the education sector, the EC carried out a final evaluation of BPEPII in 2005. The critical shortcoming of BPEPII was the lack of monitoring of educational programmes, both at central and local levels. The Audit of EC Development Assistance for Education Mission of 18-27 January 2010 found that the evaluations of BPEPII (i.e. the EC-commissioned evaluation and the earlier joint GoN-donor evaluation funded by Danida in July 2004) made little use of indicators, benchmarks and targets, and did not properly evaluate the impact of the programme. Later the Mission stated that there was little evidence of the impact of BPEPII in relation to the funding provided and that too much attention had been paid to ensuring access to the detriment of quality. This again highlights the lack of any plan for programme evaluation being developed at the design stage or following the mid-term review of BPEPII in March 2002.

What appears to have been incorporated in the design of ESPSP-EFA is:

- Greater focus on school- and community-based approaches to (decentralized) education planning and management, including strengthening the SIP process and the capacity of SMCs, PTAs, VECs and DECs – with the intention, though not expressly stated, of creating greater transparency in the role of DEPs, for example, towards their actual financing.
- Reaching out more to disadvantaged communities; and
- Setting and implementing norms and standards for quality education.

What appears not to have been incorporated in the design of ESPSP-EFA is:

- the development of a strategy to involve NGOs and Civil Society organisations so that their programmes/projects could be more closely streamlined with the GoN EFA programme;
- coordination among DPs regarding TA and greater involvement of MOE in the TA decision-making process²²⁷; and, most critically; and
- the establishment of a system both for programme monitoring at central and local levels and for monitoring outputs and outcomes (such as student learning outcomes) to inform policy and programme (re-)design. The FA mentions that GoN-DP joint bi-annual reviews would focus (in December) on preliminary consolidated financial statements of the previous fiscal year, an “outcome-based” consolidated progress report and preliminary funding commitments for the next fiscal year and (in April) on the Annual Strategic Implementation Plan (ASIP) and budget and confirmed DP commitment of funds for the next fiscal year. Evidence that programme monitoring at

²²⁷ There is no mention of TA in the JFA except with regard to recruiting TA for the half-yearly reviews. However, as mentioned above, through the JFA, TA is being coordinated well with the MOE in the lead.

all levels was not a critical priority can be found in the way that the third column of the Logframe – *Data Sources / Monitoring Mechanisms* – was completed. For example, there is no baseline or further studies mentioned or costed, and there is heavy reliance on EMIS data which have been subject to criticism in terms of accuracy, reliability and a lack of analysis over time.

In the FA of the SSRP there is a somewhat optimistic view of the capacity for monitoring at school, resource centre, district, regional and central levels, where this has proved under BPEPII and EFA to be less than desirable.

On the other hand, the DPs and GoN have developed three key instruments for SSRP that they hoped would contribute to stronger performance monitoring in the joint review processes (the Joint Annual Review in April/May and the Joint Consultative Meeting in December), namely:

- a Policy Matrix that outlines key policy parameters that underpin the SSRP and regular monitoring of the continuation and further development of these policies;
- a Results Matrix with Key Performance Indicators (KPIs) and arrangements for monitoring including type of information, sources of verification and frequency of reporting; and
- a Governance and Accountability Action Plan (GAAP) which tracks progress in key aspects of improving education service delivery, strengthening financial management and audit.

However, from the Field Visit the evaluation team found that it is only the Policy Matrix (initiated by the Asian Development Bank and incorporated in the SSRP FA) that is being utilised to any degree. Since the DPs agreed to present their opinions/findings through one representative at the JAR and JCM, it has been found that there is now less attention to distracting details in these annual reviews and more attention to the broader picture.

In **summary**, a good use has been made of external monitoring instruments, such as ROM, mid-term or annual reviews. These external reviews are particularly useful, as most interventions of the project modality have put in place rather elementary monitoring systems. Project reports focus almost exclusively on outputs delivered. As few projects are reporting on outcomes, making it difficult to assess results and impact of the interventions. Examples were found where recommendation led to actual followed-up. However, changes recommended in logframes, approach and work plan were often hardly followed-up as this requires an addendum of contracts, which is a difficult and lengthy process. Monitoring has given an increased attention by DPs in the education sector. Considerable progress had been made in performance monitoring the ESPSP compared to BPEPII, although there are still areas for improvement.

Sources of Information

ROM reports (from CRIS database)

Project progress reports of EC funded interventions

MTRs and review reports of various EC funded interventions

EC, MTR of CSP 2007-2013

2.8.1.8 Ind8.1.6. CCIs have been taken into account in the design and implementation of the EC funded interventions

Detailed evidence at Indicator level

The Article 101 of the European Consensus identifies a number of CCIs to be addressed in EC development efforts: HIV/AIDS, human rights, gender equality, good governance, children rights, environmental sustainability, democracy and indigenous peoples. Interestingly, the CSP 2007-2013 also mention Conflict Prevention as a CCI.

All these CCI (most of which are clearly intertwined) are of **notable importance in the context of Nepal** and features explicitly in both CSP and many EC interventions.

In the EC-funded interventions an increased importance is given to **good governance** as a cross-cutting issue in Nepal. This is particularly well illustrated in the recently launched budget support programmes in the education sector and in the support to the Nepal Peace Trust fund.

Children rights and **indigenous peoples** have been a continuous concern of the EC in Nepal which recognised the importance of these issues in several documents. But EC efforts were often limited to individual projects²²⁸ and, as it is explained in EQ1, the EC apparently lacked a comprehensive framework to adequately address these issues. It is noteworthy that these cross-cutting issues were addressed by projects essentially focusing on them.

As highlighted in EQ1 and EQ2, "**human rights**" has been a central element of the EC development efforts in Nepal which is mainly explained by the unstable situation that prevailed during the evaluation period. Human rights issues have been addressed through a variety of interventions ranging from small individual projects to wider interventions aiming at strengthening national institutions directly dealing with human rights issues (in particular, see EQ2 for more information on the national institutions supported).

Gender aspects have been stressed in the EC cooperation strategy. The assessment of women in Nepal made in the CSP 2002-2007 provides detailed information on the fact that Nepali women continue to face discrimination in various aspects of life. Their life expectancy is very low, only 34.6 percent of women in Nepal were literate (Tenth Plan document 2003), and they are under-represented in government institutions and in most social development programmes. In the 2009 MTR, the number of Nepalese women in the civil service is assessed to be low compared to the levels reached by other South Asian countries: women make up less than 8% of the overall staff and only 4% at officer level. Women are also under-represented in Nepal's elected government (in the interim House of Representatives, women account for less than 10 percent of the total number of MPs). Gender equality has been partially mainstreamed in the EC-funded interventions in the PBCD sector (see more details in EQ1, JC3-1) and in Renewable Energy and Food Security. Increased gender and social parity is a key objective of the educational support programmes. A number of activities (scholarship programmes, free textbooks, etc.) are directly targeting girls (see also EQ4). Gender is not specifically addressed in Trade Related Assistance, which is justified as the actions of these interventions are not gender-sensitive.

Environmental sustainability is an important issue in Nepal. Most EC interventions are rather environmental neutral (PBCD and education sector) or have not a significant effect on the environment. In the activities funded under the EU Food Facility, the focus has been on low-input farming with a focus on organic farming (with the exception of the FAO implemented intervention that encouraged the use of fertilizer in some areas).

From the desk study and findings from fieldwork it is concluded, that generally CCIs have been properly taken into account in the design and implementation of the EC funded interventions. There has been a strong emphasis on vulnerable groups and gender. EC interventions have given an increasing attention to good governance. Most EC interventions are environmental neutral, whereas none has a negative impact on the environment.

Sources of Information

See sector EQs.

JC8-2 The choice of mix of instruments (between bilateral, thematic and regional instruments) and aid modalities were appropriate to achieve the EC cooperation objectives and provided the EC with a particular comparative advantage

2.8.1.9 Main findings

Taking all EC interventions as a whole, a good mix of the various instruments was applied in Nepal, whereas the share of regional instruments (Asia-wide programmes) was rather

²²⁸ These projects were mainly funded through two main thematic budget lines: the EIDHR and the NGO-PVD budget line (now NSA-LA budget line)

limited. Considering the focal areas, a very different composition of instruments was found. The geographical budget line is very dominant in some key sectors (e.g. education and renewable energy/ environment, trade) whereas, in other sectors, thematic budget lines are very important instruments (e.g. PBCD), or are exclusively used (rural development / food security).

In some sectors, thematic instruments seem to compensate for not having interventions funded under the geographical budget line (for instance rural development/food security), but in other sectors (environment and trade) there were very few instruments having little influence on the overall portfolio.

In the PBCD sector, the EC has made a good use of all available instruments, with a higher potential for synergy. The unstable political situation in Nepal, the orientation of local NGOs on social inclusion, conflict mitigation and human rights, combined with the high priority the EC has put on this sector, are the major reasons for the mix of thematic and geographic budget lines. In addition, a balance was achieved between government and state agencies on the one hand, and the civil society on the other. Yet, the EC did not have a complete overview of all projects in the PBCD sector because there were many projects and two EUDs were involved. Secondly, a system was lacking to assess where possible synergy could be generated among these projects.

2.8.1.10 Detailed evidence

2.8.1.11 Ind8.2.1. Evidence of synergies between bilateral, thematic and regional instruments

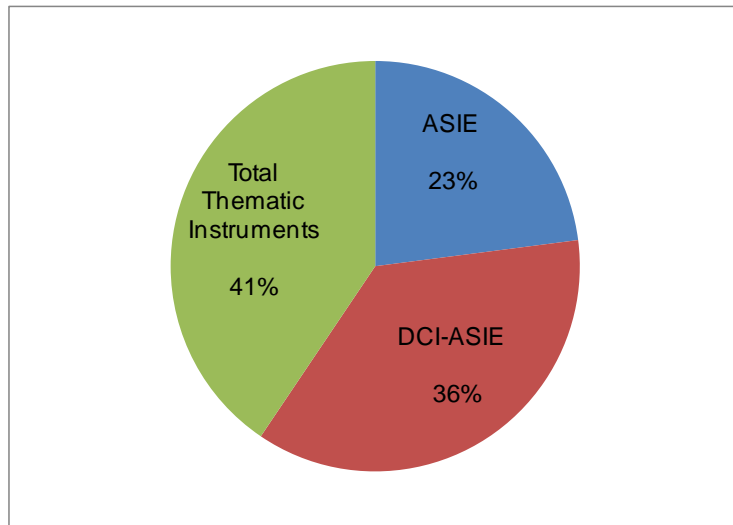
Detailed evidence at Indicator level

Horizontal and regional instruments, also referred to as thematic instruments were important in the overall composition of EC aid to Nepal. The mix of instruments that was applied in Nepal cannot be fully planned, as is the result of the action of many different actors. In 2003, DG Relex mentions that the agenda of the CSP is ambitious due to the complex situation in Nepal. AidCo²²⁹ also notes that the response part of the CSP is very ambitious, "as it stresses an extremely broad agenda e.g. energy, agriculture, local democracy, human rights and trade with limited resources". They explicitly state that an appropriate mix of available co-operation (financing) instruments is necessary in response to the present situation in Nepal. At the same it mentions that these cannot be fully planned.

As can be seen in the figures below, projects and programmes funded under thematic instruments correspond to 41% of the total EC funding going to Nepal during the evaluation period.

²²⁹ EC, Aidco comment on CIUSNET Relex (78) ER/H/3-D/115544, 2003.

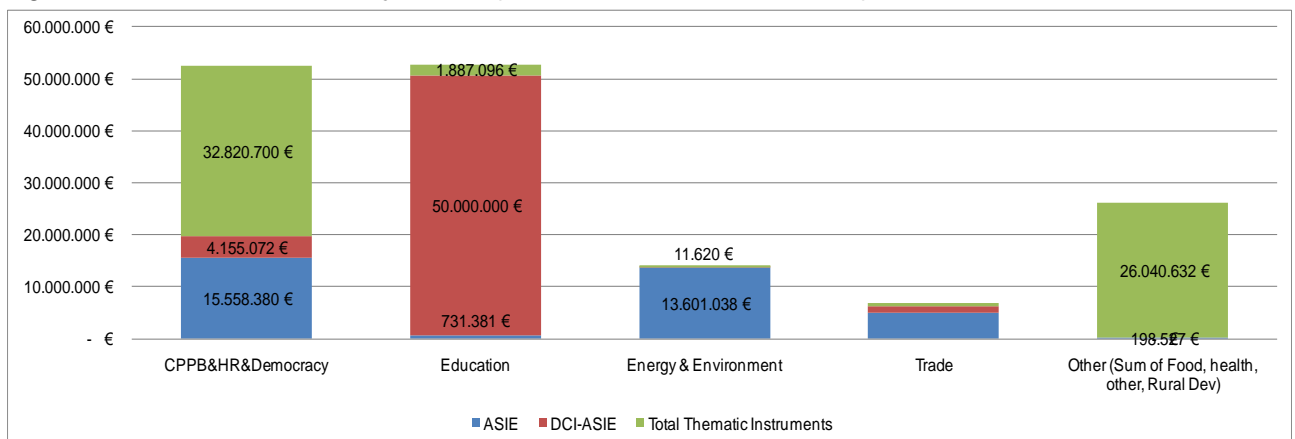
Figure 3 EC financial contributions (contracted amounts) by type of financing instruments



Source: CRIS database, Particip GmbH analysis

The figure below presents the way the various instruments were used in the respective sectors

Figure 4 Instruments by sector (contracted amounts in EUR)



Source: CRIS database, Particip GmbH analysis

The figure clearly shows that there is a very different mix of instruments in the respective sectors. In some sectors, the geographical budget line is very dominant (education and renewable energy & environment), whereas in other sectors thematic lines are the most important instruments (PBCD), or exclusively used (rural development/food security).

The EC funds going to Nepal through bilateral and thematic instruments are complemented by a number of regional cooperation programmes. However, the use of these so-called Asia-wide programmes has actually been quite limited, particularly after 2003. There were some projects in the field of environment (Asia Pro Eco and SWITCH), urban development (Asia-Urbs), but none in Education (Asia-Link). As shown in the table below, nine projects that were prepared before the formulation of the CSP 2002-2006 were implemented during the evaluation period and only four projects from 2003 onwards.

The political situation in Nepal and the orientation of local NGOs on social inclusion, conflict mitigation and human rights are believed to be the major reason for the small number of implemented projects.

Table 13 Projects funded under EC regional programmes

Year	Decision Number	Decision title	Contract title	Planned amount
2001	ASIE/2001/002-598	EU-ASIA PRO ECO	Support for the Himalayan Initiative through application of the Asian Wetlands Inventory approach and stakeholder-led catchment management in Bhutan, China, India and Nepal	375,000€
2001	ASIE/2001/002-598	EU-ASIA PRO ECO	Strengthening Local Capacities in Integrated Sustainable Waste Management (ISWM) in small and medium municipalities of Nepal.	180,814€
2003	ASIE/2003/005-732	EU-Asia Urbs Programme Phase II	Bandipur Eco-cultural Tourism Project	697,967€
2002	ASIE/2002/004-032	ASIA-INVEST II	Asia-Invest Alliance, Nepal-Europe Seed Sector Alliance	144,509€
			Asia-Venture EBUneP (Europe Buying Nepalese Products)	79,876€
			Enhancing the Capacity of Intermediary Business Organisations in Nepal	276,720€
			Fair Trade in Nepal	244,040€
			Nepal Micro Invest IT	190,302€
			Promotion of Nepalese Handmade Paper Products in Europe	76,612€
2006	ASIE/2006/017-485	Asia Invest Programme 2006-2007	Foster Marketability and Competitiveness of the Nepalese SME sector to enhance exports to European Markets	600,000€
			NEP-AL IT: Nepal-Europe-Pakistan Alliance on Information Technology	490,350€
			Strengthening the Capacities of SMAPs in Nepal and Sri Lanka in order to Develop New Business Opportunities through Quality Upgrade, eTourism Know-How and Networking	510,433€
2007	DCI-ASIE/2007/019-266	SWITCH-Asia, Promoting Sustainable Consumption and Production	Proposal for Enhancement of Sustainable production of Lokta Handmade paper in Nepal	1,260,003 €

Synergy between instruments

The PBCD sector has made a good use of all available instruments, with a higher potential for synergy. The unstable political situation in Nepal, the orientation of local NGOs on social inclusion, conflict mitigation and human rights, combined with the high priority the EC has put on this sector, are the major reasons for the mix of thematic and geographic budget lines. As detailed in EQ1, projects are launched in the framework of different EC worldwide call for proposals which related to various thematic programmes (DDH/EIDHR, ONG-PVD, NSA-LA, REH, AUP, etc.). This allowed the EC to continue implementing a number of activities in period of political instabilities (in 2004 and 2005 a total of 28 contracts were awarded to projects in the PBCD sector). Moreover, it appears that these rather small projects complemented a number of wider programmes launched under the geographic instrument. For instance, this is the case in the field of human rights where the support to the NHRC was provided by smaller projects such as the "*Establishment of an Outreach Programme in selected 5 districts and in all five Development Regions of Nepal*" before the start of the CMP1 in 2004.

In the area of Peace Building and Consolidation of Democracy, there is some evidence of the occurrence of synergies between the EIDHR instrument and the bilateral programme. A case in point is the CMP-II, which was able to build on the results achieved by EIDHR-funded projects. For instance, the support to NBA and the district legal aid committees that started during the project “Improving Free Legal Aid, Human Rights and Access to Justice” was continued, and to some extent, deepened in the CMP-II. Similarly, the support to the NHRC, which was a major component of CMP-II, was first initiated through the EIDHR instrument. Overall, the EIDHR instrument appears to have been used by the EC to achieve a balance between support to government and state agencies on the one hand, and the civil society on the other. The priority areas for the EIDHR call for proposals have also largely coincided with the focus of the bilateral programme.

On the other hand, the above-mentioned synergies do not appear to have been planned for but simply emerged due to the delay in implementation of the CMP-II. There are also no clear indications that the EC has consciously tried to establish synergies between concurrently ongoing projects. Several CSOs interviewed by the evaluation team argue that the EC has made relatively little use of the results and lessons learned gained through the EIDHR-instrument in bilateral projects and the policy dialogue with the government.

More generally, during the whole period of the evaluation, the thematic portfolio in the PBCD sector consisted of a large number of projects thinly spread over a wide number of areas and or rather small size. With having two Delegations involved with a resulting long red tape. For a certain period the EUD-I was fully in charge of a number of Nepalese projects. Implications were that a good overview was lacking of where these interventions could generate synergy. In addition, no system is in place to make an actual use of potential synergy. As explained in EQ1, the EC support to social exclusion and gender equality in Nepal is hampered by the lack of a comprehensive guiding framework.

The EUD-N is fully aware of this situation. The EAMR 2010 notes in this respect:

“the Delegation is now reflecting on a possible rationalisation of the approach in order to focus on areas where it has expertise and can provide added value. Streamlining the present broadly diversified portfolio could be helpful to maximise synergies and optimise complementarities with the CSP/MIP. One option that could be envisaged would be for instance to request that Nepal is no longer considered for global calls on certain topics outside the MIP. Health is a case in point. After the devolution the Nepal Delegation will be managing 10 projects with NGOs on health, some of which of significant amounts. The Nepal Delegation does not have any expertise in this sector, which is not one of our focal areas of cooperation”

Finally, it is noteworthy achieving synergies among the manifold components of the EC-Nepal bilateral programme is less of a challenge than the quest for synergies between bilateral and thematic and regional instruments. As mentioned in EQ5, trade provides a good example in this regard. Neither project documents nor project evaluation reports normally elaborate on the potential synergies between TRA and EU trade-related worldwide/ regional programmes in any empirically sound and robust way.

In **summary**, taking all EC interventions as a whole, a good mix of the various instruments has been applied in Nepal, although the share of regional instruments (Asia-wide programmes) was rather limited. Considering the focal areas, a very different composition of instruments was found. The geographical budget line is very dominant in some key sectors (education and renewable energy/ environment, trade) whereas in other sectors thematic lines are very important instruments (PBCD), or are exclusively used (rural development/food security

In the PBCD sector, the EC has made a good use of all available instruments, with a higher potential for synergy. The unstable political situation in Nepal, the orientation of local NGOs on social inclusion, conflict mitigation and human rights, combined with the high priority the EC has put on this sector, are the major reasons for the mix of thematic and geographic budget lines.

There are some good examples of synergy in the PBCD sector between projects funded under the geographical budget line and those funded under the thematic budget lines. In addition, a balance was achieved between government and state agencies on the one hand, and the civil society on the other.

There was no overview of the very large number of small projects in the PBCD sector and a system was lacking to assess where possible synergy could be generated among these projects.

Sources of Information

EC EAMR.

CSP 2002-2006 and 2007-2013.

Project documentation.

CRIS database.

Interviews with EUD in Nepal.

2.8.1.12 Ind8.2.2. Degree of overlap and duplication between EC interventions, esp. in critical rural areas

Detailed evidence at Indicator level

The Evaluation Team did not find any obvious evidence of overlap or duplications between EC interventions in the various sectors. It was only found that, in several cases, more than one local NGOs were active in the same districts implementing the same activities funded under the EU Food Facility. But in these cases, coordination took place to ensure that they served different beneficiaries.

As described in EQ1 to 7, and in Indicator 8.2.1, complementary between EC interventions was the usual case, and there were examples of an adequate sequencing of EC interventions, such as with the use of the RRM or the specific support to the NHRC.

Sources of Information

Project documentation in the various sectors.

CSP 2002-2006 and 2007-2013.

Interviews during field phase.

2.8.1.13 Ind8.2.3. Appropriateness of the choices on aid modalities in Nepal's made by the EC to adapt to a changing context

Detailed evidence at Indicator level

In line with the overall EC development strategy and the Paris Declaration, there has been a clear shift from the single EC interventions by project approach to joint donor interventions from basket funding to sector support.

The CSP 2007-2013 notes in this respect:

“EC cooperation with Nepal has traditionally been characterised by the financing of numerous rural development and natural resource management projects, which have tended to have a limited and localised impact, and little influence on national policy. These projects were generally funded on a ‘one-off’ basis, with complex and time-consuming implementation and monitoring mechanisms. This CSP is therefore bringing about a policy shift from individual rural development projects towards a sector support programme in education, thus supporting the Government’s reform agenda, good governance and effectiveness, always with a view to ensuring that more systematic attention is paid to ‘targeting the poor’ and ‘sustainability’ of results, within a context of synergy with other development partner”.

It is noteworthy that within the project approach and sector approach there are also different implementation modalities that have implications for the role and tasks of the EC.

But it is difficult to assess to what extent the aid modalities were/ are appropriate. Whereas the EUD-N can suggest a certain aid modality for a programme for the DCI budget, they have no influence on the thematic and horizontal budget lines, as they come with their own

implementation modality. Furthermore, the use of instruments can hardly be planned, as most instruments use a Call for Proposal system. It depends on the quality and number of potential beneficiaries and competition among them how much use is made of them. The EUD-N has a voice in the assessment of proposals of thematic programmes, but is not the final decision maker.

In relation to joint donor support, possibilities depend very much on what other donors are doing and if they are prepared to commit themselves to a joint action and agree on who would play a leading role. Based on documents consulted and discussion during field work it was learned that donors are coordinating among themselves and considering joint actions, for instance in the renewable energy sub-sector (attempts to develop a SWAp) and in Trade Related Assistance (joint implementation of the Nepal Trade Integration Strategy (NTIS)).

However, the realization of concrete (sub-) sector support is a complicated process. This was for instance the case with the EC support to Peace and Stability, particularly the Support to the Peace Trust Fund (PTF). The EC informed already by February 2007²³⁰:

“The EC side informed that they are ready to support Peace Secretariat and UN Mission (UNMIN) in Kathmandu and they showed their willingness to establish PTF (Peace Trust Fund) as a new operation mechanism but they stated that it has to be decided by the EU Headquarters. The EC side further elaborated that PTF in connection to peace process in Nepal is arbitrary as the fund basically focuses on Tsunami like situations and it comes through multilateral channels. The EC also emphasized that long bureaucratic procedures are the main hurdles in launching such programs although the crux is that contribution is made, action is taken and the result is achieved”.

The EC held lengthy discussions on its support to the PTF with MS (with in-country representations and their Head Quarters in Europe), UNDP and other donors and Nepali stakeholders. In 2009 the Commission adopted the decision for the 22 million EUR contribution to the government-led NPTF under sector budget support modalities through the Development Cooperation Instrument. The first instalment of 2.5 million EUR from the FA under the IfS took place end of December 2010. The EAMR 2010 calls it a “SBS programme on Peace and Stability through the Nepal Peace Trust Fund”. This appears to be a rather complicated structure, for which three financial agreements *a Joint Financing Agreement in complement to the two FAs for financial contribution to the Nepal Peace Trust Fund (NPTF) under the Instrument for Stability and under the Development Cooperation*.

Summarizing, in the specific conditions of Nepal, joint donor support appears to have the best potential benefits, although complementary actions and specific projects remain useful. The argument that sector support entails a complicated process and long delays is not that strong, as also a large number of planned EC projects implemented under different EC modalities (NSA, decentralised, centrally managed, etc.).

Sources of Information

EAMR Reports.

Interviews EUD-N and EUD-I during preparatory visit.

2.8.1.14 Ind8.2.3. Evidence on potential added-value provided by the mix of instruments and aid modalities

Detailed evidence at Indicator level

The added value of the various instruments within the sectors, as implied by this Indicator²³¹, is very closely related to synergy that is created by these instruments. As the (potential) synergy has been elaborated in Indicator 8.2.1, this section is kept brief.

As analysed in Indicator 8.2.1, the composition of instruments within the various focal areas is very different from each other. Whereas, the geographical budget line is very dominant in some key sectors (education and renewable energy/ environment, trade) in other sectors

²³¹ the "added value" of the EC as a donor organization is being discussed in EQ 9.

thematic lines are very important instruments (PBCD), or are exclusively used (rural development/food security).

Thematic instruments seem to compensate for not having the specific themes they address as priority areas in the geographical budget line, as is the case for rural development/food security. The interventions funded under EU Food Facility, therefore, certainly would have an added value. However, the focal area of Trade Related Assistance, added value could be created by thematic instruments that addressed directly the private sector, but as also shown in Indicator 8.2.1., few of these projects were undertaken under thematic and regional instruments. The same applies for the sub-sector of renewable energy.

Regarding the short-term interventions under the various thematic instruments it was found that the duration of the interventions is too limited – usually support is only granted for two years – to be able to achieve any tangible results and added value. Given the short time frame, projects become overly activity-oriented and the sustainability of the outputs that are indeed achieved will to a large extent depend on whether the implementing agencies have the opportunity to attract funding from other sources. This is clearly spelt out in EQ6, JC6-2 for the interventions funded under the EU Food Facility and it these comments were also received during fieldwork from CSOs implementing EIDHR funded projects. Consequently, the added value would erode.

Regarding the combination of aid delivery methods, interesting elements can be observed in the education sector where the EC supports the national policies and strategies through sector budget support and at the same time address specific needs (e.g., access to education for vulnerable groups) by providing grants to a number of NGO. As seen in EQ3 and EQ4, the two approaches are fully complementary. Yet, the analysis carried out in this sector points out the fact that greater use could be made of NSA. For instance, NSA could be supported to participate more in the monitoring of the performance in the education sector following the example of such involvement in Ecuador.

Box 9 Engaging NSAs to monitor performance in the education sector: Ecuador case

The Constitution of Ecuador recognises the right of non-state actors to participate in the design, implementation and evaluation of public policy. The current government has shown itself to be open to NSA participation in the policy process. In 2005, the EC delegation undertook a mapping exercise of Non-State Actors, and organised a high-level dialogue with them to explore possible participation in a Sector Policy Support Programme. It engaged with the government to widen the space for NSA participation in programme design. The Ministry of Education agreed to engage with NSAs in the design phase. This resulted in a far better integration of NSAs in accountability processes such as programme monitoring and continued dialogue, also at local level.

The EC creatively combined different financing modalities to realise the government's education programme. It provided (sector) budget support, alongside a project modality geared at strengthening non-state actors. At first, the government did not support the idea of such a separate envelope. It was also uncomfortable with the proposal that NSAs would monitor government performance. The EC encouraged more inclusive dialogue between the Ministry of Education, donors and non-state actors. This reassured the ministry. Other confidence building measures included the ministry's participation in drafting guidelines and eligibility criteria²³² for the civil society actors and their projects. The EC also agreed on a compromise, which on the one hand gave the government the opportunity to keep certain data and information confidential, and on the other hand allowed for transparency as called for by civil society.

Source: Engaging Non-State Actors in New Aid Modalities for better development outcomes and governance, Tools and Methods Series: Reference document no 12, European Commission, January 2011

²³² One of the main challenges was to define which organisations would be eligible. It was agreed to focus on national CSOs with proven technical capacity of follow-up and monitoring of public policies. INGOs could only participate as partners of local organisations.

Moreover, expanding the support to NSA could help establishment stronger partnerships between government bodies, NGOs, CSOs and schools. These partnerships are crucial, particularly in catering for the “whole” child in terms of educational, health, cultural, social and economic development.

Sources of Information

Interviews EUD-N and EUD-I during preparatory visit

Project progress reports of EC funded interventions

MTRs and review reports of various EC funded interventions.

JC8-3 Consistency between the aid modalities used (approach to deliver the aid and financing modalities) and the capacities of the various stakeholders (EC, partner Government, implementing organisations)

2.8.1.15 Main findings

Overall, the EC support has not been strong in enhancing the ownership and leadership of the GoN and the respective national partner organisations. A positive exception has been the support to education. Over time the support to education was clearly most advanced in this respect, and GoN increasingly took up a leading and coordinating role (JC8-3, Ind.8.3.1).

The implementation rate expressed as allocations in percentage of the financial envelope has been low. For the CSP 2002-2006 it was only 38%, whereas it was 85% for the CSP 2007-2010 (both CSPs taken together the rate is 60%). This reflects that generally the formulation and preparation process of EC interventions has been very lengthy and complicated in Nepal. As explained in Indicator 8.1.3, the political context plays a role here too (JC8-3, Ind.8.3.2.)

In the regionalised setting of having two delegations involved and having in the EUD-I both the Development Cooperation and the Contract and Finance sections²³³ resulted to a long red tape and, in numerous cases, to delays in the formulation and implementation of specific actions. Since the opening of the Kathmandu EC Delegation in 2002, plans were developed to give more autonomy and operational effectiveness of the decentralised activities. From year to year more staff positions were created and filled in, more in-house training to staff was provided and better facilities and more suitable premises have been provided for the EC Office in Nepal. However, during the whole period the workload was reported to be too excessively high in relation to the available staff. Preparation for full autonomy for the EUD-N was at a very advanced state by the end of 2010. A supervision mission from Brussels was planned for spring 2011 as the final step in this process (JC8-3., Ind.8.3.3.)

The capacities of GoN to implement and coordinate aid programmes appear to be limited. The instable political situation also plays a role here (see JC8-1). In general, the NSA implementing EC programmes have appropriate capacities. A relatively small well informed group of NGOs is taken a large share of the interventions. The positive side is that they are used to EC procedures and can build upon earlier experience. But the negative side is that this may eventually lead to a lower quality as the work as too many projects need to be managed and monitored (JC8-3., Ind.8.3.3.).

2.8.1.16 Detailed evidence

2.8.1.17 Ind8.3.1. Evidence on the promotion of GoN ownership and leadership

Detailed evidence at Indicator level

As explained in JC8-1, the way the CSPs and MIPs were elaborated, i.e. firstly by the EC internal departments and sections and then forwarded to GoN is not conducive to enhance GoN's ownership and leadership.

²³³ During the whole period subject to this Evaluation, the EUD-I remained fully responsible for the contracting and financing.

The minutes from 6th session JC, Jan 2009 under the section Any Other Business has this interesting paragraph:

“Nepal drew the attention of the EC to the need of more enhanced bilateral consultation prior to the presentation of the final legal documents for signing of Financing Agreements as such measures would enhance country ownership of the programmes at stake. The EC took note”.

“Both sides agreed that in view of the increased scope and diversification of EC-Nepal development cooperation and the diverse issues on the agenda, the approach of a Sub-Commission to discuss relevant issues be reactivated. This could involve more detailed technical discussions, and would usefully feed into the Joint Commission process. Suggestions were made to hold such a Sub Commission during the last quarter of 2009”.

Such Sub-Commission meeting were held a number of times in the last decade, but were not effectuated after the formulation of the CSP 2002-2006.

Regarding the promotion of GoN ownership and leadership in the different focal sectors and key interventions the Evaluation found the following:

Regarding the PBCD sector, the CMP II promoted the ownership and leadership of the GoN in so far that the focus and scope of the support was identified based on the existing Strategic Plans of some of the partner institutions (i.e. the Strategic Plan of the Judiciary and the Strategic Plan of NHRC). The CMP II also included support to the development of the second Strategic Plan of the Judiciary, especially with a view to ensure that consultations were carried out with major stakeholders thereby establishing conditions for the broad ownership of the plan. Nevertheless, indications are that stakeholders did not feel that they had much control or ownership of the implementation process due to the EU procedure of centralised management and the fact that a majority of the activities were carried out by international consultants.

The Nepal Peace Trust Fund (NPTF), supported by the EC since 2010, is a more recent and in many respects better example of government ownership and leadership. Managed by the Ministry of Peace and Reconstruction (MoPR), the NPTF allocates funding for projects developed and implemented by government agencies themselves. The NPTF secretariat in the MoPR monitors the projects and reports to the donor agencies, in coordination with the Ministry of Finance. At the same time, as revealed by an external review conducted in 2010, donor agencies have exerted significant influence on the management of the NPTF. According to the report, some donors have earmarked funds on their own priority areas, and have focussed on operational issues of the Fund, such as reporting requirements and financial management, at the expense of big picture issues.

In the education sector. From 2002 the Department of Education (DOE) became increasingly responsible for the planning and implementation of BPEP II. This entailed, *inter alia*, drafting aide memoires, arranging joint donor monitoring missions, chairing monthly meetings with donors, providing office space for meetings, arranging logistics etc. – all of which had previously been tasks performed by donors or consultants.

However, from examining the Joint Review Mission (JRM) aide memoires (from March 2002 to December 2003) it appears very much that it were the DPs that initially dominated the policy dialogue. Similarly, in the aide memoire for a consultation meeting in December 2006 it appeared that it were the DPs rather than GoN who were dominant in determining the agenda for the following period.

The tone changed in the aide memoire for the EFA/SESP Joint Annual Review meeting in May 2008. GoN and DPs agreed further to develop structures and mechanisms to increase the effectiveness of their engagement. This included agreeing clear priorities on which to focus and entering into a results-oriented dialogue on the overall achievements of the education sector.

By December 2009 the words ‘Government of Nepal Ministry of Education’ preceded the title of the aide memoire for the first Joint Consultative Meeting (JCM) and it appeared that GoN/MOE was definitely leading the process of review and dialogue. This position was strengthened by December 2010 when the second JCM took place. In addition, DPs now

meet before the Joint Annual Review and the Joint Consultative Meeting to agree on a coordinated presentation of issues given through a representative of the lead DP agency which rotates each year. This means that the meetings are not dominated anymore by individual DPs presenting their own particular issues. In summary, preliminary findings suggest that policy dialogue between GoN and the development partners has indeed taken place from the time of BPEPII (1999-2004) and from May 2008 it shifted from being guided by the DPs to being lead more by GoN.

Trade sector. The EC support in the Trade Sector took place through the WTO assistance project that was implemented by UNIDO and UESCAP. These IOs did not have a local representation in Nepal and the project leaders managed the project from their Headquarters in Vienna and Bangkok, respectively. The ROM report of 2010 mentions that "coordination, management and financing arrangements are not clear and they do not support institutional strengthening and local ownership". The Financing Agreement (FA) signed by the EC and the MoF states that the "project will be implemented by the EC through its Delegation in Nepal and the Commission will "ensure the management of all financial, personnel and administrative affairs" as well as assuming responsibility for "the day-to-day technical and financial monitoring of the project. However, the FA was complemented by 2 Contribution Agreements (CAs) with UNIDO and UNESCAP, assigning them responsibility for implementation. The CAs state that the "organization accepts the contribution and undertakes to do everything in its power to implement the Action under its own responsibility". The respective national counterparts are to be "consulted regularly and activities coordinated with the relevant government entities". These IOs do not have a local representation in Nepal and the project leaders managed the project from their Headquarters in Vienna and Bangkok, respectively. In actual practice the IOs managed the project without much participation of the national counterparts. Complaints filed on serious shortcomings on their implementation raised during the Project Steering Committee (PSC) meetings were not followed up adequately. These shortcomings refer to the selection of consultants and log delays in the procurement of equipment and machines. The PSC comprising several counterparts designated as responsible for overall policy guidance, review and approval of programme implementation and coordination did not have an authority over the IOs. The institutional set-up did not favour any local leadership of the programme, although all national counterparts remained highly interested in the activities undertaken and fully supported the project objectives.

Renewable Energy. The implementing agency of the EC support in renewable energy (the Renewable Energy Project REP) was the AEPC under the Ministry of Environment. The AEPC has been sitting at the steering wheel since the start of the project, and has benefited from tailor made and on the job training and capacity building.

Regarding the interventions funded under the EU Food Facility the situation is rather mixed. Food security is not formally assigned to one particular Ministry and involvement of the most directly related Ministries, i.e. the Ministry of Agriculture and Cooperatives and the Ministry of Local Government were involved mainly in the form of consultations. The implementation was done directly with by the IOs and INGOs that were awarded the contract. Whereas at the local level district staff was actively involved, the feelings of ownership at the national level was much less, as witnessed during the field work conducted.

Summarising, overall, the EC support has not been strong in enhancing the ownership and leadership of the GoN and the respective national partner organisations. A positive exception has been the support to education. Over time the support to education was clearly most advanced in this respect, and GoN increasingly took up a leading and coordinating role.

Sources of Information

Minutes Joint Commission

CSPs

Field work interviews with various stakeholders of EC funded interventions.

2.8.1.18 Ind8.3.2. Adequacy of the EC institutional environment to implement the planned strategy

Detailed evidence at Indicator level

The adequacy of the EC institutional environment to implement the strategy planned in the CSPs can be looked at from the angle of the financial amounts contracted under geographic budget lines during the evaluation period. As shown in the tables below, there has been a wide gap between allocated and contracted funds (for both CSPs) during the period 2002-2010.

Table 14 Comparison between financial envelopes, allocated amount and contracted amounts (CSP 2002-2006) - in million EUR

Concentration Areas	Financial envelope (from CSP1)	Amount allocated	Amount contracted
Area 1: Nepal's Poverty Reduction	56	15	12.6
Action 1: Renewable Energy and the Environment	15	15	12.6
Action 2: Strengthening Rural Development and Governance (SRD+G)	41	0	0
Area 2: Consolidation of Democracy and Conflict Mitigation	10	10	8.1
Action 1: Conflict Mitigation Package I: Support for Local Communities and Civil Society Voice	3	3	2.0
Action 2: Conflict Mitigation Package II: Support for The Judicial System and HR	7	7	6.2
Area 3: Integration into the International Economy	4	2	1.9
Action 1: Trade Policy (Accession to WTO)	2	2	1.9
Action 2: Economic Co-operation and Capacity Development (Support to SME)	2	0	0
Total	70	27	22.6

Table 15 Comparison between financial envelopes, allocated amount and contracted amounts (CSP 2007-2013) - in million EUR

Concentration Areas	Financial envelope (2007-2010/ 2011-13)	Amount allocated	Amounts contracted
Concentration area 1: Education: Support for School Sector Reform Programme	36/30-36	51.4	50
Concentration area 2: Stability and Peace Building	22/15-21	0	0
Concentration area 3: Trade Facilitation and Economic Capacity Building Programme	2/3-9	0	0
Total	60/60	51.4	50

From the table above it is seen that of the 70 million EUR financial envelope of the CSP 2002-2006, only 27 million EUR was actually allocated, which is only 38%. This is mainly explained by the non-implementation of the "SRD+G" action (41 million EUR) and the "Support to SMEs" action (2 million EUR). The reasons for cancellation of these two programmes are extensively discussed in EQ 6, JC6-01 and EQ 5, JC5-1. The reallocation of the funds of rural development to the education sector only occurred in the CSP 2006-2013, which explains why the allocated amount remained at such a low level. The share of allocations in the financial envelope of the CSP 2007-2013 is 83%. When the allocated and

contracted amount of the CSP 2002-2006 and the first part of CSP 2007-2013, i.e. 2007-2010 are taken together the percentage increases to 60%. This comparison gives a more realistic picture. Yet, this percentage still remains quite low.

The low figures also reflect that overall, the formulation and preparation process has been very lengthy and complicated in Nepal. As explained in Indicator 8.1.3, the political context plays a role here too.

Since the opening of the Kathmandu EC Delegation in 2002, plans were developed to give more autonomy and operational effectiveness of the decentralised activities. From year to year more staff positions were created and filled in, more in-house training to staff was provided and better facilities and more suitable premises have been provided for the EC Office in Nepal. Preparation for full autonomy for the EUD-N was at a very advanced state by the end of 2010. A final supervision check from Brussels in spring 2011 was planned as the final step in this process.

During the whole period subject to this Evaluation, the EUD-I remained fully responsible for the contracting and financing. Staff from EUD-N could prepare projects and link with project stakeholders, but depend on EUD-I for all contractual and financial matters. Having two delegations involved and in the EUD-I both the Development Cooperation and the Contract and Finance Section resulted in a long red tape and delays. During the whole period under consideration for this Evaluation²³⁴, there were complaints from the EUD-N, but also the EUD-I that the delegations were severely understaffed. During specific periods the EUD-I was involved in all aspects for a number of projects (so no involvement at all from EUD-N) as there was no sufficient capacity to attend these projects²³⁵.

The critical political situation has also implications for the work load of EUD-N staff, as projects need a close monitoring on the security situation and respect of BOGs²³⁶. Lack of capacities and frequent change of GoN staff also impacted on EUD-N work load. In a number of cases EUD-N staff was involved in micro-management. For instance, weekly meetings were held between the EUD-N and the National Project Director of and PTF of the Renewable Energy Project REP over a certain period (EAMR-2005).

Some highlights on working conditions are presented below.

The EAMR-2003 shows that like previous year delegation significantly understaffed and project managers still having an unreasonable high workload. The EAMR-2005 reports important improvements, with effectuation of new recruitments, a new compound and upgraded security communication equipment. Space is limited so an auxiliary building will be constructed. EAMR-2006 reports: *the workload continued to be unmanageable*". The EAMR of 2007 again refers to a low level of staffing and an increasing workload. The EUD-N clearly put in the overview section: *"Contrary to many other countries, managing external assistance to Nepal is highly challenging and demanding in terms of human resources and time due to the intensive political transformation and an increasing number of missions from HQs"*.

EAMR-2009 reiterated the human resource problem mentioning that *"current staff have serious difficulties coping with it; the Delegation Nepal has 10 vacant posts including 4 officials, 4 contractual agents and 2 local staff"*. This has also to be seen in light of the creation of new posts to set up an Administrative section that has to evolve into a full-fledged Finance and Contract section.

The EAMR-2003 mentions under constraints and problems: *"Slow connection to internet, no secure access to CRIS, lack of CRIS training have created delays in project execution"*. Problems with access to CRIS and urgent need for training were repeated in EAMR-2005 and EAMR-2006. Taken from EAMR-2006: *"Unreliability of CRIS data base and practicalities in tight coordination with FCAS in New Delhi mentioned to cause a workload beyond reasonable acceptance"*.

²³⁴ The information of this section is based on EAMR from 2003 to 2010.

²³⁵ Information obtained by TL during preparation visit to EUD-I.

²³⁶ BOGs stands for Basic Operating Guidelines. They are jointly developed by donors.

Not only the EUD-N was having a heavy workload due to limited resources (see below), but also the Finance and Contract section in the EUD-I became overstressed.

“Strengthened relations with HQ without going through Delhi: for some projects the Delegation has strengthened its dialogue with AIDCO and RELEX HQ, which has been appreciated not only by the Delegation, but also in the over-stretched FC&A section in ND (EAMR, 2005). EAMR reports: “Ensuring quick aid delivery was hampered by the slow response from ND Del as it was facing a serious personnel problem in FCAS as well as in OS sections. NPL Del is having similar problem with unfilled vacant posts in OS as well as in the political section”.

The last EAMR (2010) is confirming the situation pictured above, but also mentions that a lot has been achieved in 2010:

“The Nepal Delegation has been implementing its development cooperation activities in a difficult institutional set-up, working still as a regionalised delegation. A lot of effort was put in 2010 to ensure proper coordination and compensate for the longer communication lines and procedures inherent to the regionalised setting. The recruitment process for a large number of vacancies, including both Heads of Sector, took longer than anticipated. Recruitments for FCAS materialised in September with the arrival of the first three colleagues, including the Head of Sector and a second official. The Head of Operations joined the Delegation end of November. Currently, we expect the operational and FCAS sections of the Delegation to be close to fully staffed in a couple of months”.

The EAMR ends with the following positive note: *“...increased follow up and monitoring of the projects and increased engagement with the authorities has helped in continuing the project activities with minimum delays, ensuring also a positive impact of all activities”.*

Sources of Information

EAMRs 2003-2010

Interviews with EUD staff carried out during the preparatory field visit in December 2010.

2.8.1.19 Ind8.3.3. Appropriateness of the modalities and project approaches to the existing capacities of implementing partners

Detailed evidence at Indicator level

Most projects implemented by NSA in Nepal are funded by thematic programmes that use the Call for Proposals (CfP) mechanism in where applicants present project proposals that undertake interventions to support EC and GoN policies and strategies. The role of EC is to make the assessment of the proposals, the contracting and monitoring and supervision. These tasks can be done directly by the EC or with the use of external experts (service contracts). As the work is rather independent from the funds involved (a project with a budget or 100,000 EUR or one with 1 m EUR requires basically the same time), the number of projects funded under this category is huge. The EIDHR instrument - like other Call for Proposal programmes - is relatively demanding in its requirements on applicants. The CSOs interviewed by the evaluation team appreciate that the application process is transparent and equal for all. It also forces the CSOs to carefully reflect on their project proposals and make sure that they have a solid basis. At the same time, it was noted that small CSOs do sometimes not have the project development expertise required and cannot compete with larger CSOs, which often have the support of international partners in the proposal writing process.

A relatively small well informed group of NGOs is taken a large share of the interventions. The positive side is that they are used to EC procedures and can build upon earlier experience. But the negative side is that this may eventually lead to a lower quality as the work as too many projects need to be managed and monitored.

When projects are implemented by IO, usually they have an already prepared project document or programme, so there preparatory work for EC is minimal, and at the same time influence on the programme is limited. The WTO support project implemented by UNIDO and UNESCAP is quite particular, as the project was initially meant to be managed by the EC

(still mentioned in the FA), but actually this responsibility was given to UNIDO and UNESCAP. This situation led to many unclarities and stagnation during implementation (this is further elaborated in EQ 8.3. Ind.8.3.2)

The Decentralised Management implementation modality has been used in the Renewable Energy project, after preparation was done under Co-directorship (one European and one Nepal Director) and the TA was already contracted. The change of modality has led to numerous delays in the project (this is elaborated in detail in EQ 7)

In the centralised modality of the EUFF, the programme is fully managed by a Programme Implementation Unit in Brussels, and the EUD has an advisory and monitoring role only. The Food Facility with a relatively large portfolio (about 30% of the total EC intervention) this has large implications for the overall EC strategy in Nepal, although it was planned fully outside the CSP.

Overall, the capacities of GoN to implement and coordinate aid programmes are limited. The instable political situation also plays a role here. The EAMR 2010 reports that numerous key senior positions remain vacant limiting the effectiveness of the Nepal Government and reducing donor confidence, including the Head of Supreme Audit Authority (Auditor General) and Chief of the CIAA (Commission for the Investigation of Abuse of Authority) as well as significant numbers of leadership positions at the Village Development Committees. Furthermore, the high numbers of vacancies, rotations and retirements in the government administration result in an overall weak oversight, audit and accounting capacity of the administration.

A good example is how GoN managed the NPTF. The external review conducted in 2010 points out that there is an overall lack of transparency and accountability in the management of the fund. For instance, there are no clear rules guiding project identification and appraisal, and reporting requirements are often not met in a timely manner. As with public financial management in general, procurement capacity and oversight is weak and internal audit functions not well developed. However, the evaluation team understands that many corrective actions have been taken following the review. Most significantly, a Technical Assistance Pool is being established within the NPTF Secretariat to build its capacities and ensure the quality of M&E.

Sources of Information

Interviews with EUD staff and key national stakeholders.

Project documentation.

2.9 EQ9: Synergies

Evaluation Question 9: To what extent has the EC support being designed and implemented to achieve synergies with other donors (incl. EU member states) and other European Community policies?

Introduction

While representing an opportunity for the country and the future of development aid in Nepal, the recent political transition of the country has made donor harmonisation and coordination become more critical. Overall, there has been some progress towards targets set out in the **Paris Declaration** and on Fragile States principles. But this was partly constrained by Nepal's fragility and weak country systems. During the evaluation period, one of the main challenges for donors was to support the GoN to manage the transition from scattered donor projects and programmes outside government, to effective delivery through government, as corruption is tackled more effectively. It is noteworthy that Nepal is characterised by an active **civil society**. Civil Society Organisations (CSO) have become key stakeholders in development efforts in Nepal over the past decade and are playing a growing role in policy dialogue.

Nepal has a relatively **small donor community** (there are not more than 30 international donors). The CSP 2002-2006 mentions: "*The relatively small 'donor community' active in Kathmandu has ensured that, as regards the strategies and activities of the main development partners, most are mutually well informed.*"

The table below compares the Official Development Assistance (ODA) provided by EC to the ODA provided by the 6 main bilateral donors in Nepal.

Table 16 Evolution of ODA for the EC compared to 6 bilateral donors

Donor(s)	2003	2004	2005	2006	2007	2008	2009
United Kingdom	81	114	105	58	51	51	140
Japan	58	38	111	68	36	58	77
United States	48	48	55	58	77	106	79
Norway	13	65	8	31	52	34	66
Germany	9	31	48	27	64	44	43
Switzerland	10	12	13	25	16	40	28
EC	9	12	26	21	56	21	26
Rank EC vs bilateral donors	7	7	5	7	3	7	7

Source: OECD.STAT - www.oecd.org/dac/stats

It appears that the EC has been a **rather small donor** over the evaluation period. It is noteworthy that, the funds provided by the World Bank (WB)²³⁷, the Asian Development Bank / Asian Development Fund (ADB/ AsDF), DFID and JICA accounted for more than two third of the development aid to Nepal over the evaluation period (see also Table 26 in section 3.7).²³⁸

That said, the EC has **gradually expanded its co-operation areas**, which now include renewable natural resources (energy), rural development, education, health, environment, human rights, conflict mitigation and trade related assistance. This has created new challenges in terms of achieving synergies between these actions but also of ensuring coherence with wider European Community policies that may affect the development process in Nepal.

This **Evaluation Question** analyses two main aspects of the Commission co-operation:

- the EC involvement in donor coordination mechanisms and how this coordination led to potential benefits for the development efforts;

²³⁷ International Development Association (IDA).

²³⁸ India provides substantial aid, including in-kind, and China is also an important donor, but accurate figures are not known for either.

- the coherence between European Community policies and the EC's cooperation with Nepal.

JC9-1 Donor co-ordination mechanisms exist and function adequately

2.9.1.1 Main findings

The level of the EC participation in policy dialogue with GoN is quite high, especially in relation to the level of ODA provided by the EC during the evaluation period. (*Ind9.1.1*)

During the programming and the implementation of its strategy, the EC has had regular contacts with EU Member State and other DPs active in Nepal. (*Ind9.1.2, Ind9.1.3*)

However, despite following the overall positive trend in donor coordination during the evaluation period, the situation in terms of the participation of the EC in coordination activities has remained contrasted from one sector to another. (*Ind9.1.2*)

The GoN and other stakeholders recognise the potential special position of the EC in the donor landscape. However, there is only few evidence of the EC bringing added-value in the key sectors of cooperation. (*Ind9.1.4*)

There are some examples in Nepal that coordination between EC, EU MS and other Development Partners led to concrete joint actions. The benefits of these concrete joint actions in terms of reducing significantly transaction costs are still to be confirmed. (*Ind9.1.5*)

Moreover, the joint support ensured by several donors in various sectors, and especially the use of budget support in the education sector, might bring about new challenges for the GoN in terms of aid management. It is too early to say if this will ultimately sustainably contribute to the development process in Nepal. (*Ind9.1.5*)

The recent changes in the mandate and staffing of the EUD-N are seen as a positive factor to secure and further develop the achievements made in terms of synergies with other stakeholders' development efforts over the evaluation period. (*Ind9.1.2*)

2.9.1.2 Detailed evidence

2.9.1.3 Ind9.1.1 EC participation in Policy Dialogue with GoN

Note: This indicator focuses on the overall dialogue with the GoN. The following indicators present a complementary analysis and detailed evidence on the actual policy dialogue conducted by the EC at sector level (linking it to the coordination efforts support by the EC in the various sectors).

Detailed evidence at Indicator level

The exchanges between the GoN and the EC on aid related issues take place in a quite elaborated aid coordination framework.

The overall **forum for aid coordination** in Nepal is the Nepal Development Forum (NDF)²³⁹, which brings together the GoN and its partners. The NDF meetings involve senior representatives from key Development Partners (DP), and are held periodically to allow the DP an opportunity to review Nepal's recent economic performance, policies, and social issues with the GoN. The NDF meetings provide the multilateral and bilateral agencies and their Government partner with the opportunity for a constructive exchange of views on development priorities, modalities, and levels of future assistance needed. It also provides a forum for Nepal's DP to examine the critical factors affecting the utilisation of aid. The NDF also seeks to engage other key stakeholders in a dialogue gain mutual understanding and improve the effectiveness of development-assisted efforts.

The table below shows the frequency at which these high level meetings were held.

²³⁹ Previously, the forum was called the Nepal Aid Group Meetings.

Table 17 From Nepal Aid Group meetings to Nepal Development Fora - Chronology

S.N.	Date	Type	Country	Finance Minister, Finance Secretary
1	December 1976	Nepal Aid Group Meetings	Japan	Dr. Bhekh B. Thapa, Mr. Bharat B. Pradhan
2	May 1978	Nepal Aid Group Meetings	France	Dr. Bhekh B. Thapa, Dr. Devendra R. Pandey
3	January 1980	Nepal Aid Group Meetings	France	Dr. Bhekh B. Thapa, Dr. Devendra R. Pandey
4	December 1981	Nepal Aid Group Meetings	France	Dr. Yadav P. Pant, Mr. Karna D. Adhikary
5	December 1983	Nepal Aid Group Meetings	France	Dr. Yadav P. Pant, Mr. Karna D. Adhikary
6	January 1986	Nepal Aid Group Meetings	Japan	Dr. Prakash C. Lohani, Mr. Karna D. Adhikary
7	April 1987	Nepal Aid Group Meetings	France	Mr. Bharat B. Pradhan, Mr. Lok B. Shrestha
8	November 1988	Nepal Aid Group Meetings	France	Mr. Bharat B. Pradhan, Mr. Lok B. Shrestha
9	October 1990	Nepal Aid Group Meetings	France	Mr. Bharat B. Pradhan, Mr. Lok B. Shrestha
10	April 1992	Nepal Aid Group Meetings	France	Mr. Mahesh Acharya, Mr. Shashi N. Shah
11	April 1996	Nepal Aid Group Meetings	France	Dr. Ram S. Mahat, Mr. Ram B. Bhattarai
12	April 18-19, 2000	Nepal Aid Group Meetings	France	Mr. Mahesh Acharya, Mr. Ram B. Bhattarai
13	February 4-7, 2002	Nepal Development Forum	Nepal	Dr. Ram S. Mahat, Dr. Bimal P. Koirala
14	May 5-6, 2004	Nepal Development Forum	Nepal	Dr. Prakash C. Lohani, Mr. Bhanu P. Acharya
15	February 21-22, 2008	Nepal Donor Consultation Meeting	Nepal	Dr. Ram S. Mahat, Mr. Vidyadhar Mallik
16	- ²⁴⁰	4th Nepal Development Forum	Nepal	Dr. Baburam Bhattarai, Mr. Rameshore P. Khanal

The EAMR 2008 notes that:

"In February 2008, the GoN launched a highly strategic dialogue with the Donors in the context of an upcoming Nepal Development Forum foreseen in the autumn 2008, by organising Donors' consultative meetings to which the Commission participated. Signature of the Financing Agreement with the Government of the Education for All programme and disbursement of the first tranche marked an important step forward in the external aid cooperation programme with Nepal."

Although the 2008/2009 NDF was finally not held, it seems that it created a favourable environment for policy dialogue. The documentation reviewed during the desk study shows that the EC is actively participating in the high level co-ordination efforts although "big players" such as the ADB and the UN organisation seem to play a more active role.

During the evaluation period, it appears that the EC continuously tried to put **a special attention on policy dialogue** and participated in raising awareness within GoN on a number of key issues (human rights, democracy, peace building).

²⁴⁰ 4th NDF was planned for May 2009 but postponed *sine die* in April 2009.

Yet, from the documentation reviewed, there is little evidence on whether the EC eventually achieved to play a major role at policy level during the first part of the evaluation period. In the CSP 2002-2006, it was mentioned that: "*Given the amount of funds allocated to Nepal, an **increase in organisational capacity and resources of this Delegation** is indispensable, particularly in order to consolidate EU links with Nepalese civil society and local NGOs and to allow full participation in donor co-ordination and dialogue.*"

It seems that the EUD-N role in **policy discussions has recently become more significant**, especially in the education sector. The EAMR 2010 notes that:

"During 2010, the EU was instrumental in achieving commitment from MoE to plan for national coverage of water and sanitation facilities in primary schools; in organising training for senior government officials and development partners in enhancing transparency and accountability in the sector; and in lobbying for the adoption of an agreed set of minimum enabling conditions in schools. The EU will continue to contribute to policy dialogue on sectoral issues including early childhood education, national assessment and TEVT policy and cross cutting issues including capacity development, disaster risk reduction and gender equity and social inclusion."

Overall, the interviews carried out in the field phase (with the EUD, the GoN and other donors) have confirmed that although the policy dialogue was quite limited in some sectors during a significant part of the evaluation period, it has remarkably **improved since the establishment of a full-fledged Delegation**.

A thematic expert appointed by DFID started to work at the EUD from December 2009 onwards. The interviews conducted during the field phase highlighted that, since quite recently, the EC plays a very active role in some specific thematic areas of the education sector (e.g., capacity development). As explained in EQ3/ Ind3.1.3, it can also be assumed that policy dialogue took place in the design of the first sector budget support in the education sector and that GoN agreed with the design since other development partners had been delivering SBS for three to four years before EC support was given. In addition, prior to EC engagement with the EFA Programme, EC representatives had been encouraged to attend joint government-donor meetings as observers. It is also noteworthy that, from May 2008 policy dialogue between GoN and DPs shifted from being guided by the DPs to being lead more by GoN.

In the area of peace building, all the donor agencies to the Nepal Peace Trust Fund (NPTF), including the EC, have recently come together in a donor advisory group that meet with the GoN on a bi-monthly basis. The GoN-Donor Advisory Group meeting has certain elements of a policy dialogue in so far that it provides a forum for discussion on the overall progress made in the peace-building process. However, the 2010 external review of the NPTF notes that "*the lack of an overall, co-ordinated strategy towards the NPTF from the donors means that the maximum influence donors can have is on project design and implementation, they have little or no input or leverage over policy and strategy*".

Another example of the more active role taken by the EC in policy dialogue in recent years is given by the involvement of the EUD-N Head of Operation himself in several sectors. For instance, active discussions have taken place with key counterparts in MoE and MoC/Mol and the Head of Operation has participated in the steering committee meetings of the EC-funded trade intervention in 2010/2011, etc.).

It is noteworthy that the efforts at the level of policy dialogue were strengthened by **regular high profile political missions** during the whole evaluation period. A number of these missions took place in the framework on the EU-Nepal Joint Commissions. The Nepal Ministry of Foreign Affairs explains on its website that: "*The Joint Commission is a mechanism that meets every two years and reviews the ongoing projects, discusses pipeline projects and new projects to be implemented with EU assistance.*"

The table below provides details on the chronology of the EU-Nepal bilateral relations that took place during the past decades.

Table 18 Chronology of EU-Nepal bilateral relations

Year	Bilateral relations
1973	The European Communities (EEC) and Nepal established diplomatic relations
1982	The EEC joined the Nepal Aid Group in 1982
1991	Mrs. Francine Henrich appointed the first EEC Ambassador to Nepal (Nov.)
1992	Royal Nepal Embassy established in Brussels and Royal Nepalese Ambassador appointed to the EEC
1992	EC Consultant Office established in Kathmandu
1996	Cooperation agreement between EC and Nepal enter into force (June)
1996	First EC-Nepal Joint Commission (held in Kathmandu)
1999	Second EC-Nepal Joint Commission (held in Brussels)
2002	Agreement on EC Delegation to Nepal signed and delegation established (March)
2002	Third EC-Nepal Joint Commission (held in Kathmandu)
2004	Fourth EC-Nepal Joint Commission (held in Brussels)
2004	First (June) and second (December) batch of human rights projects signed
2004	First EU high -level Troika mission to Nepal led by Dutch presidency (December)
2005	Second Troika mission visited Nepal from 4 to 6 October
2006	Visit of European Parliamentary delegation led by Neena Gill from 16 July to 21 July
2007	Fifth EU-Nepal Joint Commission was held in Kathmandu on 14 Feb
2008	Visit by Jan Mulder, Chief Observer, EU Election Observation Mission from 13 to 16 October
2009	Dr. Alexander Spachis, first accredited resident Ambassador at the Delegation of the European Union to Nepal presents his credentials to President Dr. Ram Baran Yadav on 14 Dec
2010	European Parliamentary Delegation for Relations with South Asia Visits Nepal from 23 to 29 May
2010	Seventh EU-Nepal Joint Commission held. A seven-member EU Delegation led by Mr. James Moran, Director for S. Asia visits Nepal from 13 to 17 December

Source: EUD website

The 2010 MTR of the 2007-2013 CSP points out the fact that:

"fuelled by a strong commitment to help Nepal become a nation as per the aspirations of the Jana Andolan II movement in April 2006, the international community, including the EU, has remained actively engaged with the main political parties through regular political dialogues and high profile political missions (e.g. EU Troika)."

Moreover, the website of the Nepal Ministry of Foreign Affairs mentions:

"A first European Union (EU) Troika delegation visited Nepal from 13 to 15 December 2004. The delegation was headed by Mr. Robert Milders, Director for Asia and Oceania Department, Ministry of Foreign Affairs of the Netherlands. The EU Troika is made up of representatives from the current EU presidency, next EU presidency and representatives of European Commission and Council Secretariat. The aim of the Troika was to offer EC support to all efforts aimed at promoting multi-party democracy - within the framework of a constitutional monarchy - and human rights as well as curtailing violence and renewing dialogue between Government of Nepal and the Maoists.

The second Troika delegation visited Nepal from 4 to 6 October 2005. The objective of the Troika visit was to assess the political situation of Nepal since the last visit, to take stock of the cease-fire announced by the Maoists, Government of Nepal's response to the unilateral cease-fire, revival of the peace process, etc."

Based on the above evidence, the evaluation team estimates the level of **the EC participation in dialogue with GoN to be in line with expectations**, especially relatively to the level of ODA provided by the EC during the evaluation period.

Sources of Information

EAMR (from 2003 to 2011)

CSP 2002-2006 and CSP 2007-2013

2010 MTR of the 2007-2013 CSP

Semi-structured interviews with EUD

Semi-structured interviews with GoN

Semi-structured interviews with other DPs

Nepal-EU Joint Commission Meeting minutes, February 2007 and January 2009

Minutes of GoN MoE SSRP Joint Consultative Meetings, 2009 and 2010

Website of the Nepal Ministry of Foreign Affairs (www.mofa.gov.np)

Website of the EUD-N (<http://www.delnpl.ec.europa.eu>)

2.9.1.4 Ind9.1.2 EC participation in sector working groups, bilateral contacts with MS and other donors

Detailed evidence at Indicator level

There is a common opinion that the long engagement of main donors in Nepal and the small size of the donor community led to increasingly well-coordinated development efforts. Informal meetings seem to take place in Kathmandu since long time. The EAMR 2004 notes that:

"For CMP1, informal meetings on conflict related issues (Conflict Advisors' Group) taking place once a month with all involved partners (incl. USAID). Extensive dialogue on implementation of projects in conflict affected areas through discussion on the Basic Operating Guidelines (a kind of Code of Conduct for the behaviour of implementing agencies in the field)."

Moreover, the CSP 2002-2006 points out that: *"Generally, the EC encounters no difficulties in harmonising its development aid agenda with those of Member States and other donors in Nepal."*

In recent year, the main forum for strategic donor coordination in Nepal is the so-called **Utstein group**, which meets twice a month at the level of Heads of Agency/ Heads of Development. All the EU MS present in Nepal and the EUD are represented in the group. DPs also participate in various thematic groups. During most of the evaluation period, there were **twelve thematic groups**: Good Governance and Public Sector Management; Macroeconomic Management, Financial/Private Sector and Trade; Child Labour; Gender and Development; Health and Population; Education; Agriculture/Rural Development; Natural Resource Management and Environment; Energy/Power; Transport and Telecommunications; Urban Development (including Urban Water and Environment); Disaster Preparedness. The 2010 MTR notes that: *"Donor coordination in Nepal is operating effectively and the EC is an active participant in the country's main donor coordination groups such as the Basic Operating Guidelines Group (BOG) and the Uttstein++"*.

Despite this overall positive trend in terms of donor coordination during the evaluation period, the situation has actually remained quite contrasted from one sector to another.

There has been very little in the way of formal donor coordination **in the area of democracy and rule of law**. An EU group on human rights (convened by Denmark) has been established, but this group reportedly has more of a political focus than ambition to enhance coordination of donor supported projects. There was also a UNDP-led donor coordination group on the specific issues of alternative dispute resolution (now defunct). According to the Outcome Evaluation of UNDP Nepal's Access to Justice and Human Rights Programme (2001-2010), the conflict and political situation has made strategic planning, and consequently, donor coordination difficult. As noted in the report, there has been virtually "zero" coordination in the justice sector to date. The Final Evaluation of CMP II underlines that donor coordination was mainly ad hoc and could probably have been far better given that several development partners were supporting the same institutions – most notably the NHRC, Supreme Court and the NJA – during the implementation period of the project.

On the whole, there are indications of donor coordination becoming increasingly formalised. For instance, since 2010, DFID is convening a local donor group on governance. UNDP is also partnering with others to develop an access to justice strategy and a rule of law

coordination group has been established (in which bilateral donors such as Denmark and UK participate).

The interviews conducted by the evaluation team indicate that the EC has normally participated in the few existing donor coordination fora. However, the EC has not been very visible in the dialogue. For instance, as noted by the OHCHR, Denmark, UK, US, Switzerland and Norway play a much more active role than the EUD in the dialogue on human rights taking place in the context of the OHCHR donor group, even though the EC has provided by far the largest financial (one-off) contribution to the organisation.

In the **trade sector**, the EC is a rather small player and does not seem to have actively coordinated with other donors and/or actively participated in the various working groups. As far as EU MS are concerned, the UK, Germany, Denmark and Finland provide Trade-Related Assistance. According to a Questionnaire on the OECD-WTO Aid for Trade Initiative²⁴¹, the most important EU MS present in Nepal (UK, DK and Germany) mentions that it is not clear whose responsibility it is to take the lead. Yet, since November 2010, a new working group on Trade has been established and is lead by GIZ (Germany) with three main additional participants: DFID, WB and ADB. Moreover, the EUD-N explained in the interviews conducted during the field phase that the EC could not take a more active role because of the low level of support provided in this area and a lack of resources at the EUD-N.

By contrast, the **education sector** is characterised by a high level of coordination and synergy. After the successful implementation of the BPEPII (1999-2004), DPs continued to join forces to support national policies through two sector budget support programmes (Education for All programme and, more recently, the School Sector Reform Programme - SSRP). The 9 pooling and 4 non-pooling partners in the education sector have met regularly, especially in recent years, and DPs now seems to speak with one voice. In 2010 (under the SSRP), nine joint thematic sub-groups were established to discuss in more depth and review jointly some specific thematic issues. The EC has continuously supported these coordination mechanisms by actively taking part in a number of key discussions between DPs and with GoN. In particular, the EC is an active member of the sub-groups concerned with Finance, Water & Sanitation, Teacher Management and Capacity Development (in which the EC is the lead DP).

It appears that the coordination mechanisms developed throughout the evaluation period have been strengthened through the adoption of specific form of aid delivery. The **sector budget support** in the **education sector** (EFA and SSRP) and more recently in relation to the **Nepal Peace Trust Fund (NPTF)** turns out to have played a key role in this sense. The CSP 2007-2013 highlights the fact that: "*Consistency and coordination will be ensured with the return of the EC in the sector budget support group of donors, which includes three EU Member States (Denmark, Finland and United Kingdom).*"

Finally, most stakeholders interviewed during the field phase pointed out the fact that recent changes in the mandate and staffing of EUD-N are promising for future development efforts. As already detailed in *Ind9.1.1*, there is already firm evidence that the firepower of the EUD-N in terms of policy dialogue and donor coordination has been significantly enhanced in recent years.

Overall, **the EC has had regular contacts with EU Member State and other DPs active in Nepal. However, despite following the overall positive trend in donor coordination during the evaluation period, the situation in terms of the participation of the EC in coordination activities has remained contrasted from one sector to another.**

Sources of Information

Project documentation (especially in the education sector)

Basic Operating Guidelines (BOG)

EAMR (from 2003 to 2011)

²⁴¹ see Annex D of EAMR-2010.

CSP 2002-2006, CSP 2007-2013 and 2010 MTR

Semi-structured interviews with EUD

Semi-structured interviews with GoN

Semi-structured interviews with other DPs

2.9.1.5 Ind9.1.3 Programmes of MS and other donors taken into account during design stage of EC interventions

Detailed evidence at Indicator level

From the project documentation reviewed, it appears that the complementarity between EC interventions and the ones of other donors, including EU Member States, is relatively high. But it does not seem that this situation stems from a strategic approach in terms of division of labour across sectors.

The 2010 MTR provides an overview of the donors active in the various key sector of cooperation in Nepal for the period 2009-2012. The information is presented in the table below.

Table 19 Nepal donor matrix for the period 2009-2012

Sector\ Donors	EU-D	EU-Dk	EU-F	EU-NL	EU-SF	EU-UK	All EU-MS	EC	IO	Others	mEUR	Main areas of interventions
Agriculture, Rural Development, Urban Development, Food security	14.6			1.23		11.7	27.53	27.54	262.5	32.36	349.93	Food Security, Crop Diversification and Commercialization, Irrigation, NGO-implemented Rural Development, Poverty Alleviation and Livelihood Projects (EC, USA, Japan, UN, ADB, WB and Germany) Urban Development, Poverty Alleviation Programme, Town Development Fund III (D, ADB, WB) Rural Reconstruction and Rehabilitation Sector Development Programme, SDC Agriculture (UK, USA, WB, and Germany)
							7.9%	7.9%	75.0%	35.4%	100%	
Education		27.53			8.9	6.71		33.0	107.7		229.09	Education For All and School Sector Reform Programme (EC, Denmark, Finland, UK, Norway, AusAid, UNICEF, ADB, WB as pooling partners and JICA, UNESCO, USAID and WFP as non-pooling partners) Secondary Education Support (ADB, WB, DK) Vocational Training (CH, ADB, Korea, USA)
							18.83%	14.4%	46.74%	20.03%	100%	
Energy	18.33	10.68		2.73				11.3	106.84	52.25	202.13	Renewable Energy Project (EC, D, DK, N, WB) Hydropower Generation (D, Japan, Korea, WB, N, ADB) Emergency preparedness and response, Energy, Environment and Disaster Management, Global Environmental Facility (UN, EC, N, UK, SF) Climate Change (NL, UK, ADB- SNV) Biodiversity (USA, CH)

Sector\ Donors	EU-D	EU-Dk	EU-F	EU-NL	EU-SF	EU-UK	All EU-MS	EC	IO	Others	mEUR	Main areas of interventions
							15.7%	5.59%	52.86%	25.85%	100%	
Environment, Management of Natural Resources, Disaster Preparedness				0.22	4.78	5.36		2.94	5.87	10.49	29.93	Emergency preparedness and response, Energy, Environment and Disaster Management, Global Environmental Facility (UN, EC, N, UK, SF) Climate Change (NL, UK, ADB- SNV) Biodiversity (USA, CH)
							19.61%	8.64%	19.61%	35.05%	100%	
Finance						3.5			13.71	17.21		Rural Finance Sector Development Cluster Programme, Capacity Building in Rural Finance Institutions, Inclusive Financial Sector Development Programme (ADB) Financial Sector Restructuring and Technical Assistance, Strengthen Financial Infrastructure (WB, UK)
							20.34%		79.66%	100%		
Gender/Human Rights	1.98	7.36	0.14	0.86	1.78	1.3		4.9	11.47	16.73	46.52	Human Rights and Good Governance (EC, DK, SF, NL, AusAid, CAD, CH) Adolescents formerly associated with Armed Conflict, Support to Civil Society (D, F, N, UN, USA) Social inclusion, Gender Equality, Empowerment of women (UK, ADB, WB, UN, JPN, Korea)
							28.85%	10.53%	24.66%	36	100%	
Governance, Peace Support, Conflict mitigation	11.8	22.56			3.28	46.93		34.95	119.28	82.88	321.68	Support to Peace Building Process (Nepal Peace Trust Fund, UN Peace Fund, Elections, etc.) (EC, UK, D, DK, SF, AusAid, CAN, CH, N, JPN, USA, ADB, WB, UN)
							26.29%					
Private Sector	4.8			3.96		3.25					12.01	Private Sector Investment Programme

<i>Sector\ Donors</i>	<i>EU-D</i>	<i>EU-Dk</i>	<i>EU-F</i>	<i>EU-NL</i>	<i>EU-SF</i>	<i>EU-UK</i>	<i>All EU-MS</i>	<i>EC</i>	<i>IO</i>	<i>Others</i>	<i>mEUR</i>	<i>Main areas of interventions</i>
												(NL, D, UK)
							100%					
Transport, Communications						33.56			276.26	47.53	357.35	Rural roads (UK, CH, ADB) Road Sector Development (WB, ADB, JPN, Korea)
							9.39%		77.31%	13.3%	100%	
Water supply and Sanitation					24.95	2.43			141.3	17.68	186.36	Melamchi Water Supply (ADB, JPN) Community Based Water Supply, Sanitation, etc. (ADB, SF, WB, UN, SF, AusAid)
							14.69%		75.82%	9.49%	100%	

The relatively good level of complementarity observed is certainly explained by:

- the various coordination mechanisms that have been developed over time;
- the regular ad hoc exchanges between DPs;
- the relatively small role played by DPs in certain sectors. (see also *Ind9.1.2*)

However, further efforts seem to be necessary in some sectors, in particular in the rule of law sector as detailed below.

In the context of the 2004 appraisal of CMP II a mapping of other donor project was carried out. The mapping showed that a number of other donor agencies (Denmark being the only MS) were already supporting, or planned to support, similar fields to those envisaged for CMP II. According to the report of the appraisal mission, the CMP II design takes all such support into account and seeks to minimise overall duplications and where possible complement activities funded by other donors. For instance, the EC support to court management was meant to complement the activities of Danida's justice sector support programme and USAID's Rule of Law project. Similar complementarities were sought with the Norwegian Bar Association's project with NBA and the UNDP and other donor projects in support of NHRC.

Nevertheless, it should be noted that by the time CMP II was launched in 2007, three years after it was formulated, the donor landscape had changed and many of the complementarities that were identified at the formulation stage were not so obvious any more. As detailed in *Ind9.1.2* and EQ2, the Final Evaluation of CMP II highlighted that several DPs were supporting the same institutions during the implementation period of the project and better complementarity could have been achieved. Moreover, it is noteworthy that, in the absence of formal donor coordination mechanisms in the sector, it is not clear how the EC support could capitalise on experience of other donors, e.g. UNDP and USAID.

Overall, a good level of complementarity has been achieved, but opportunities of synergies have been lost in some cases (esp. in the justice and rule of law sector).

Sources of Information

EAMR (from 2003 to 2011)

CSP 2002-2006 and CSP 2007-2013

2010 MTR of the 2007-2013 CSP

Final Evaluation of CMP II

Semi-structured interviews with EUD

Semi-structured interviews with GoN

Semi-structured interviews with other DPs.

2.9.1.6 Ind9.1.4 Evidence of EC's special position to deliver aid in specific sectors (vis-à-vis MS and other donors)

Detailed evidence at Indicator level

From the documentation reviewed in the desk study, it appears that the EC had a **special position** only in the **education sector**.

The EAMR January-April 2003 points out that "*Coordination of the Local Donor Group by the EC-Education Coordination Office (ECECO) of the Basic and Primary Education Programme (BPEP) implemented. Transition period from Finland's coordination to EC coordination successfully managed.*"

The 2010 MTR indicates that:

"The EC, working together with other development partners, particularly the World Bank and Danida, was instrumental in developing the capacity of the Ministry of Education to lead the change from a project-based approach and sub-sector policy support through a basket funding mechanism to a programme-oriented approach with

funding channelled as budget support during the preparation of the programme Education for All (2004-2009)".

This statement should be balanced by the fact that the EC has not had a special position in the education sector during most of the evaluation period and remains a relatively small donor. As detailed in EQ3, the EC financial contributions to the education budget support have been relatively small so far and the EUD-N was only an observer in the joint meetings between the end of the BPEPII programme in 2004 and the formalisation of its involvement in the EFA programme in 2008.

That said, it is noteworthy that DFID has decided to use the EC to channel its funds for the EFA programme via a contribution agreement. Moreover, a thematic expert appointed by DFID started to work at the EUD-N from December 2009 onwards. And, since very recently, the EC plays a very active role in some specific thematic issues (e.g., capacity development in the education sector).

The EAMR 2004 points out that: "*Nepal Delegation initiated the coordination and sharing of the support provided in the **areas of democracy and Human Rights***". But, there is actually no evidence that the EC has had a special position to deliver assistance in the area of democracy and rule of law during the evaluation period. From the interviews conducted during the field phase, it appears that the common perception is that some other donors, such as UNDP, USAID, Norway and Danida, have been in a better position to bring value-added since they have pursued a more long-term, strategic and regular dialogue with the partner institutions than the EC. Moreover, the evaluation team notes that main point of contact for the partner institutions for the CMP II project was the external technical assistance team, and not the EUD.

In the **Trade sector**, the EUD-N itself pointed out in an interview that other DPs have a special position in the sector because they are directly involved in the implementation of the interventions they finance (e.g., GIZ and IFC). As explained in *Ind9.1.2*, the EC's role in the trade sector has been limited to the one of a "*small player*" so far.

At the same time, the Evaluation Team notes that the EC is **potentially in a position to provide added value** in a number of sector.

The interviews conducted during the field phase have shown that several stakeholders, including the GoN, recognise the special role that the EC could play in the development cooperation activities in Nepal, especially given its "supra-national" nature. In particular, the GoN has sought to have the EC involved in a number of sectors hoping to secure or induce the involvement of other donors, especially EU Member States, in these sectors. Moreover, interviews with EUD-N staff showed that they are fully aware of the role that the EC could play in terms of donor harmonisation and the need to take benefit of the comparative advantage of the DPs active in Nepal. This looks promising for future EC development efforts.

Moreover, as indicated in *EQ2*, capacity building support for **electoral administration** given the experience gained through the EU-EOM in 2008 and the significant support provided in this area in many other countries.

Similarly, it does not seem that the EC has taken benefit of its worldwide experience in terms of **environmental policy**, and specifically climate change, and this despite the important needs existing in Nepal in this area.

Finally, it seems that the actual use of DPs comparative advantage is a general issue in Nepal. Although there are examples of DPs providing added value in certain thematic areas (e. g., WB on PFM issues, UNDP on governance), the Paris Declaration Phase II – Nepal Country level evaluation highlights the fact that: "*there is very little evidence of use of DP comparative advantage at programme level and where it is found it is the result of DP initiatives not GoN leadership.*" The evaluation further notes: "*There has also been very limited delegation from one DP to another for execution (EC acting for DFID in the education sector is the only concrete example we found).*"

In conclusion: despite the GoN and other stakeholders recognising the special position that the EC could assume in the donor landscape, the EC has not had a

special position to deliver aid in Nepal, except maybe in the education sector. In the meanwhile, it appears that the lack of use of DPs comparative advantage remains a general issue in Nepal.

Sources of Information

Project documentation (especially in the education sector)
 EAMR (from 2003 to 2011)
 CSP 2002-2006 and CSP 2007-2013
 2010 MTR of the 2007-2013 CSP
 Paris Declaration Phase II – Nepal Country level evaluation
 Semi-structured interviews with EUD
 Semi-structured interviews with GoN
 Semi-structured interviews with other DPs

2.9.1.7 Ind9.1.5 Examples that coordination between EC, MS and other donors led to concrete joint actions (incl. joint supervision, monitoring and evaluation missions) in accordance with the Paris Declaration and the Accra Agenda for Action

Detailed evidence at Indicator level

In late 2004, line ministries and MoF developed the Joint Financial Agreement (JFA) to provide a mechanism by which government and DPs could provide financing behind a common programme.

The 2010 Paris Declaration Phase II – Nepal Country level evaluation mentions that:

"The JFA has been seen by the government and DPs as a successful mechanism for coordination, with DPs complementing the government on its openness to suggestions and inputs from DPs, while still leading the overall process. In addition, sectoral strategies for the SWAs in the health and education sectors are approved by the cabinet."

The current situation can be explained by a steadily increasing level of donor harmonisation over the years that seems to have been fostered by the establishment of national coordination initiative such as the NDF. The MTR 2010 notes that:

"There is a considerable background to building this degree of donor harmonization, which began with the 2002 Foreign Aid Policy which tried to ensure that development partners respect Nepal's own development strategy and expenditure priorities as the framework to provide aid. The 2004 Nepal Development Forum took this further towards 'aid integration', the main purpose of which is to improve aid effectiveness, reducing transaction costs of aid delivery and better aid alignment with national strategies and priorities."

In addition to harmonisation and alignment efforts on the side the GoN (to which the EC seems to adhere fully), the EC has participated in a number of joint initiatives during the evaluation period. For instance, most donors²⁴² agreed on common **Basic Operating Guidelines** (BOGs). Adopted in 2003, the BOGs are the main mechanism the UN, donors and INGOs have for protecting operating space. They are based on established and accepted humanitarian principles and international legal standards. They protect the interest of the conflict-affected population and the safety and security of UN, Donor and INGO staff.

More recently, remarkable joint efforts were made at sector level.

For instance, in 2010, the EC has decided to channel its financial support to the **Climate Change Initiative** through DFID (see also EQ7).

Moreover, the EC joined other donors to support the **Nepal Peace Trust Fund**. The CSP 2007-2013 was already mentioning: "Key members of the Uttstein group (Denmark, United Kingdom, Germany and Finland) have already indicated their commitment to support GoN

²⁴² Including: the EC, the UN, Danida, SDC, CIDA, DFID, AusAid, Norad, JICA, GIZ.

peace building efforts, and three EU Member States (Denmark, United Kingdom and Finland) had already signed up to the Peace Trust Fund."

The most notable joint efforts in which the EC took part during the evaluation period was the **joint support to Nepal education sector strategies**. The MTR 2010 notes that:

"Exemplary donor coordination can be seen to be in evidence for the EFA. All the pool donors are signatories to a Joint Financing Arrangement which governs the partnership of all the development partners with the GoN. The MoES is able to demonstrate its leadership in effectively managing the donor group supporting the education sector – all reviews, assessments and dialogue on program progress are coordinated jointly. In fact donors have even been able to operate in the best interest of ensuring liquidity in the program by stepping in to provide needed funds in case there was some delay on the part of a donor to release funds."

As seen above, the most significant joint efforts made by several donors (including the EC) at sectoral level have just started recently. In 2010, the benefits of the joint initiatives in terms of transaction costs were still limited. The 2010 Paris Declaration Phase II – Nepal Country level evaluation explains that:

"Few of the benefits in terms of transaction cost have yet been realised. Applying the Paris Declaration is perceived as an additional requirement, rather than bringing a change in the ways in which aid is designed and managed. The proportion of aid that is off budget has remained the same (around 25%) throughout the last ten years."

This explanation shows also that whilst transaction costs in relation to aid management might eventually decline (thanks to the new financial commitments made in the education sector and in relation to the Nepal Peace Trust Fund), the challenges for the GoN to manage the development process more effectively might be seen as considerable (with pressures, demands and the need to quickly develop institutional capacity also significantly increasing).

Based on the evidence gathered, the Evaluation Team considers that:

- there are indeed several examples in Nepal that coordination between EC, EU MS and other donors led to concrete joint actions;
- it is still to be confirmed that these concrete joint actions will reduce significantly transaction costs in relation to aid management;
- the joint support ensured by several donors, and especially the use of budget support, might bring about **new challenges for the GoN in terms of aid management**. It is too early to say if this will ultimately sustainably contribute to the development process in Nepal.

Sources of Information

Project documentation (especially in the education sector)

2010 Paris Declaration Phase II – Nepal Country level evaluation

EUD-N website (<http://www.delnpl.ec.europa.eu>)

Interviews with the various stakeholders in Nepal

JC9-2 Synergies are achieved between European Community policies and the EC's cooperation with Nepal

2.9.1.8 Main findings

No specific inconsistency between other European Community policies (esp. in the areas of Trade, Environment and Climate Change, and Agriculture) and the EC development interventions in Nepal has been identified during the desk study.

As shown in EQ5 and EQ7, it appears that intervention undertaken in the framework of EC development cooperation in Nepal have achieved increasing synergies with actions related to EU trade and environment global policies.

EC strategy's focus on the education sector is very likely to contribute to the efforts of the GoN to achieve some of the key MDG 2015 targets. And no evidence was found on concrete

potential negative impact that EC policies may have on the partner country's ability to achieve the MDGs.

2.9.1.9 Detailed evidence

2.9.1.10 Ind9.2.1 Potential contradictions between other European Community policies and the EC development interventions in Nepal (if any)

Detailed evidence at Indicator level

No specific inconsistency between other European Community policies and the EC development interventions in Nepal has been identified during the desk study.

The CSP 2007-2013 notes that

"In its Communication of 12 April 2005 on Policy Coherence for Development (COM2005/0134 final), the Commission defined coherence commitments in the overall framework of the EU sustainable development strategy and identified the following priority areas with a high potential for attaining synergies with development policy objectives: trade; environment; security; agriculture and fisheries; social dimension of globalisation, employment and decent work; migration; research and innovation; information society; transport and energy."

It is further pointed out that

"The communication on EC Development Policy has provided the general framework for a coordinated effort with other donors (World Bank) and member states (complementarity) designed to promote sustainable development, focusing on the social and human aspects as well as on the sound management of natural resources and the environment. Equally important in this context are the objectives set out in the Action Programme for Development of Nepal (2001-2010) at the third LDC Conference (May 2001), targeting the following major areas: agriculture, private sector development and FDI, trade, industry and tourism, water resources and infrastructure development, social sector development, gender, environment, governance and targeted programmes and employment generation."

As mentioned in 8.2.1, achieving synergies among the manifold components of the EC-Nepal bilateral programme is less of a challenge than the quest for synergies between bilateral and regional instruments. Trade provides a good example in this regard. It is noteworthy that neither project documents nor project evaluation reports normally elaborate on the potential synergies between TRA and EU trade-related worldwide/ regional programmes in any empirically sound and robust way.

As shown in EQ5 and EQ7, it appears that actions undertaken in the framework of trade and environment policies have achieved increasing synergies with EC development interventions in Nepal.

2.9.1.11 Ind9.2.2 Evidence of concrete benefits or potential negative impact that EC policies may have on the partner country's ability to achieve the MDGs

Detailed evidence at Indicator level

As mentioned above, GoN has been committed to reaching the Millennium Development Goals (MDGs) by 2015. The CSP 2007-2013 underline the fact that the EC will support the GoN in its efforts. The document provides a whole section on the achievement of the MDGs in Nepal:

"Nepal's performance in achieving the MDGs varies from one goal to another. Given the current trend and assuming that the statistics are reliable, it is reasonable to believe that the country will achieve goals 1 (poverty), 3 (gender) and 4 (child mortality). For the remaining four goals (primary education, maternal health, HIV/AIDS, and environmental sustainability) progress has not been satisfactory."

The 2010 MTR further mentions that: *"According to the UN, Nepal has the potential to attain almost all the MDGs (1-7) by 2015 if the government and the development community make serious efforts to improve the implementation of programmes across the country."* But the

report also points out the fact that even though most of the MDGs could be met at the national aggregate level, it will still be a challenge to reduce regional, ethnic, and gender-based inequality in achieving these goals.

This Evaluation illustrates the various efforts provided by the EC to support the GoN in the achievement of the MDG. In particular, EQ3 & 4 describe how EC is assisting GoN in meeting the challenges of EFA goal 2 & 5 and MDG2 & MDG3, while EQ1 details the efforts made by the EC to address the wide discrepancies in people's social and economic standing depending on their geographic location, ethnicity, caste and gender.

Although EC efforts in certain areas might have only limited impact on the achievement of the MDGs, it is noteworthy that no evidence was found on concrete potential negative impact that EC policies may have on the partner country's ability to achieve the MDGs.

From the analysis carried out in EQ3&4, it appears that, while much progress has been made in achieving universal primary education, Nepal will not achieve MDG2 by 2015 although gender parity in basic education has already been achieved nationally, with variations in certain districts according to whether private schools have become more attractive to boys (because they offer English as a medium of instruction) or not. By 2009 the net enrolment rate (NER) in primary school was reported to have risen to 93.7% from 83.5% in 2003. However, with repetition in Grade 1 being 26.5% and the survival rate to Grade 5 being 77.9%, an NER of 93.7% is hardly credible.

3 Annex 3: Detailed country context

3.1 The Country and its people

Nepal is a **landlocked nation** bordering the People's Republic of China (PRC) to the north and India to the south, east, and west. It covers an area of 147,181 km².

Nepal has **three agro-ecological regions**: Mountains in the north, Hills in the middle and the Lowland Plains, called the Terai, in the south. The Terai region - fertile, hot, humid, and generally flat - is the northern extension of India's Gangetic plain, a major agricultural region and home to half of Nepal's population. The capital and largest city, Kathmandu, is situated in the hill region. Administratively Nepal is divided into 75 districts, 58 municipalities and 3915 village development committees (VDCs).

Nepal's **28 million population** comprises according to the census in 2001, 103 socio-ethnic groups and recorded 92 languages. Hindus make 80.6 percent, followed by Buddhist 10.7 percent, Muslim 4.2 percent, Kirat 3.6 percent (CBS 2001).

3.2 Political situation

Nepal is pursuing a **peace process** along with the drafting of a **new constitution** following its emergence out of a decade long internal conflict. The insurgency launched by the CPN (Unified Communist Party of Nepal, Maoist) against the government in February 1996 went on until April 2006. The conflict claimed at least 13,000 lives and severely undermined the effective functioning of the state. Service provision was hampered and operational space for most of development activities became limited. In April 2006 the House of Representatives was reinstated and the original Seven Party Alliance cabinet was formed. The CPN (Maoists) joined into the House of Representatives and the cabinet after the November 2006 peace accord. The **Constituent Assembly (CA) elections** were held on 10 April 2008. The Comprehensive Peace Agreement (CPA) and the CA processes offered a significant opening for political transformation in Nepal. In 2008 the monarchy came to an end and the **Federal Democratic Republic of Nepal** was formed. From a Hindu state, monarchical set-up, and unitary governance structure, the country is now moving towards secularism, republicanism and federalism.

These multiple transitions have been marred by deepening **political mistrust** between the key forces – the parliamentary parties and the Maoists – who had come together to herald these changes through a People's Movement in 2006. This has created an impasse across the board. The peace process – which includes the integration and rehabilitation of former Maoist combatants and justice to victims – remains in limbo. An elected Constituent Assembly, mandated to restructure the Nepali state, was unable to draft a statute in time. Its term has been extended till May 2011, as major differences on key issues like the form of government and shape of the federal structure continued to persist.

The country had a caretaker government from June 2010 to February 2011, as parliament failed to elect a new Prime Minister; the budget was promulgated through an ordinance five months into the fiscal year. Finally, on 3 February 2011, after seven months of political gridlock, Jhala Nath Khanal (Chairman of the Communist Party of Nepal) was elected as Prime Minister by the Constituent Assembly. While the resumption of a full scale conflict remains unlikely, the current stalemate is undermining public security and sapping public confidence in the peace process and the legitimacy of the state.

It is estimated that thousands of **internally displaced persons** (IDPs) have returned to their home since the end of the hostilities in April 2006. However, monitoring the exact number of IDPs has been difficult, partly due to Nepal's porous border with India. Nepal does not have a comprehensive IDP policy.

Nepal's relations with Bhutan became problematic in early 1991 when approximately 80,000 people of Nepalese origin fled Bhutan and entered Nepal as refugees. The refugees, whose numbers had increased until the early 2000s, are currently housed in seven camps in the districts of Jhapa and Morang in Eastern Nepal. Their presence has generated local tensions. In November 2005, seven countries - Denmark, Australia, Canada, the Netherlands, New Zealand, Norway and the United States - organized themselves under the Core Working Group (CWG) on Bhutanese Refugees in Nepal in order to encourage a comprehensive solution to the protracted refugee issue. In 2007, as opportunities for repatriation back to Bhutan became less

realistic, the CWG and the Government of Nepal agreed to provide third-country resettlement options for more than 60,000 of the 100,000 refugees from Bhutan still residing in Nepal. As of June 2010, more than 32,000 refugees from Bhutan have been resettled in CWG countries, with the vast majority going to the United States. Denmark has received more than 300 refugees to date, and has committed to accepting up to 150 refugees from Bhutan annually over the next few years. Some 70,000 still live in the refugee camps.

Nepal maintains friendly **relations with China** and it recognizes Tibet as an integral part of China. The Tibetan refugees who came to Nepal in the past have been partly settled in different parts of the country.

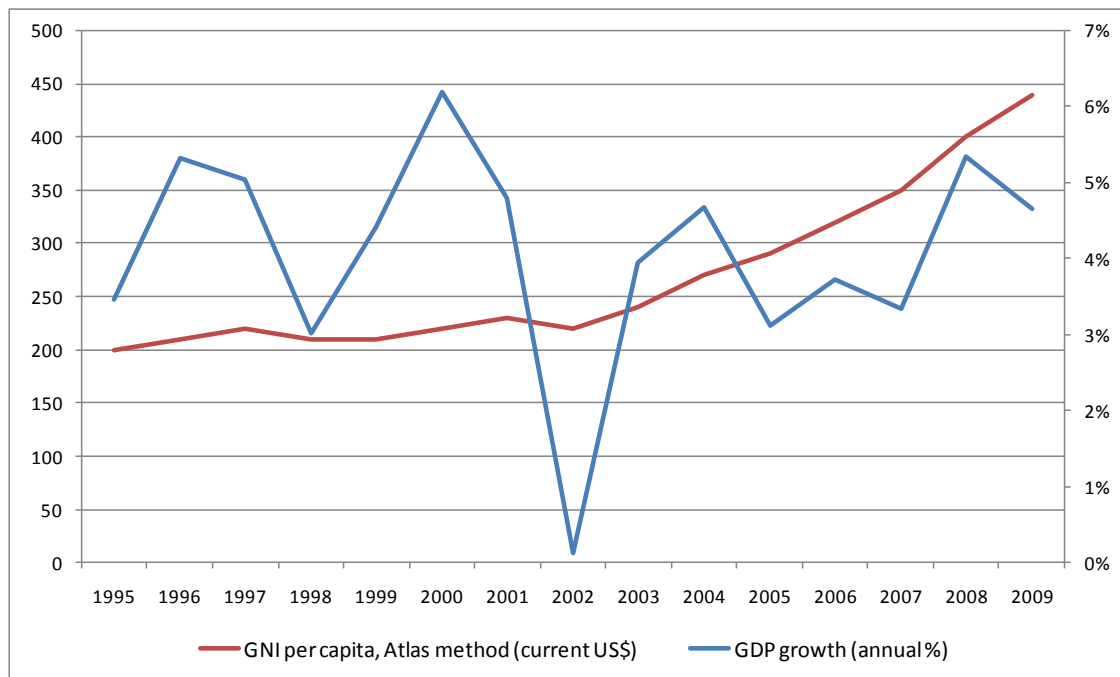
3.3 Economic situation

3.3.1 Income and poverty levels

Economic growth

The figure below presents the evolution of Nepal GDP growth and GNI per capita over the period 1995-2009. The country's real annual economic growth averaged about 4-5 percent over the last two decades and grew 5.3 % in 2008. Yet, GNI per capita has steadily increased over the past decade.

Figure 5 Evolution of GDP growth and GNI per capita over the period 1995-2009

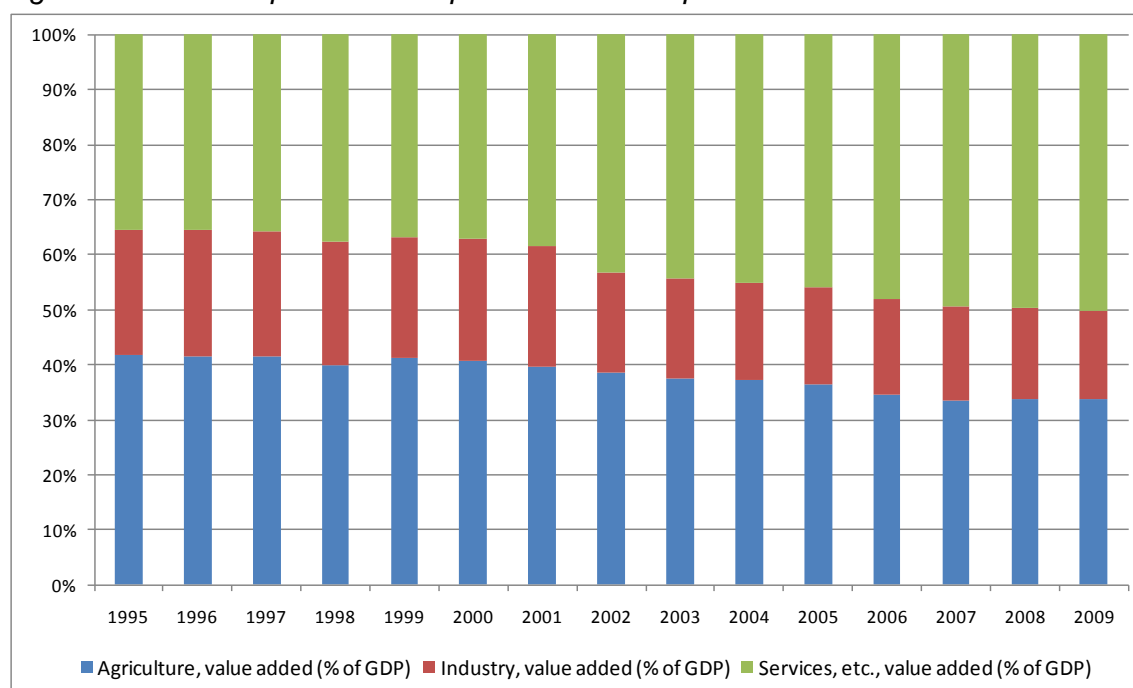


Source: World Bank, World Development Indicators

The contribution of the non-agricultural sector to the Gross Domestic Product (GDP) has gradually increased, while key manufactured products include garments, carpets, jute, sugar, cigarettes, beer, matches, shoes, cement, and bricks.

Between 1995 and 2009 the share of agriculture in GDP has dropped slightly from about 40% to 35%, the share of industry also declined (from about 22 to 17%), whereas the share of service increased from approximately 35% to 50%, as shown in Figure 2 below.

Figure 6 Composition of Nepal GDP over the period 1995-2009



Source: World Bank, World Development Indicators

Poverty levels

Nepal belongs to the group of LDCs (Least Developed Countries). It ranks in the lower part of the United Nations Development Programme (UNDP) Human Development Index (HDI), number 144 out of 182 countries on the whole. Nepal remains the poorest country in South Asia.

Despite the unstable situation during the past decade, considerable progress has been made in reducing the proportion of the population that is considered as poor. In 2005, the proportion of Nepal's population living on less than 1 US dollar (USD) per day was estimated to be 24.1% (CBS/World Bank 2005) and 31% of the population were assessed to be below the national poverty line. 2010 figures show that the proportion of population below the national poverty line is 25.4%, which is a decrease by 18% since 2005 and 33% since 2000, see Table 1.

Table 20 Evolution of indicators related to MDG Target 1A: Proportion of people whose income is less than one dollar a day.

INDICATOR	1990	2000	2005	2010	2015 TARGET
Proportion of population below US\$ 1 (PPP value) per day	33.5	n/a	24.1	n/a	17
Proportion of population below national poverty line	42	38	31	25.4	21
Poverty gap ratio ²⁴³	n/a	11.75	7.55	6.1	–
Share of poorest quintile in national consumption	n/a	7.6	6.2	n/a	–

Source: MDG Progress Report Nepal 2010, page 13²⁴⁴

²⁴³ Poverty gap is the mean shortfall of the total population from the poverty line (counting the nonpoor as having zero shortfall), expressed as a percentage of the poverty line. This measure reflects the depth of poverty as well as its incidence. The indicator is often described as measuring the per capita amount of resources needed to eliminate poverty, or reduce the poor's shortfall from the poverty line to zero, through perfectly targeted cash transfers.

²⁴⁴ The data presented in the MDG progress report often comes from various sources such as: CBS, NPC, line ministries, etc.

Closely linked to the income level are the indicators on hunger and malnutrition. Although some improvements are made, this MDG Target is the most off-track in Nepal.

Table 21 Evolution of indicators related to MDG Target 1C: proportion of people who suffer from hunger

INDICATOR	1990	2000	2005	2010	2015 TARGET
Prevalence of underweight children aged 6-59 months	57	53	43	38.6	29
Proportion of population below minimum level of dietary energy consumption	49	47	40	22.5	25
Proportion of stunted children aged 6–59 months	60	55	n/a	49	30

Source: MDG Progress Report Nepal 2010, page 21

Income inequality

Although **incidence of poverty decreased** at national level²⁴⁵, and in all the regions except Eastern Hills during 1995/96 – 2003/04, there are wide **variations between different parts of the country** - from 3 percent in urban Kathmandu, 13 percent in other urban areas to 45 percent in Mid-Western Development Region (CBS 2005). Poverty is most severe in rural areas. Poor roads make access to markets difficult for local producers and have significantly undermined the viability of the subsistence household economy in rural areas. Consequently, many poor farmers migrate from the hills to the Terai and from rural to urban areas, pushing up migration rates over the decades. Relatively weak investment in development infrastructure and environmental problems such as land degradation and natural disasters also drive migration from rural to urban areas.

Caste and ethnic disparities are also wide: while 14% Newars and 12% Brahmans/Chhetris are below poverty line, this is much higher for Tamangs (61 percent), Hill Dalits (48%) and Muslims (44%).

The traditional pattern of **gender** division of labour, access to and control over resources, with women in the private domain and men in the public, still prevails in Nepalese community with some degree of variation depending on caste and ethnicity. This results in discrimination especially in wage employment and income opportunities, ownership of productive and other assets, health and educational opportunities, work burden, access to public decision-making positions and public facilities, mobility, independence and overall cultural status.

3.3.2 Employment

A little over 42% of the working population, defined as aged 10 years and above, were **economically active**, according to the last census in 2001. Among them, 65.6% were engaged in agriculture and other primary sector activities. At present, approximately 5.52 million males and 6.26 million females are employed. The proportion of paid employees increased only slightly from 16.0% in 1998 to 16.9% in 2008. Of these 68.2% are fully employed, 19.9% are employed for half of their time, and 11.9% are partly employed. Available data show marked regional and rural/urban variations.

3.3.3 International trade

Nepal does not produce major industrial products that are exported. Nepal's export position. Nepal's main exports are garments and carpets. Nepal's neighbours - India and China - have huge economies and sustained growth, offering important markets from which Nepal can benefit. India is Nepal's largest trading partner, accounting for about 66% of exports and 60% of total imports in 2008. While strengthening of the economic links with its two main neighbours is

²⁴⁵ The MDG report 2010 states that poverty has decreased to 25% but disaggregated information of different social groups is not provided.

a priority, diversification of trade would enhance Nepal's export position. Nepal is a member of the WTO, BIMSEC and SAFTA. The country continues to benefit from the EU's Everything But Arms (EBA) trading scheme and was exempted from GSP rules of origin for certain textile products until December 31, 2010.

Table 22 Access to international markets MDG Target 8.1.

	2000-04	2005-07	2008
Overall Trade Restrictiveness Index (including preferences and non-tariff measures) (%)	–	28.4	28.0
Rest-of-the-World applied tariffs (including preferences/weighted average) (%)	0.7	7.5	2.8
Agriculture (%)	36.9	24.9	9.0
Non-agriculture (%)	9.1	5.1	2.6
Most-favoured-nation (MFN) zero-duty exports (%)	3.7	14.9	10.1
Preference utilization rate (EU and US) (%)	–	94.6	90.6
Share of preferential exports in total exports (%)	–	2.8	3.3

Source: MDG Progress Report Nepal 2010

Nepal has opportunities to develop tourism further and to develop its hydro-power resources (an estimated 1% of Nepal's potential is tapped).

Remittances from the 2 million Nepalese working overseas generate more foreign earnings than exports, and around 15% of national income.

Foreign Direct Investment is very low at 6 million USD. There are indications that investor confidence has fallen since the 2008 elections.

The urban settlements in the mountain region are small, while existing urban areas are not geographically well connected. The largest urban concentration is in the Kathmandu Valley in the hill region, which houses almost one-third of the total population.

3.4 Social situation

3.4.1 Education

The education sector in Nepal is very progressive, and over the years has adopted many reform initiatives to address gender and inclusion. There is increased recognition that due to the sector's strong correlation with other indicators like poverty and health, exclusion in education must be addressed in order to achieve the Millennium Development Goals (MDGs) by 2015.

Table 23 Evolution of indicators related to MDG Target 2

INDICATOR	1990	2000	2005	2010	2015 TARGET
Net enrolment rate in primary education	64.0	81.0	86.8	93.7	100
Proportion of pupils that start Grade 1 and reach Grade 5	38.0	63.0	79.1	77.9	100
Literacy rate of 15–24 year olds, women and men	49.6	70.1	79.4	86.5	100

Source: MDG Progress Report Nepal 2010, page 25²⁴⁶

The Interim Constitution of Nepal 2064 BS (2007) has assured free and compulsory education to all citizens up to secondary level, and the right to receive basic education in the mother tongue. The Government of Nepal's (GoN) Three Year Interim Plan (2007-10), the National Development Strategy paper (2009) and the Approach Paper to the Three Year Development

²⁴⁶ The data presented in the MDG progress report often comes from various sources such as: CBS, NPC, line ministries, etc.

Plan have all prioritised education, with specific recognition of gender and inclusion issues and higher investment in the sector.

The Interim Constitution (2007) recognised that “each community shall have the right to receive basic education in their mother tongue and every citizen shall have the right to receive free education from the state up to secondary level (as provided in the law)”.

Various social factors greatly influence access to education, as there are minimal targeted strategies to meet the specific needs of the poor, the excluded and children with disabilities, together with a general lack of access to information. These factors, interlinked with economic status and geographic location, create significant disparities in education.

There is a disparity in the number of schools in the districts, as there has been historical bias against the Terai/ Madhes and the more remote districts in resource allocation, and there is still a high prevalence of centre/periphery and urban/rural disparity. Though there have been heartening increases in the enrolment of girls (including from Dalit, other excluded castes and ethnic groups) at all education levels, literacy rates for males remain significantly higher in all age groups.

The education sector also demonstrates other disparities. Literacy rates among Muslims, Madhesi Janajati and Dalit women are far below the national average. Madhesi Dalit women have a literacy rate of 17 percent compared to the national female average of 55 percent. Social and economic factors lead parents to favour investment in their sons' education. The practice of early marriage among some communities has also proved restrictive on girls' access to higher education.

3.4.2 Health

The recent Nepal Demographic and Health Survey (2006) found significant improvements in health outcomes, despite the decade-long conflict. Indicators of infant mortality, under-five mortality, skilled antenatal care, rate of skilled birth-attendance and immunisation have all improved.

Table 24 Evolution of indicators related to MDG Target 4

INDICATOR	1990	2000	2005	2010	2015 TARGET
Infant mortality rate (IMR) ²⁴⁷	108	64	48	41	36
Under-five mortality rate (U5MR) ²⁴⁸	162	91	61	50	54
Proportion of one-year-old children immunized against measles (in%)	42	71	85	85.6	>90

Source: MDG Progress Report Nepal 2010, page 41

Decentralisation of health-facility management, intensive campaigns such as immunisation, free essential health-care services, reduced poverty, lower fertility levels, the growth in private-sector services²⁴⁹ and marked increases in literacy among young women (as well as associated relative empowerment) are all seen to have contributed to these public-health gains.

Life expectancy, infant mortality rates and other health indicators also have wide variations, e.g. Hill Janajati women have the lowest access to antenatal care, followed by Dalit and Madhesi Janajatis.

3.4.3 Social exclusion

Nepal has a diverse population of different caste and ethnic groups. Over centuries some social groups have received better opportunities than others because of gender, caste and ethnicity

²⁴⁷ Number of deaths per 1000 live births

²⁴⁸ Number of deaths per 1000 live births

²⁴⁹ The private sector accounts for around 62 percent of total out-of-pocket expenses (National Health Accounts, 03-04).

based practices. These have led some groups to do well and enjoy the benefits of progress in the country. For others it has meant exclusion. Who will be able to access public resources and power is decided by variables such as social identity (caste, ethnicity, gender and regional), economic status, disability, age and physical location (urban, rural or remote rural).

Brahmins, Chhetris, Newars and most people living in the Kathmandu valley have prospered while many other communities, such as the Dalits, indigenous Janajati, etc. and people living in remote districts have not. Social inclusion has consequently emerged as a core challenge to Nepal's development agenda.

Box 10 Political inequalities

Caste, ethnicity and regional location (of hill/Madhes) emerge as the major differentiating factors besides gender in access to political power in Nepal. Systemic marginalization of excluded castes, ethnic minorities, women, and youth in the political sphere is reflected by data which indicates that men of the hill Brahman/ Chhetri group and Newars dominate all branches of government and civil service. People from Janajati, Dalit, Madhesi and Muslim groups have a smaller share in technical, administrative and clerical occupations as compared to their share in the total economically active population.

Women have always had very low political voice and representation. Their representation in Parliament has been an average of six percent over two decades. It is only in the present Interim Parliament, that the presence of women is 33 percent. There are only four women among the 242 judges in the courts, including the Supreme Court (Lama, 2004:11).

Box 11 Definition of excluded groups and some causes of their exclusion

- a. Women: Due to existing gender relations and a patriarchal society, women experience unequal power relations resulting in their social exclusion. All women are excluded as they face gender based barriers but women of excluded communities face additional caste/ethnicity/location based constraints. Women are 51 percent of Nepal's population.
- b. Dalit: People who have been suffering from caste and untouchability based practice and religious, social, political and cultural discrimination. They are 13 percent of Nepal's population. Within the Dalit community there are five sub-caste groups who are from the hills (Hill Dalits) and 22 sub-caste groups who are from the Terai (Madhesi Dalits). Madhesi dalits experience multiple exclusions due to their Madhesi status
- c. Adibasi Janajati: People or communities with their own mother tongue and traditional social structures and practices, separate cultural identity and written or unwritten history. The experience exclusion due to a non-recognition of their cultural rights by the state and dominant social groups and due to their language and cultural practices which are different from the mainstream ones. They are 37 percent of Nepal's population with 5.5 percent Newars, 31.8 percent Hill and Terai Janajatis. There are 18, 24, 7 and 10 sub-groups respectively in Mountain, Hill, Inner Terai and Terai Janajati groups.
- d. Madhesi: People of plains-origin who live in the Terai and have languages such as Maithili, Bhojpuri, Awadhi, Urdu and Hindi as their mother-tongue are considered Madhesi of Madhesi origin. Madhesi experience an identity issue as many are considered Indians, not Nepali, by the common Nepali population. They include Madhesi Brahman/Chhetris (2% population), Madhesi Other Backward Class (13%) and Madhesi Dalits.
- e. Muslims: Muslims are a religious group and are 4.3 percent of Nepal's population. Since Nepalis predominantly Hindu, the social practices tend to exclude Muslims. Additionally their own religious beliefs create gender based discrimination for Muslim women.
- f. People with Disabilities: "Persons with disabilities include those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others." (CRPD). Persons with full disabilities are persons who cannot manage daily life without assistance, people with total mental, intellectual or sensory impairment such as complete blindness. People with partial

disability are persons who have long-term physical and mobility impairments and require regular assistance to manage daily life.

g. People of remote geographic regions: People living in geographic regions which have distinct difficult terrain for people's movement, transportation and communication and for accessing services e.g. Karnali has been defined as geographically excluded by GoN in its plans. Similarly, in a DDC too some locations (VDCs) can experience geographical exclusion due to difficult terrain and remoteness. Within these kinds of geographically excluded regions, people experiencing gender, caste and ethnicity based discrimination experience multiple exclusions.

h. LGBTI: Lesbians, gays, bisexual, transgender and intersex (LGBTI) people experience discrimination at different levels, starting from home to state. They experience exclusion because of their sexual orientation, their mannerisms and are discriminated against at home where family finds it extremely difficult to recognize and accept them, in schools where bullying and cruel jokes lead them to drop-out or even commit suicide, workplaces where there is an extension of the same behaviour and state where laws do not accept same-sex marriages or relationships.

3.5 Environment

3.5.1 Natural Resources

Much of Nepal's land surface is still covered by **forest**, although there has been significant deforestation.

Nepal's natural environment has been greatly affected by **climate change** and the UNDP ranks Nepal 5th in its risk rating scale regarding the vulnerability of its population to flooding. The Himalayan ice caps are melting faster than any other, in part because global temperature rises are doubled at high altitude. There has been a controversy on how fast this process is taking place. Some experts claim that two thirds of glaciers are retreating, three quarters will disappear by 2030 and 20 glacial lakes are at risk of bursting their natural dams. Even if these alarmist figures would be half of these claims it is clear that this remains a critical issue. Nepal will also experience more intense monsoons and dry seasons.

Support to mitigation and adaptation will be important. Community forest management offers good opportunities for carbon trading, and the government is developing a national adaptation plan with the Department for International Development (DFID) and other donor support.

3.5.2 Drinking Water Supply and Sanitation

Progress has been significant in the water and sanitation sector in recent decades in Nepal. The proportion of the population with access to an improved water source has nearly doubled in the last 15 years, from 46% in 1990 to 80% in 2010. During the same period sanitation coverage has also increased, from 6% to 43%.

Two major factors have contributed to this progress: **national and international commitment** to the provision of improved water-supply and sanitation facilities; and the **increase of funding agencies and actors** entering the water-supply and sanitation (WSS) sector in Nepal. Nepal is committed to achieving the WSS-related target of the MDGs, which is fundamental to attaining all other MDGs as well, including poverty alleviation and gender equality (UNDP, 2003). Nepal has exceeded its target for drinking water, and is on track to achieving the sanitation target, though some argue this is not the case if water quality and functionality issues are factored in.

Table 25 Evolution of indicators related to MDG Target 7C

INDICATORS	1990	2000	2005	2010	2015 TARGET
Proportion of population using an improved drinking-water source	46	73	81	80	73
Proportion of population using an improved sanitation facility	6	30	39	43	53

Source: MDG Progress Report Nepal 2010, page 75

Despite significant improvements, WSS-related disparities remain based on economic status, gender, caste, ethnicity and location. In addition to committed resources and improved coordination and planning among sector actors, reaching the remaining population without access to WSS requires better understanding of the social and power relations that limit access and participation.

3.6 The development priorities of the Government

Nepal has been implementing its Poverty Reduction Strategy Paper (PRSP) since FY 2002/03. The PRSP was also Nepal's Tenth Plan. Under the PRSP, a four-pronged strategy was adopted for the achievement of the goal: (i) high, sustainable and broad-based economic growth; (ii) social sector and rural infrastructure development; (iii) targeted programmes including social inclusion, and (iv) good governance.

The PRSP emphasised effective programme implementation and service delivery through governance reforms. A number of measures were taken, including, the rightsizing of the bureaucracy and devolving more functions to local bodies, streamlining planning and budgeting, improving prioritisation of programmes and projects, introducing pro-poor and gender budgeting, improving resource mobilisation and involving local communities in development at grassroots level.

The PRSP also stressed maintaining macroeconomic stability and implementing structural and policy reforms in key areas. The policy changes were important for meeting the Tenth Plan objectives as well as the MDGs. The Tenth Plan/ PRSP encompassed many of the MDG targets that Nepal aims to attain over three five-year plan periods. Annual poverty monitoring, monitoring of other targets and processes are recognised as integral for the effective implementation of planned activities.

The Government of Nepal has made notable efforts to reform **policy and legal frameworks** in favour of better governance and inclusion, a demand of the people's movement of April 2006. The wide acceptance of the principle of proportional representation and inclusion is strongly reflected in official government documents including e.g. the Comprehensive Peace Agreement, the Interim Constitution, the 2006 Gender Equality Act, the Three Year Interim Plan (2007-2010), Approach Paper to Three Year Plan (2010-2013) and programme documents for several major sector wide programmes where specific commitments have been made.

Local government level guidelines have incorporated many affirmative actions e.g. for representation, budget allocations, programme interventions for women, poor and excluded. Together these provisions establish the fundamental rights of women, protect the cultural rights of Adibasi Janajatis, declare untouchability a legal offence, protect the rights of children and establish the rights of Muslims and Madhesis. Over the last decade government and its development partners have become aware of the need to be sensitive about gender and now inclusion, in the programmes and projects they support e.g. the recent Nepal Health Support Programme has a separate objective addressing equity.

Various **institutional mechanisms and structures** have been created by the GoN over the years to address gender and inclusion issues from central to district and VDC (the lowest administrative unit of local government) levels. The highest planning body has members responsible for gender and inclusion. There are different Ministries with the mandate to work on the issues (Ministry of Women and Children and Social Welfare for gender and Ministry of Local Development for social inclusion). A number of Commissions and Committees have been established. All Ministries have a designated Gender Focal Point and some have Gender and

Social Inclusion Units. Despite such efforts, these institutional mechanisms have not been effective due to a number of reasons, including the lack of authority and resources for gender and inclusion related work. Ad-hoc gender training programmes have been provided to government officials but these have not been systematic enough to build skills for application of gender and inclusion in sectoral work. Both formal and informal institutions continue to systematically hinder the progress of women and other excluded groups.

Prior to the CA elections, a new electoral law adopted proportional representation, following pressure from **excluded groups**. The Civil Service and Police have been mandated to reserve 45% of new recruitments for women and excluded groups. Major reforms will be required to implement this in practice. The first test was in the elections. The results - women's representation in the Constituent Assembly increased from 6% to 33% compared to the 1999 Parliament. Dalit representation increased from zero to 8%, and Madhesi from 5% to 23%.

Nepal's **civil society** with some 30,000 Non-government organisations (NGOs) and other informal associations is becoming increasingly influential in public policy issues. Their contribution to bringing about democratic change is widely recognised.

The strategy of the Government of Nepal aimed at transforming Nepal into **an inclusive and just state**. The Interim Constitution (2006) guarantees social justice and affirmative action for women, Dalits, indigenous groups, the Madhesi community, and other excluded or disadvantaged groups. Key national policy documents like the Three-year Interim Plan (2007-2010), which had a separate section on social inclusion and gender mainstreaming and the Approach Paper to the Three Year Plan of 2011-2013 clearly provide a mandate for addressing inclusion issues. Various global commitments have also been made by Nepal with the signing of conventions and other international instruments. Institutional mechanisms have been established and programmes implemented sometimes targeted, many times incorporated gender and inclusion aspects.

In the **education sector** significant reforms have been made to increase access to quality education for all, particularly women and the excluded. In 2000, the GoN signed on to the Dakar Framework of Action, thereby joining in the global commitment to achieve Education for all (EFA) goals by 2015. Nepal has also signed on to the Beijing Platform for Action, South Asian Association for Regional Cooperation (SAARC) Development Goals (2005-10)²⁵⁰ and the recent Dhaka Declaration, all of which bind it to widening access to education. In addition, as a signatory of the MDG framework, Nepal has a commitment to achieve universal primary education for boys and girls by 2015; and promote gender equality and women empowerment by eliminating gender disparity in primary and secondary education by 2005, and at all levels of education by 2015. Education Act 2028, Seventh Amendment 2001, Education Regulation 2002, Education Law 2008, Scholarship Regulations 2006, Non-formal Education Policy 2006, and Education for All National Plan of Action (EFA NPA) 2001-15 are the key policy documents for this sector. Since EFA covers only primary education, other programmes were implemented to cover other levels: (i) Secondary Education Sector Programme (SESP) to expand secondary education, (ii) Community School Support Programme (CSSP) to strengthen the Community Managed Schools, and (iii) Teacher Education Project (TEP) for teacher development. In 2009, the GoN finalised a School Sector Reform Programme (SSRP). It is a long-term strategic programme to achieving the goals and objectives of Basic and Secondary education that the GoN Ministry of Education (MOE) has set for the years 2009/10 to 2013/14. The programme focuses on the three pillars of Access, Inclusion and Quality.²⁵¹

Nepal is a member of SAARC, World Trade Organisation (WTO) and Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC). WTO membership presents special challenges for Nepal in terms of global competition, higher standards and lower prices. In addition, the GoN's plans to **improve trade and the environment for investment** and to

²⁵⁰ The goal includes 'access to primary or community school for all', 'completion of the primary education cycle', 'universal functional literacy', 'quality education at primary, secondary and vocational levels', and 'reduce vulnerabilities of the poor, women and children'.

²⁵¹ It is supported by nine development partners who have pooled their resources with Government resources. In addition, five "non-pooling partners" also support the program directly.

facilitate access to productive resources are constantly frustrated by a lack of know-how and weak institutional capacity, by the problems of a narrow export base and by the lack of a comprehensive export strategy. This was done by the elaboration of an updated Trade Integration Strategy (April 2010) which identified 19 "priority sectors". Given current economic and political constraints, the industries most likely to succeed are highly labour-intensive, minimally energy-dependent and widespread sectors (not limited to the Kathmandu Valley) with immediate market access to India and China, such as high-value agricultural production. The GoN plans to address these new potential areas for growth through a five year rolling strategy for trade, in which development partners' support would be channelled through a Sector-Wide Approach (SWAP).

The **macroeconomic framework** is closely monitored by various Government bodies and the International Financial Institutions. A Public Expenditure and Financial Accountability (PEFA) mission has been completed in 2008. The mission report mentions in particular that: "The assessment of Nepal's performance in Public Finance Management (PFM) suggests the existence of a system that is well-designed but unevenly implemented. The budget has become a credible policy tool, clearly linked to policies in some sectors, with solid control of aggregate outturns and a reasonable control framework at the transaction level (notably for payroll). However, there are many gaps in the control framework as well as significant implementation constraints, and large fiscal activities remain outside the scope of the central budget. Several weaknesses originate in the weak demand (from both Government and external stakeholders) for better budget information (financial and physical) and management."

Moreover, Nepal has pursued a prudent fiscal policy over the recent years. This policy has resulted in a significant reduction of public debt as a percentage of GDP. Despite the decade-long civil war, the government managed to contain budget deficits at low levels: net domestic financing of the budget remained below 2 % of GDP, in line with IMF staff recommendations. This has helped reduce domestic public debt from its peak of 64% of GDP in 2002/03 to 40% of GDP in 2008/09. Over the same period, external debt declined from 47% of GDP to 27% of GDP, as donors shifted support from loans to grants, and multilateral development banks disbursed fewer loans, in part due to the civil conflict and political instability which hampered progress on development projects. As a result, Nepal, which had been eligible for debt relief under the HIPC Initiative and considered at high risk of debt distress, moved to moderate risk of debt distress in 2008 without requesting debt relief.²⁵²

3.7 The Donor community in Nepal

Nepal has a relatively small and increasingly well-coordinated donor community. In 2010, DFID, the World Bank (WB)²⁵³ and the Asian Development Bank / Asian Development Fund (ADB/AsDF) as a group of donors provide over 70% of future aid to Nepal.

There are around 30 active donors in Nepal. The table below presents the main donors and the **gross ODA** provided by them in 2008.

²⁵² Source: IMF Country Report No 10/184, July 2010

²⁵³ International Development Association (IDA)

Table 26 Top ten donors of gross ODA (2007-2008 average)

Top ten donors of gross ODA (2007-2008 average)	ODA (in million USD)
1. Asian Dvpt Fund (ADB)	115
2. Japan (JICA)	112
3. United Kingdom (DFID)	93
4. IDA (WB)	90
5. United States (USAID)	66
6. Germany	57
7. Norway	53
8. Denmark	48
9. EC	35
10. Switzerland	21

Source: OECD, World Bank: www.oecd.org/dac/stats

Over the evaluation period, the funds provided by the World Bank (WB)²⁵⁴, the Asian Development Bank / Asian Development Fund (ADB/ AsDF), DFID and JICA accounted for more than two thirds of the development aid to Nepal.²⁵⁵

The social sectors, education, health and water supply and sanitation, are receiving high levels of donor support, in both numbers of donors and the amount of aid. This is particularly true in education and health, both supported by ten donors with over 300 million USD currently committed to each area, although in health only DFID and the World Bank are key funders. Other sectors, such as agriculture and irrigation, are well provided for by the ADB and World Bank. The economic sectors, industry, employment, tourism and private sector development are relatively under-funded. And, in governance the spread of support is highly variable.

²⁵⁴ International Development Association (IDA)

²⁵⁵ India provides substantial aid, including in-kind, and China is also an important donor, but accurate figures are not known for either.

4 Annex 4: Detailed list of EC interventions in Nepal (2002-2010)

Table 27 Bilateral Programmes

Decision year	Decision No	Decision Title	Contract Titles	Commitments
PBCP&HR &Demogra cy				
1998	ASIE/1998/000-961	2001 Population and Housing Census	Financial Audit: Project Population and housing Census 2001 (mapping component) - Decision number 1998/961	39,718 €
			Local Cost	50,000 €
			Local Project Costs - Project Management Unit	1,345,536 €
	ASIE/1998/002-571	Asia-Link: EU-Asia Co-operation	A management and QA framework to support ICT-based learning in sustainable livelihoods in the Himalayan region	549,674 €
2003	ASIE/2003/005-014	Framework Contract AMS/451 - Dev. Co-operation - India	Conflict Mitigation Package 2 (identification and appraisal mission)	128,703 €
			Conflict Mitigation phase I	95,651 €
			Conflict Mitigation phase I (2)	18,079 €
2004	ASIE/2004/004-973	Conflict Mitigation (1)	Conflict Mitigation through Empowerment of Local Communities	642,003 €
			Conflict Mitigation through Media in Nepal	498,887 €
			Socio-economic Improvement Programme for Ex-Kamaiyas and Other Vulnerable Communities (SEIPEV)	810,885 €
	ASIE/2004/016-691	Audit Support Expenditure Programme 2004	Audit of the "Greater Kathmandu Valley Mapping" Project	48,646 €

<i>Decision year</i>	<i>Decision No</i>	<i>Decision Title</i>	<i>Contract Titles</i>	<i>Commitments</i>
2005	ASIE/2005/017-635	Conflict Mitigation Package 2	CMP II - Assistance to implement visibility activities for the Judiciary and the Human Rights institutions of Nepal	89,788 €
			CMP II - Assistance to organize National and Regional conferences and training activities for the judiciary and the Human Rights institutions in Nepal	199,993 €
			CMP II - Assistance to organize study tours in Europe for the Judiciary and Human Rights institutions of Nepal	199,999 €
			CMP II - Assistance to organize study tours to Philippines for the National Human Rights Commission of Nepal	49,999 €
			CMP II - MONITORING & SUPPORT FOR ICT COMPONENT	63,552 €
			Contract to supply Technical assistance to assist in the implementation of CMP II	4,976,250 €
			Final Evaluation Conflict Mitigation Package II- support to judiciary system and human rights	69,235 €
			Supply of IT Equipment for the Human Rights & Judiciary Sector in Nepal	529,977 €
	ASIE/2005/017-715	HUMAN RIGHTS MONITORING MISSION IN NEPAL	Human Rights Monitoring Mission in Nepal	5,000,000 €
			Mid-term review of the EC contribution to the OHCHR monitoring mission in Nepal	50,000 €

<i>Decision year</i>	<i>Decision No</i>	<i>Decision Title</i>	<i>Contract Titles</i>	<i>Commitments</i>
2006	ASIE/2006/018-300	Operational short-term TA related to Financial and Technical Co-operation with Asian developing countries	Identification mission Peace & Stability Building (Priority II of 2007-2013 CSP)	101,805 €
2007	DCI-ASIE/2007/019-265	AUP 2007 NEPAL	International Protection and Assistance to Refugees Originating from Bhutan in Nepal	3,950,000 €
2008	DCI-ASIE/2008/019-770	Operational Short-Term Technical Assistance Related to the Political, Economic, Cultural, Financial and Technical Cooperation with Developing Countries in Asia	Appraisal mission (Peace and Stability Building - Priority II of 2007-2013 CSP)	94,752 €
			Mid Term Evaluation of the Aid to Up rooted People activities-Nepal - UNHCR ongoing project ""International Protection and Assistance to the Refugees originating from Bhutan in Nepal	49,356 €
2009	DCI-ASIE/2009/021-502	Operational Short-Term Technical Assistance Related to the Political, Economic, Cultural, Financial and Technical Cooperation with Developing Countries in Asia	Conflict Mitigation through Media in Nepal	23,856 €
			Human Rights Monitoring Mission in Nepal	37,108 €
Education				

<i>Decision year</i>	<i>Decision No</i>	<i>Decision Title</i>	<i>Contract Titles</i>	<i>Commitments</i>
1998	ASIE/1998/002-477	Basic & Primary Education Programme Ph.II (BPEPII)	Technical Assistance for final evaluation of the EC/HMGN Basic and Primary Education Programme(BPEP II)	44,829 €
2003	ASIE/2003/005-015	Framework Contract AMS/451 - Economic Co-operation - India	Technical Assistance for Appraising EC support to EFA in Nepal	44,835 €
	ASIE/2003/005-627	EU-Asia Information Technology & Communications (IT&C) Programme Phase II	NeLRaLEC - Nepali Language Resources and Localisation for Education and Communication	397,013 €
	ASIE/2003/005-753	Asia-Link Programme (20% budget increase)	The Development and Management of Sustainable Systems for Distributed Higher Education in Nepal and Bhutan	289,533 €
2007	DCI-ASIE/2007/019-109	Education Sector Policy Support Programme, Nepal	Education Sector Policy Support Programme, Nepal	24,000,000 €
2009	DCI-ASIE/2009/021-209	School Sector Reform (SSR) Nepal	School Sector Reform Programme Nepal	26,000,000 €
Energy& Environm ent				
2000	ASIE/2000/002-589	Renewable energy project	Local Costs	1,580,176 €
			Supply of Computer and Office Equipment	64,955 €
			Supply of ISPS Testing and Measurement Equipment	68,490 €
			Supply of Motorcycles	6,545 €

<i>Decision year</i>	<i>Decision No</i>	<i>Decision Title</i>	<i>Contract Titles</i>	<i>Commitments</i>
			(EuropeAid/128022/D/SUP/NP)	
			Supply of Photovoltaic Systems: DC Grid Milling (Lot 1) and Solar Water Pumping (Lot 6) Systems	2,571,302 €
			Supply of Photovoltaic Systems: ISPS for Far-Western Region (Lot 2), Mid-Western Region (Lot 3), Western and Central Region (Lot 4), and Eastern Region (Lot 5),	5,883,869 €
			Supply of Solar Dryers	59,850 €
			Supply of Solar Hot water Systems (EuropeAid/128024/D/SUP/NP)	89,700 €
			Supply of Solar Thermal Laboratory Infrastructure	76,475 €
			Supply of Specialised Software (EuropeAid/128022/D/SUP/NP)	25,200 €
			Supply of Survey Equipments (EuropeAid/125-296/M/SUP/NP)	37,809 €
			Supply of Vehicles	111,000 €
			Technical Assistance for the renewable energy project, Nepal.	2,033,940 €
2001	ASIE/2001/002-598	EU-ASIA PRO ECO	Strengthening Local Capacities in Integrated Sustainable Waste Management (ISWM) in small and medium municipalities of Nepal.	180,814 €
2003	ASIE/2003/005-732	EU-Asia Urbs Programme Phase II	Bandipur Eco-cultural Tourism Project	697,967 €

<i>Decision year</i>	<i>Decision No</i>	<i>Decision Title</i>	<i>Contract Titles</i>	<i>Commitments</i>
2005	ASIE/2005/016-885	OPERATIONAL SHORT TERM TECHNICAL ASSISTANCE RELATED TO THE FINANCIAL AND TECHNICAL COOPERATION WITH DEVELOPING COUNTRIES IN ASIA	Country Environment Profiles-Bhutan, Maldives, Nepal and Sri Lanka	112,946 €
2007	DCI-ASIE/2007/018-889	Operational Short-Term Technical Assistance Related to the Political, Economic, Cultural, Financial and Technical Cooperation with Developing Countries in Asia	Assessment of the Tender Dossier for the Procurement of Solar PV Equipments for the Renewable Energy Project (NPL/AIDCO/2000/2589)	11,620 €
2008	DCI-ENV/2008/019-801	Allocation from 2008 to Call for Proposals EuropeAid/126201/C/ACT/Multi under the ENRTP	Community-based Land and Forest Management in the Sagarmatha National Park (Everest), Nepal	500,000 €
Rural Development				
2003	ASIE/2003/005-014	Framework Contract AMS/451 - Dev. Co-operation - India	Strengthening of Rural Development and Governance -Nepal Identification Mission	138,904 €
			Assessment Mission for Irrigation within a Strengthening of Rural Development and Governance Project	59,623 €
Trade				

<i>Decision year</i>	<i>Decision No</i>	<i>Decision Title</i>	<i>Contract Titles</i>	<i>Commitments</i>
2001	ASIE/2001/002-598	EU-ASIA PRO ECO	Support for the Himalayan Initiative through application of the Asian Wetlands Inventory approach and stakeholder-led catchment management in Bhutan, China, India and Nepal	375,000 €
2002	ASIE/2002/004-032	ASIA-INVEST II	Asia-Invest Alliance, Nepal-Europe Seed Sector Alliance	144,509 €
			Asia-Venture EBUneP (Europe Buying Nepalese Products)	79,876 €
			Enhancing the Capacity of Intermediary Business Organisations in Nepal	276,720 €
			Fair Trade in Nepal	244,040 €
			Nepal Micro Invest IT	190,302 €
			Promotion of Nepalese Handmade Paper Products in Europe	76,612 €
2006	ASIE/2006/017-485	Asia Invest Programme 2006-2007	Foster Marketability and Competitiveness of the Nepalese SME sector to enhance exports to European Markets	600,000 €
			NEP-AL IT: Nepal-Europe-Pakistan Alliance on Information Technology	490,350 €
			Strengthening the Capacities of SMAPs in Nepal and Sri Lanka in order to Develop New Business Opportunities through Quality Upgrade, eTourism Know-How and Networking	510,433 €
	ASIE/2006/018-408	WTO Assistance Project	UNESCAP Technical Assistance to EC- Nepal WTO Assistance Programme	285,000 €

<i>Decision year</i>	<i>Decision No</i>	<i>Decision Title</i>	<i>Contract Titles</i>	<i>Commitments</i>
			UNIDO Technical Assistance to EC Nepal WTO Assistance Programme	1,615,000 €
2007	DCI-ASIE/2007/018-889	Operational Short-Term Technical Assistance Related to the Political, Economic, Cultural, Financial and Technical Cooperation with Developing Countries in Asia	Identification mission for NEPAL-SME Assistance Programme	74,939 €
	DCI-ASIE/2007/019-266	SWITCH-Asia, Promoting Sustainable Consumption and Production	Proposal for Enhancement of Sustainable production of Lokta Handmade paper in Nepal	1,260,003 €
2009	DCI-ASIE/2009/021-502	Operational Short-Term Technical Assistance Related to the Political, Economic, Cultural, Financial and Technical Cooperation with Developing Countries in Asia	Mid-Term Evaluation of the EC-Nepal WTO Assistance Programme	50,876 €

Table 28 Thematic and horizontal programmes

Decision year	Decision No	Decision Title	Contract Titles	Commitments
PBCP& HR& Democracy				
2008	DCI-HUM/2008/019-874	Call for Proposals "Accès à la culture locale, protection et promotion de la diversité culturelle"	Enhancing cultural diversity for dignity and development of indigenous communities in Nepal	890,000 €
			Sahaastitwa - Strengthening Local Cultures to Build Harmony in Nepal	857,522 €
	DCI-HUM/2008/019-878	Increase of the budget of the 2007 call for proposals Preventing harm to children affected by armed conflicts and fighting against child trafficking"	Rehabilitating Children and Supporting Families and Communities Affected by Armed Conflict in Nepal	575,602 €
2007	DCI-NSAPVD/2007/019-406	Global commitment for global multi-country calls for proposals - Objective 1 - PVD projects - Non State Actors - AAP 2007	Community-based Disaster Risk Reduction Programme for the Vulnerable Mountainous People of Nepal and Pakistan	761,451 €
2008	DCI-NSAPVD/2008/020-081	Global commitment for in-country calls for proposals -Objective 1- PVD projects - Non State Actors - AAP 2008	Enabling the effective participation of persons with disabilities and their organisations in the peace building process in Nepal	520,000 €
	DCI-NSAPVD/2008/020-082	Global commitment for global multi-country calls for proposals - Objective 1 - PVD Projects - Non State Actors - AAP 2008	Capacity building of NSA involved in poverty alleviation and Social Work in poor urban communities of the capital cities of Burkina Faso, Cambodia and Nepal.	1,645,307 €

<i>Decision year</i>	<i>Decision No</i>	<i>Decision Title</i>	<i>Contract Titles</i>	<i>Commitments</i>
2009	DCI-NSAPVD/2009/021-105	Global commitment for in-country and multi-country calls for proposals - Objective 1 - PVD projects - Non State Actors - AAP 2009	Community Peace Building Programme through Women Group Empowerment	535,168 €
2001	DDH/2001/002-891	Micro-projets, Délégation, Népal	Advocacy for basic Human Rights of Dalits	39,600 €
			Backward Community Empowerment Programme	7,592 €
			Combating caste based discrimination through tele-serial	43,879 €
			Dalit Empowerment Project	43,166 €
			Initiative for freedom of expression and independent Media	12,587 €
2002	DDH/2002/002-906	Reducing Torture-Induced Suffering in Nepal	Contract No. 1 Reducing Torture-Induced Suffering in Nepal	501,855 €
	DDH/2002/003-182	58 projets issus de 3 appels à propositions DDH 2002 - B7-701	Combating Xenophobia and Discrimination against Dalits in Nepal	379,300 €
			Europe-Asia exchange project on experiences of the politics of recognition	339,420 €
	DDH/2002/004-196	Elections observation + Assistance technique Népal	Assistance technique observation Elections Népal	19,481 €
2003	DDH/2003/005-646	B7-701 Décision globale relative aux resultats de l'Appel à Propositions 114334/C/G - Budget 2003	Educating Change Agents and the Public on Human Rights	577,585 €
	DDH/2003/005-931	B7-701 Global Decision on Targeted Projects - Budget 2003	Expansion of Outreach of National Human Rights Commission [NHRC], Nepal.	405,000 €
			Improving Free Legal Aid, Human Rights and Access to Justice	360,000 €
	DDH/2003/005-955	B7-701 EIDHR Microprojects 2003, Nepal	Dalit Rights and Inclusion Project (DRIP)	38,966 €

<i>Decision year</i>	<i>Decision No</i>	<i>Decision Title</i>	<i>Contract Titles</i>	<i>Commitments</i>
			Dalit Welfare Empowerment and Inclusion for Justice and Equality	58,052 €
			Empowerment of People Through Development of Media in Kernali Zone	82,132 €
			Fostering Peace Through Discourse on Democratic Values, Constitutionalism, Methods and Techniques of Conflict Transformation	94,498 €
2004	DDH/2004/006-103	Budget 19 04 03 (ex B701) Call for Proposal - Support for Democracy, GG, Rule of Law	Conflict Resolution and Peace-building in Nepal: A Project Proposal for Capacity Building.	270,315 €
			Towards Conflict Transformation Through A More Independent Media And Increased Citizen Participation	276,568 €
	DDH/2004/006-258	19 04 03 Call for Proposals 2004 - Support Rights of Minorities, combatting Discrimination and Xenophobia	Strengthening the capacity of ethnic minorities to advocate for their rights and entitlements	400,000 €
	DDH/2004/006-259	19 04 03 Call for Proposals 2004 - Support Promoting the Rights of indigenous Peoples	Advocacy for the Rights of Indigenous People (ARIP)	280,129 €
	DDH/2004/016-751	19 04 03 EIDHR Microprojects 2004, Nepal	Campaign for Conflict Mediation and Peace Building	36,194 €
			Cultural Initiatives for Peace	47,171 €
			Disability Rights and Mainstreaming Project (DRMP)	41,084 €
			Ending Unlawful Killings and Impunity Project	44,842 €
			Human and Dalit Rights Integrated Project (HADRIIP)	49,599 €
			Improving the Quality and Coverage of Human Rights	47,823 €
			Promoting Freedom of Expression and Independent Media in Nepal Within a Human Rights and Peace Building Framework	50,000 €
2005	DDH/2005/017-237	MP2005 Nepal Campaigns 2 and 4	Community-based mechanism of awareness on trafficking and violence against women and children and protection of victims	41,456 €

<i>Decision year</i>	<i>Decision No</i>	<i>Decision Title</i>	<i>Contract Titles</i>	<i>Commitments</i>
			Enhancing Social Equity and Inclusion through Empowerment Awareness and Advocacy in Arghakhanchi District	44,068 €
			Enshrining the Rights of Minority Women as Constitutional Rights Project	50,000 €
			Equal Worth of Human Persons Initiatives Project	42,375 €
			Fostering a Culture of Human Rights	45,000 €
			Human Right Awareness Project (HRAP)	41,885 €
			Initiative to Combat against torture and impunity	49,743 €
			Mobilisation of Single Women as Peace Makers in Three Mechi Hill Districts	48,442 €
			Promoting Human Rights of Dalit Communities in Arghakhanchi district	18,192 €
			Psycosocial Intervention for Female Torture Victims in the Country	38,443 €
	DDH/2005/017-272	Call for proposals - Campaign 4: Advancing Equality, Tolerance and Peace	Promoting Rights and Social Inclusion for Terai Dalits in Nepal	720,000 €
2006	DDH/2006/018-139	EIDHR micro projects AWP 2006 Central Asia & Asia	Campaign for promoting human rights of persons with disabilities in nepal	49,648 €
			Capacitating and cultivating right based intervention practices among local level stakeholders against trafficking in far western region of Nepal	50,000 €
			Disability Rights and Mainstreaming Project - II (DRMP - II)	46,189 €
			Enhancing Human Rights of Terai Dalit Communities in Kapilvastu District through reducing Caste-based violation	25,908 €
			Mobilisation of single women as peace makers in three districts of far western region (Bajura, Doti and Kailali)	45,491 €
			Promoting Inclusive Education in Kalikot	49,985 €
			Reaching Down and Scaling up Actions to combat Trafficking of Women and Children	49,934 €

<i>Decision year</i>	<i>Decision No</i>	<i>Decision Title</i>	<i>Contract Titles</i>	<i>Commitments</i>
			Strengthening the Human Rights Situation of People Living with HIV/AIDS Through Advocacy and Awareness	39,789 €
	DDH/2006/018-159	expertise Missions Exploratoires elections	ELE - Exploratory Mission regarding EU Election Observation Mission to Nepal	58,777 €
2006	EIDHR/2006/018-680	Missions d'Observation Electorale de l'UE au cours du premier semestre 2007	ELE - EU EOM to Nepal: Constituent Assembly Elections 2007	2,208,000 €
2007	EIDHR/2007/018-873	EIDHR Support measures 2007 not covered by strategy papers	EIDHR - Nepal Micro Programme 2003	23,726 €
	EIDHR/2007/019-376	EIDHR 2007 AAP - without country based support schemes - without targeted projects	Capacity Building Programme for Protecting Human Rights and Fundamental Freedoms in Nepal	715,620 €
			Prevention of torture in Nepal	557,532 €
	EIDHR/2007/019-377	EIDHR 2007 AAP - COUNTRY BASED SUPPORT SCHEMES	Advocating the end of untouchability through the constitution-building process	240,000 €
			Initiative to capacitate Local institutions to combat human trafficking	49,000 €
			Programme for strengthening Capacity of Civil Society in Promoting Human Rights and Inclusive Democratic Practices in Sindhuli District	49,991 €
			Strengthening the capacity of civil society and women to promote human rights and democratic reform	49,452 €
			Strengthening the Role of Civil Society in Promoting Human Rights and Democratic Reform	199,821 €
	EIDHR/2007/019-431	Commitment of funds to finance Chief Observer Contracts for EU Election Observation Missions	ELE - EUEOM Nepal for Constituent Assembly Election 2008 - Chief Observer Contract	14,452 €
2008	EIDHR/2008/019-715	EIDHR 2008- AAP without country based support schemes, without targeted projects, without EOMs	Action for Social Inclusion of Children Affected by Armed Conflict in Nepal (ASIC)	360,000 €

Decision year	Decision No	Decision Title	Contract Titles	Commitments
	EIDHR/2008/019-719	EIDHR 2008 AAP-Country Based Support Schemes (CBSS)	Community empowerment action for protection and promotion of rights of Women and Children	100,864 €
			Improving Social Inclusion and Human Rights of Sexual and Gender Minorities in Nepal	150,000 €
			Influencing policy at national and international level through advocacy for the rights of single women (WIDOWS)	249,677 €
			Promotion of Rights for Tharu Communities	32,765 €
			Strengthening capacities and coordination among actors working with street children	86,000 €
2002	ONG-ED/2002/001-089	pré-engagement P1 dont dépendront 44 contrats de sensibilisation	Nepal 2002 - Between Slavery and Freedom	140,659 €
2002	ONG-PVD/2002/001-092	pré-engagement P1 dont dépendront 190 contrats en faveur de pays en développement	Amélioration des capacités de lutte contre la traite des Êtres humains, Népal.	675,000 €
			Promoting Health and Integrated Community Development among Marginalised Rural groups, especially women in Nepal.	392,327 €
2003	ONG-PVD/2003/004-562	B76000 - PVD	Doti Poverty Reduction Project, NEPAL	750,000 €
			NEPAL WOMEN'S POVERTY ALLEVIATION PROJECT	507,681 €
			Soutien et protection des enfants des rues de Katmandou, Népal	746,275 €
2004	ONG-PVD/2004/006-239	pré-engagement dont dépendront les contrats PVD projets	DALIT EMPOWERMENT PROGRAMME, WESTERN AND CENTRAL NEPAL	622,500 €
			IMPROVING LIVELIHOOD SECURITY OF SOCIALLY-EXCLUDED COMMUNITIES IN NEPAL	713,231 €
			Saamarthya: Sustainable Development of Disadvantaged Ethnic Communities in Nepal	562,416 €

<i>Decision year</i>	<i>Decision No</i>	<i>Decision Title</i>	<i>Contract Titles</i>	<i>Commitments</i>
2005	ONG-PVD/2005/017-215	pré-engagement dont dépendront les contrats pour les projets PVD	Access for Opportunities, Nepal	750,000 €
			Empowerment and Social Change for Inclusion of People with Disabilities in Nepal	750,000 €
			Improved Human Rights for Dalits and People with Disabilities in Nepal	750,000 €
			Janajatis Social and Economic Empowerment Project (JANSEEP) - Nepal	750,000 €
2002	REH/2002/002-745	Protection and Assistance Programmes for Buthanese Refugees in Nepal	Protection and Assistance Programmes for Buthanese Refugees in Nepal	900,000 €
2004	REH/2004/016-956	International protection and assistance to Bhutanese refugees in Nepal	International Protection to Bhutanese Refugees in Nepal	1,640,259 €
2005	REH/2005/017-109	Aid to Uprooted People in Asia- Call for proposals- Nepal	International Protection and Assistance to Bhutanese refugees in Nepal - 2006	1,000,000 €
Education				
2008	DCI-NSAPVD/2008/020-081	Global commitment for in-country calls for proposals -Objective 1- PVD projects - Non State Actors - AAP 2008	Enhancing the Capacity of School Aiming to Provide Quality Educational Opportunities for All: Special Focus on Poor and Marginalised Communities in Western Terai Districts	652,422 €
			Promoting quality and inclusive education for out of reach children in Nepal	700,000 €
2009	DCI-NSAPVD/2009/021-105	Global commitment for in-country and multi-country calls for proposals - Objective 1 - PVD projects - Non State Actors - AAP 2009	Education for vulnerable and marginalised children in Nepal	534,674 €
Energy& Environment				

<i>Decision year</i>	<i>Decision No</i>	<i>Decision Title</i>	<i>Contract Titles</i>	<i>Commitments</i>
2008	DCI-ENV/2008/019-801	Allocation from 2008 to Call for Proposals EuropeAid/126201/C/ACT/Multi under the ENRTP	Community-based Land and Forest Management in the Sagarmatha National Park (Everest), Nepal	500,000 €
Food				
2009	DCI-FOOD/2009/02 1-494	Set of measures for implementing the facility for rapid response to soaring food prices in developing countries.	Food Security Initiative (FSI) in Nepal	1,461,319 €
			HELP - Food Security (Helping to Enhance Local Productivity for Food Security)	1,950,720 €
			Improving food security condition of socio-economically excluded Dalit communities in Far-western Nepal	1,080,000 €
			Improving Food Security in Communities Vulnerable to Food Price Volatility	1,447,365 €
			Food Assistance for Vulnerable Populations Affected by Conflict and High Food Prices in Nepal	9,007,992 €
			Support to Mitigate the Negative Effects of High Food Prices on Local Rural Populations in Ten Districts in the Easter, Central Mid-Western and far-Western Regions in Nepal	8,065,282 €
	DCI-FOOD/2009/02 1-682	Food Facility Administrative Credits 2009	Support Food Facility to the EC delegation in Nepal	139,107 €
Health				
2007	DCI-NSAPVD/2007/019-404	Global commitment for local calls for proposals Objective 1 - PVD Projects - Non State Actors - AAP 2007	Equal access of dalit women to health services (EADWHS)	447,651 €
			Establishment and operation of a safe birthing/new born care (SBNBCC) centre and providing outreach mother and child health services in Goljung Village of Rasuwa District	157,840 €
			Improving maternal and child health in Nepal	500,000 €

<i>Decision year</i>	<i>Decision No</i>	<i>Decision Title</i>	<i>Contract Titles</i>	<i>Commitments</i>
			Sustainable Water Supply, Hygiene, and Health Improvements for Highly Vulnerable Communities in Humla District, Mid-Western Nepal	455,782 €
			SWASHTHA- Strengthening Water, Air, Sanitation and Hygiene Treasuring Health	483,350 €
	DCI-NSAPVD/2007/019-406	Global commitment for global multi-country calls for proposals - Objective 1 - PVD projects - Non State Actors - AAP 2007	Improving reproductive & sexual health of young people by increasing the age at marriage in India, Nepal & Bangladesh	2,922,174 €
2006	ENV/2006/018-188	Thematic lines support expenditures programme 2006.	Audit Tuberculosis Leprosy Project (TLP) - Nepal	11,719 €
2002	SANTE/2002/004-136	Aide aux populations et soins de santé en matière de procréation.	Safe Motherhood Innovation Project	1,533,102 €
Rural Development				
2005	ONG-PVD/2005/017-215	pré-engagement dont dépendront les contrats pour les projets PVD	Sustainable Rural Livelihood Project - Follow-up Phase-Nepal	605,744 €
Trade				
2008	DCI-NSAPVD/2008/020-619	Engagement global afin de réaliser des actions en faveur du commerce équitable dans le contexte des projets multi-pays financés avec des ANE dans les pays partenaires.	Fair trade supply chain development in India and Nepal	511,722 €

Table 29 *Regional programmes in Nepal*

<i>Start-End Year</i>	<i>Title</i>	<i>Commitments for Nepal</i>
2001	EU-ASIA PRO ECO	555,814 €
2003	Asia-Link Programme	289,533 €
2003	EU-Asia Information Technology & Communications (IT&C) Programme Phase II	397,013 €
2007	ASIA INVEST Programme 2006-2007	1,600,783 €
2004-2007	ASIA-INVEST II	1,012,059 €
2008	SWITCH-Asia, Promoting Sustainable Consumption and Production	1,260,003 €

5 Annex 5: Power point presentation with main results of the evaluation



Development
Researchers'
Network



Evaluation of the Commission of the European Union's Co-operation with Nepal, 2002-2010

Dissemination/Discussion Seminar

Kathmandu, 07 February 2012

Contract n° EVA 2007/geo-non-ACP

EuropeAid/122888/C/SER/Multi

Accountability

- Acknowledgement:
 - Great collaboration from EU staff, Government of Nepal, Civil Society, Private Sector and Development Partners.
- Responsibility for the final report:
 - The consultants (Particip GmbH) accept sole responsibility for the content and outcomes of the evaluation.
- Evaluation team:
 - Dr. Jan Douwe Meindertsma (Team Leader, Rural Development, Trade, Rural Energy), Malcolm Mercer (Education), Chhaya Jha (Social sector) and Jonas Lovkrona (Judicial/Democracy sector).
 - Support staff: Georg Ladj (QA expert); Tino Smail (Evaluation Coordinator); Sarah Seus and Claus-Peter Hager (Junior consultants).

Introduction

Structure of the presentation



Part I (before coffee break) (23)

1. Overview of EU cooperation with Nepal (6)
2. Evaluation questions and approach (4)
3. Main findings, specific conclusions by area of co-operation (13).

Part II (after coffee break) (13)

4. General conclusions (5)
5. Specific recommendations (6)
6. General recommendations (2)

Part I: Overview, findings and specific conclusions

1. – Overview of EU cooperation Nepal 2002-2010

EU interventions: Two Country Strategy Papers

- First Country Strategy Paper (2002-2006):
 - Area 1: **Nepal's Poverty Reduction**: Renewable Energy and the Environment; Strengthening Rural Development and Governance (SRD+G).
 - Area 2: **Consolidation of Democracy and Conflict Mitigation**: Conflict Mitigation Package I (Support for Local Communities and Civil Society Voice); Conflict Mitigation Package II (Support for The Judicial System and Human Rights).
 - Area 3: **Integration into the International Economy**: Trade Policy (Accession to WTO) and Economic Co-operation and Capacity Development (Support to SME).
- Second Country Strategy Paper (2007-2013):
 - Area 1: **Education** - Support for School Sector Reform Programme.
 - Area 2: **Stability and Peace Building**.
 - Area 3: **Trade** Facilitation and Economic Capacity Building Programme.

EU interventions: Overall focus

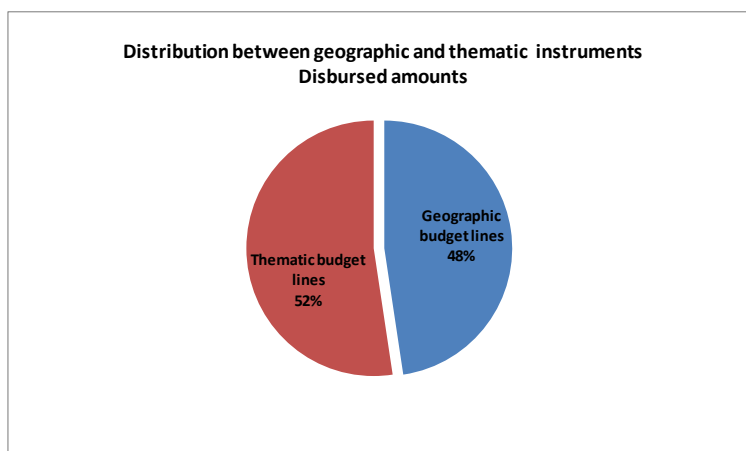
- ✓ Support to Nepal's poverty reduction strategy, particularly in **education, rural development, and renewable energy**.
- ✓ Consolidation of **democracy** and peace building, including **human rights**, the **rule of law** and **justice**.
- ✓ **Trade** facilitation and integration in the international economy.
- ✓ **Thematic** /horizontal programmes, complementary support.

EU financial contributions (2002-2010) – Financial envelope of CSP

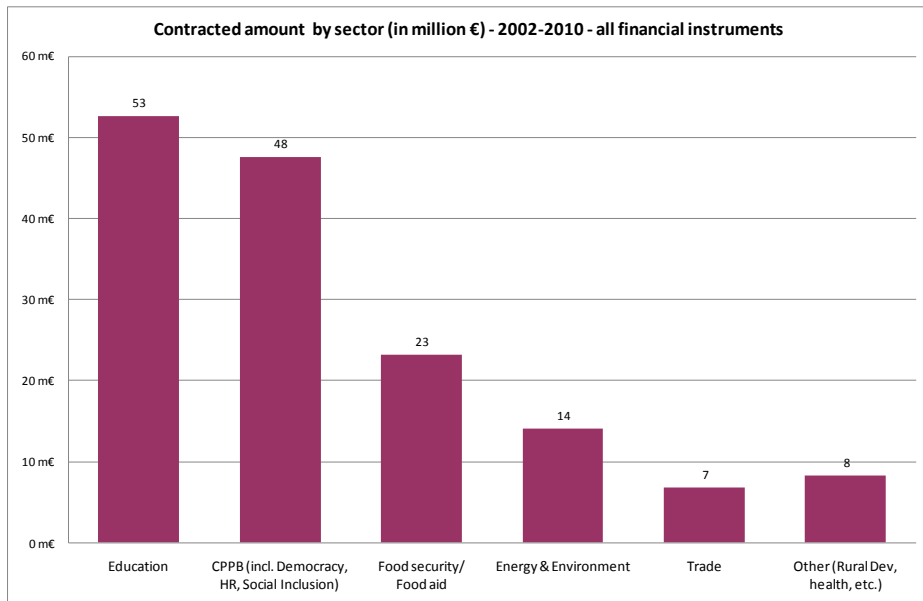
<u>Strategic cycle 2002-2007</u>	Million EUR
Area 1: Nepal's Poverty Reduction	56
Action 1: Renewable Energy and the Environment	15
Action 2: Strengthening Rural Development and Governance	41
Area 2: Consolidation of Democracy and Conflict Mitigation	10
Action 1: Conflict Mitigation Package I: Local Communities and Civil Society	3
Action 2: Conflict Mitigation Package II: Judicial System and Human Rights	7
Area 3: Integration into the International Economy	4
Action 1: Trade Policy (Accession to WTO)	2
Action 2: Economic Co-operation and Capacity Development	2
<i>Total</i>	70
<u>Strategic cycle 2007-2010</u>	
Concentration area 1: Education: Support for School Sector Reform Progr.	36
Concentration area 2: Stability and Peace Building	22
Concentration area 3: Trade Facilitation & Economic Capacity Building Progr.	2
<i>Total</i>	60

EU financial contributions (2002-2010) – Thematic budget lines

- ✓ Around € 61 million contracted between 2002-2010 under thematic budget lines in a variety of areas such as: Human rights, Social inclusion, Food security, Education, etc.



EU financial contributions by sector (2002-2010)



EC strategic intervention logic and institutional framework

✓ Overall strategy:

- Common denominator in the EC cooperation strategy: integration of **poverty reduction and conflict mitigation**.
- **Good governance** new and increasingly important focal area of cooperation.

✓ Institutional framework:

- **Two EU delegations** involved during the evaluation period.
- Since 2010, additional human resources allocated and, since early 2011, Delegation in Kathmandu has become a **fully-fledged EU Delegation**.

2. – Evaluation Questions and approach

Evaluation Questions	
Code EQ	Evaluation questions (EQ) 1-5 of a total of 9
<u>EQ1</u> - Social Exclusion	To what extent has EC support addressed the various dimensions of social exclusion in Nepal?
<u>EQ2</u> - Democracy and Rule of Law	To what extent has EC support contributed to strengthening democracy and the rule of law in Nepal?
<u>EQ3</u> - Education policy	To what extent has EC budget support to the education sector contributed to an improved design of policies and strategies and to an improvement in the management of public resources in the sector?
<u>EQ4</u> - Access to education	To what extent has EC support to the education sector in Nepal contributed to increasing access to and completion of quality basic education ?
<u>EQ5</u> - Trade	To what extent has the EC's trade policies for LDCs and EC trade related support addressed key issues and needs of the Nepalese export sector?

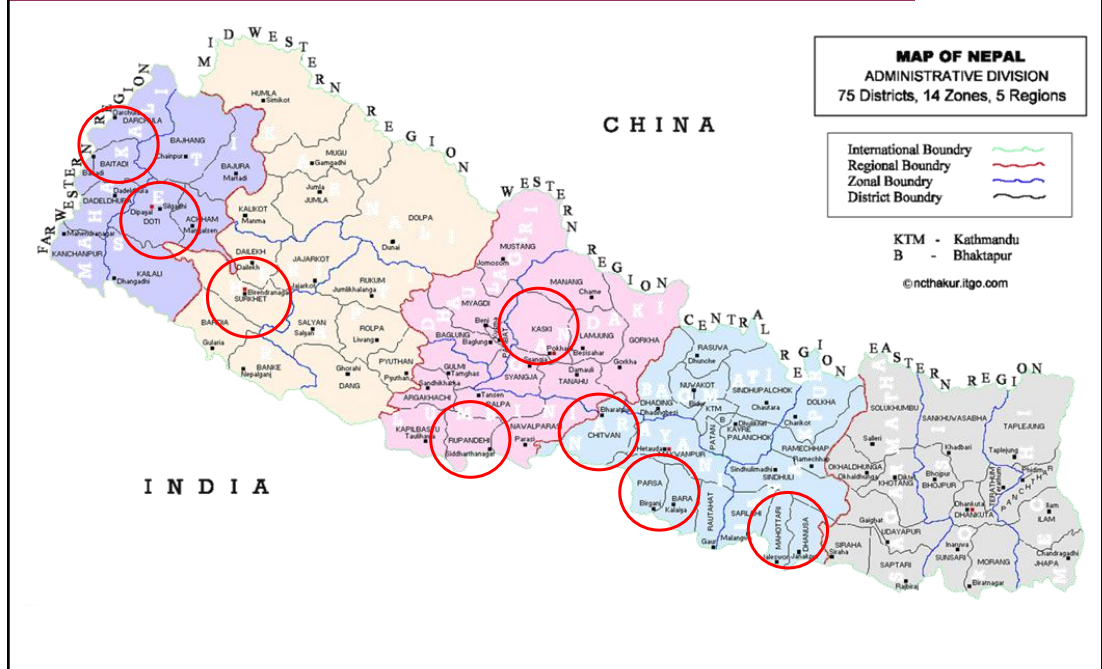
Evaluation Questions

Code EQ	Evaluation questions (EQ) 1-5 of a total of 9
EQ6 - Agricultural development food security	To what extent has EC support contributed towards an increase in rural incomes and an improved food security in selected rural areas of Nepal?
EQ7 - Renewable energy and the environment	To what extent has EC support in renewable energy contributed to an improved environment, better social services and economic development in selected rural areas of Nepal?
EQ8 - Responsiveness	To what extent has the programming and implementation of the EC strategy responded adequately to the specific context of Nepal and its evolution over the 2002-2010 period?
EQ9 - Synergies	To what extent has the EC support being designed and implemented to achieve synergies with other donors (incl. EU member states) and other European Community policies?

Methodology and validity

- ✓ On what are the findings based?
 - Review of policy, overall strategy and project documentation.
 - Analysis of contextual information.
 - Interviews and group discussions at central land local level (ministries and national institutions, (I)-NGOs, private sector organizations, DPs).
 - Field observations at local level (regions, districts, VDCs).
- ✓ A high level of data reliability and validity of conclusions:
 - A wide range of sources of information.
 - Combination of various methods and techniques.
 - Triangulation of the information.
- ✓ Challenges of the evaluation:
 - Sampling of EC-funded projects.
 - Evaluating human rights work.
 - Long time period of the evaluation.

Field phase – site visits in 12 districts



3. – Main findings & specific conclusions by areas

Main findings and conclusions – Social Exclusion and Gender



Main findings – Social Exclusion and Gender

- ✓ **Barriers and needs** affecting women and poor and excluded people **well identified** in project design and addressed in various projects.
- ✓ Many discriminatory community-level **social practices** addressed.
- ✓ Focus on capacity building and strengthening the ability to **raise voice** of excluded groups.
- ✓ Efforts to **inform the national discourse** on gender equality and social inclusion issues have been insufficient.
- ✓ **Few support for micro-opportunities** (saving and credit activities and small income generating activities), links with other EC funded projects focusing on livelihood limited.
- ✓ Absence of a **gender equality and social inclusion strategy** and related **operational framework**.

Conclusions – EC support to Social Exclusion and Gender

Reduced social exclusion	<p>Contribution to strengthening of capacities of women and various socially excluded groups to claim their rights and to increase access to services.</p> <p>Contribution to raising awareness and inducing some changes in cultural and social norms at local level.</p> <p>Support to improving livelihoods has been insufficient.</p>
Strategic framework	<p>Support has addressed specific needs and barriers relating to women and socially excluded groups, but has done so in isolation.</p> <p>Limited strategic links for a co-ordinated voice on inclusion and for a more comprehensive structural change.</p>

Main findings and conclusions – Democracy and the rule of law



Main findings – Democracy and the rule of law

- ✓ Increased transparency in the management of the electoral process
 - 2008 Constituent Assembly election. Election observation missions.
- ✓ Mixed results in terms of increased respect of human rights:
 - Early support to UN Office of the High Commissioner for Human Rights (OHCHR) and the regional branches of the National Human Rights Commission (NHRC).
 - Subsequent support to NHRC through the Conflict Mitigation Package II (CMP2) was insufficient and ad hoc in nature.
 - Little influence of the NHRC on the human rights situation (GoN has fully implemented only on a small fraction of the NHRC recommendations).
 - Lack of capacity of the Office of the Attorney-General (OAG) to establish accountability for human rights violations.

Main findings – Democracy and the rule of law

- ✓ Limited enhanced capacity of the Nepalese judiciary.
 - Developed a web-based case management system in Supreme Court that potentially could become an important tool to address the case backlog in courts.
 - IT software alone not likely to have a significant impact on court efficiency if not accompanied by longer-term efforts to build capacity of the local court system.
- ✓ Serious challenges remain in terms of access to justice services.
 - Access to justice remains seriously hampered by cost legal representation & lack of outreach free legal aid to the poor.
 - The EC strategy has focused on the formal justice system and the Supreme Court, which serves few Nepalese directly => informal justice sector still important.

Conclusions – EC support to Democracy and the Rule of Law

Electoral process	<p>Contribution to the restoration of representative democracy in Nepal by helping to ensure the largely orderly and transparent holding of elections in 2008.</p> <p>Paved the way for more long-term capacity building for electoral administration and election observation by CSOs.</p>
Human rights	<p>Support to public institutions helped to prevent new human rights violations</p> <p>Support to CSOs: important role in giving marginalised people an identity and voice in local communities.</p> <p>However, support has been limited in scope and ad-hoc in character in the absence of a strategic-level approach.</p>
Judicial system	<p>Creation of conditions for improving the efficiency of the judiciary in line with national priorities.</p> <p>However, contribution to institutional capacity building and impact on the access to justice have been limited.</p>

Main findings and conclusions – Education



Main findings – Education

- ✓ EC support through budget support:
 - responded to GoN strategies and the national context, consistent with the overall donors' development strategies, and EC inputs were to a large extent delivered as planned;
 - contributed towards policy dialogue and was harmonised among the main donors;
 - did not make available strategic TA and capacity development;
 - had little effect on public finance management;
 - contributed to some extent towards improving the policy and budgeting process at sectoral level.
 - capacity of the GoN to design, manage and monitor its education reform programmes has increased over time.
- ✓ Upward trends in key basic education performance indicators.
- ✓ But continued concerns about the quality of basic education.

Conclusions – Education

Outcome in education	<p>Support has contributed to improving key performance indicators related to basic education, especially in terms of equitable access to education.</p> <p>Too much attention has been paid to ensuring access, to the detriment of quality, and current support still faces some important challenges that urgently need to be addressed.</p>
Comprehensive approach	<p>Sector budget support has contributed to reduced transaction costs and better business plans leading to greatly improved access to educational opportunities. However, the focus of support has been on central-level issues, and institutional development and capacity building at lower levels have not been addressed.</p> <p>Support to NSAs has been complementary to budget support, but limited in scope and range.</p>

Main findings and conclusions – Trade



Main findings – Trade

- ✓ Support has been fully in line with Nepal's priorities and strategies.
- ✓ EC support oriented towards the public sector.
- ✓ The support project to SMEs was not formulated, and therefore not implemented.
- ✓ Overall size and relative share in funds very small.
- ✓ EC support is complementary to other donor support.
- ✓ Nepal has not yet reaped the benefits of its accession in 2004 to the WTO.
- ✓ The Generalised Scheme of Tariff Preferences (GSP) is beneficial to Nepal.

Conclusions – Trade

Promotion of trade	<p>The EC Trade-Related Support has addressed some key priorities of GoN, but it remained very small and hardly addressed needs of the private sector. The main expected result is obtaining international standards in laboratories and increased compliance with WTO requirements.</p> <p>As the intervention is still ongoing it is not known if these results will be achieved before the end of the project.</p>
Generalised Scheme of Tariff Preferences	<p>The Generalised Scheme of Tariff Preferences (GSP) is beneficial to Nepal, and Nepalese exporters make a high level of use of the instrument. However, the overall impact on Nepal's export is very limited.</p>

Main findings and conclusions – Rural Development & Food Security



Main findings – Rural Development & Food Security

- ✓ The high-priority "Strengthening Rural Development and Governance" (SRD+G, Sikta) project could not be implemented, due to the political situation and many unresolved issues:
 - (i) water rights issue India (riparian law); (ii) technical and environmental issues; (iii), high risks in scheme management; (iv) financial deficits in O&M; (v) no secured funding of the scheme.
- ✓ The SRD+G project has not been replaced.
- ✓ The EU Food Facility had positive results on food production, availability and incomes, due to (improved seeds, irrigation, new technologies), but short duration of projects; no second phase (except FS Monitoring System).
- ✓ Many new initiatives since 2011.

Conclusions – Rural development & Food security

Rural poverty	Not including any intervention under both CSPs in the area of agricultural development and/or irrigation has significantly reduced the intended impact on decreasing rural poverty and food insecurity. It has also affected the EC's overall co-operation strategy in Nepal (increase incomes for conflict mitigation).
Food facility	The EC support through the EU Food Facility has achieved reasonably good short-term results in increasing production and incomes in the rural areas that were covered by its interventions. However, due to its structural limitations of being a one-time, short-and-quick response programme: low sustainability

Main findings and conclusions – Environment and Renewable Energy



Main findings – Environment and Renewable Energy

- ✓ The EC has not provided much support in the field of environment.
- ✓ Complementary action: solar energy community systems, focus on schools, hospital, community centres, water supply in very remote areas: very high local interest)
- ✓ Innovative approach Community Energy Service Providers (CESPs).
- ✓ Delays in implementation and design flaws affect the sustainability of the support provided.
- ✓ The EC support for renewable energy was a typical implementation project for a niche market.

Conclusions – Environment and Renewable Energy

Renewable energy	The EC support through the Renewable Energy Project (REP) remained a typical implementation project, with little impact on policy and strategy development.
Impact	The overall impact of EC support on the environment has been very small. The impact of the EC support on renewable energy is mainly seen in the improvement of social services and quality of life, but there is no significant change in incomes and employment.

Part II: General conclusions and recommendations

4. – General conclusions

Conclusions on Implementation of EU strategy in Nepal's specific context

- ✓ Co-operation strategy fully **in line with the Government of Nepal's priorities**.
- ✓ In the difficult context and changing political conditions, the EC formulated **appropriate responses**, but not all could be implemented timely.
- ✓ **Complex set-up** (two Delegations involved in formulation and implementation) increased transaction costs.
- ✓ The **mix of instruments and aid modalities** strengthened overall performance of EC support.

Conclusions on Implementation of EU strategy in Nepal's specific context

- ✓ **Continuous dialogue**, by the EUDs involved and EC headquarters, with the Government of Nepal.
- ✓ Increasing involvement in **co-ordination activities** with the GoN and DPs, following an overall positive trend in donor harmonisation and alignment.
- ✓ The EU has not played a key role in **donor co-ordination and harmonisation**.
- ✓ High level of **synergy with other Development Partners** has been achieved in budget support (education sector), limited in other sectors.

General conclusions - Overall results

Conclusion 1 - Poverty reduction	<p>By staying totally engaged with the GoN in fighting poverty, the EC has helped to keep the GoN poverty reduction strategy on track in achieving the MDGs. The EC interventions improved conditions for further poverty reduction.</p> <p>However, direct contribution to increased production, employment and incomes remained rather limited as few and only small interventions were implemented in productive sectors.</p>
---	--

General conclusions - Strategy level

Conclusion 2 – Thematic coverage	The rather good overall level of complementarity with other Development Partners does not generally come from a strategic approach in terms of division of labour across sectors. The EC has not used fully its own comparative advantages , in terms of focusing on specific areas where it has a wide experience.
Conclusion 3 - Policy dialogue	The EC has actively participated in the policy dialogue with the GoN in line with the size of its support (the EC is a relatively small DP in Nepal), but more could have been done.

General conclusions - Operational level

Conclusion 4 - Implementation modalities	EC portfolio is characterised by a suitable mix of instruments and aid modalities. Budget support was justified and, together with other modalities, can jointly improve the quality of the overall environment in which development takes place.
Conclusion 5 - Implementation capacity	Although important improvements were made in recent years, human resources in the two EU Delegations involved were constrained during most of the period (affected efficiency). Ownership and accountability of the GoN was low due to the unstable and rapidly changing political conditions. Both factors contributed to delays in implementation of actions of CSPs.

5. – Specific recommendations (by area)

Specific recommendations - Social exclusion and Gender

Reduced social exclusion	Continue community-level project interventions through local organisations, with increased resources for livelihood support and a stronger, more focused EC results-based approach.
Strategic framework	The EUD should develop a strategic framework for Gender Equality and Social Inclusion and its mainstreaming; projects should include this in their intervention approach.

Specific recommendations – Democracy and the rule of law

Electoral process	The EC should seek opportunities to build capacities for electoral administration and election observation by CSOs for the consolidation of the national system of representative democracy.
Human rights	The EC should continue to explore more long-term options for promoting the ongoing democratisation process, especially for building accountability with regard to local governments.
Judicial system	The EC should consider a more balanced approach. As well as support to public sector institutions, the EC should engage in capacity building of informal justice providers and emerging transitional justice mechanisms.

Specific recommendations - Education

Capacity building, education sector	DPs, together with GoN, should carry out a thorough review of capacity development needs. More generally, DPs and GoN should review both where support is really needed and what sort of support is needed in order to improve education service delivery.
--	--

Specific recommendations - Trade

Focus on TRA	<p>The EC should:</p> <ul style="list-style-type: none">➤ provide a higher share of the budget to Trade-Related Support (TRA);➤ include the private sector as a direct beneficiary; <p>Future EC support should be embedded in the multi-donor-supported Nepal Trade Integration Strategy (NTIS of 2010).</p>
---------------------	--

Specific recommendations - Rural development and Food security

Food Security	<p>The EC should intensify the support given to GoN in the development of an overall policy and strategy for food insecure areas in various agro-ecological zones, to enable an integrated and focused intervention approach.</p> <p>The EC should consider financially supporting the FS strategy with the instruments available, and encourage other DPs and GoN in the scaling up of promising technologies that were applied or tested in the funded interventions of the Food Facility.</p>
----------------------	--

Specific recommendations - Environment and Renewable Energy

Follow-up renewable energy	<p>The EC should encourage the Alternative Energy Promotion Centre (AEPC), as the national implementing agency of the Renewable Energy Project (REP) taking the necessary measures to ensure support to the Community Energy Service Providers (CESPs).</p> <p>The EUD-Nepal and AEPC should explore the possibility of extending the model of CESPs, monitor, once it proved to be sustainable and successful.</p>
---------------------------------------	---

6. – General recommendations

General recommendations - Strategy level

Thematic coverage	The EC should focus on key areas where it is recognised as having extensive experience and where it can provide added value.
Productive sector	The EC should increase the support to productive sectors, particularly in rural areas so as to strengthen the economic impact of the EC interventions.
Policy dialogue	The EC should increase the policy dialogue with national stakeholders, including both the GoN and Non State Actors (NSA).

General recommendations - Operational level

Implementation modalities	The EC should strengthen the synergies between its various aid modalities and financing instruments and strengthen the role of Non State Actors (NSA).
Implementation capacity	<p>The EC, and particularly the EUD, should align its own capacity with the objectives set in its strategy, and thus continue to consolidate them.</p> <p>The EC should give the national stakeholders a greater role in the design and implementation of the co-operation strategy in order to increase national leadership and ownership.</p>

III – Open discussion

6 Annex 6: Evaluation methodology

6.1 Introduction

The design and methodology for this evaluation are based upon the official published methodological guidelines of the DG DEVCO Evaluation Unit. General information on these guidelines can be found online at:

http://ec.europa.eu/europeaid/how/evaluation/methodology/index_en.htm

For the purposes of the present report, specific methods and tools were used for collecting, structuring, processing and analysing data throughout the various phases of the evaluation.

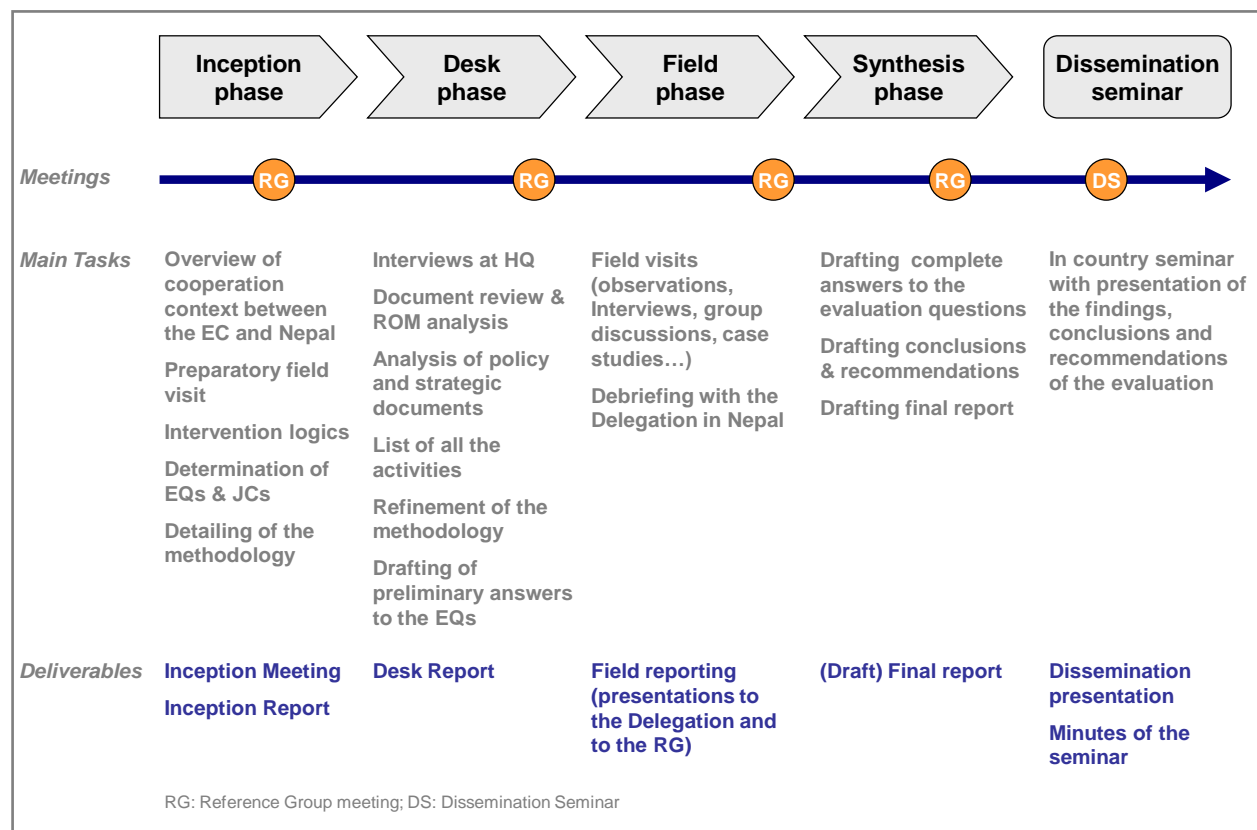
The sections below present details on three aspects of the approach followed in this evaluation:

- The evaluation process;
- The identification of the Evaluation Questions;
- The data collection methods and tools.

6.2 Evaluation process

The evaluation is conducted in four phases followed by a dissemination seminar as summarised in *Figure 7* below. The figure also lists the main tasks in each phase²⁵⁶, the Reference Group (RG) meetings held and the deliverables for each phase. In line with the ToR, each phase has started after formal approval of the deliverables of the previous phase by the DG DEVCO Evaluation Unit.

Figure 7 Evaluation process



Following the ToRs, and as agreed in the **structuring stage**, the evaluation exercise is based on a reconstructed intervention logic and a structured process of defining EQs. In the end, nine EQs have been retained (see also section 6.3). These questions have been selected with a view to covering, as far as reasonably possible, the various aspects of the intervention logic, but with a sharper focus on some specific aspects. The focus has been directed at aspects that will permit provision of information and analytical material contributing to an analysis of a number of

²⁵⁶ The lists include some major tasks carried out in each phase, but they are not meant to be exhaustive.

issues that become apparent from desk work done during the production of the inception report. For each EQ, a number of Judgment Criteria and Indicators were defined. The EQs were discussed and agreed upon with the DG DEVCO Evaluation Unit and the Reference Group.

During the **desk phase**, efforts were made to gather as much documentary evidence and information as possible, to provide preliminary assessments of the JCs and preliminary answers to the EQs. A detailed literature review was carried out, taking into account all available policy documents, implementation and evaluation reports, mid-term reviews, Results Oriented Monitoring reports and a variety of further sources. Missing documentation was identified and noted, and gaps were filled where possible.

The **field phase** took place between 29/05 and 11/06/2011. During the field phase, in addition to site observations (11 districts in 4 development regions were covered), the Evaluation Team conducted interviews and focus group discussions with a wide range of stakeholders (see also section 6.4 below).

The field phase helped to triangulate the data collected in the various phases of the Evaluation, to fill the major gaps identified during the desk phase and test a number of hypotheses formulated during the desk phase. It was also the opportunity to buy in GoN, civil society and beneficiaries' views on the EC co-operation strategy. A debriefing of the Reference Group in Brussels was organised at the end of the field phase to present the main activities carried out and the main findings that emerged from the field work.

During the **synthesis phase**, the Evaluation team analysed the information collected and drafted complete answers to the EQs (see Final report - Volume 1 – section 3). Based on the answers to the EQs, the draft final report proposed two sets of conclusions and recommendations. Global conclusions are typically grounded in findings related to more than one EQ and relate to overall issues in EC co-operation with Nepal. Specific conclusions typically arise from the answer to a single, or sometimes two, EQs and are more sector-specific. These conclusions lead to the formulation of global and specific recommendations. Each recommendation is linked to at least one conclusion.

6.3 Identification of the Evaluation Questions

6.3.1 Elaborating the intervention logic in form of diagrams

The first step to be undertaken when structuring the overall evaluation exercise is the review of the EC's intervention strategy: its rationale, its logic and its connection with other policies. The process of reconstructing the EC's intervention logic (IL) starts with the review and analysis of the EC's official documents, including:

- the overall development policy, co-operation policy or foreign policy documents that lay out the global framework of the EC's development co-operation thereby setting the frame within which the interventions take place²⁵⁷;
- the relevant specific EC policy, strategy and programming documents that lay out the framework of the EC's co-operation at country level²⁵⁸.

The analysis of these documents allows the drafting of the IL that provides a graphic representation of the hierarchy of strategic objectives and expected impacts pursued by the EC. The IL constitutes the backbone for the evaluation, delineating the set of objectives against which the EC support will be assessed.

The challenge in representing the intervention logic in form of diagrams is to strike the right balance between a readable and a comprehensive diagram. In order to meet this challenge, the team has followed a **three-step approach**:

²⁵⁷ Among them, the Lisbon Treaty; The European Community's Development Policy (COM, 2000, 212); the Millennium Development Declaration, 2000; the Communication Policy Coherence for Development - Accelerating progress towards attaining the Millennium Development Goals (COM, 2005, 134); the European Union's contribution to speeding up progress towards the Millennium Development Goal (COM, 2005, 132); the European Consensus on Development (2005); etc.

²⁵⁸ Mainly: the Country Strategy Papers and relevant Multi-annual Indicative Programmes over the evaluation period as well as elements of the programming specific to thematic and regional budget lines.

- **Step 1.** As a first step, the team elaborated two "**effects diagram**" **faithful** to the strategy and programming documents covering the evaluation period²⁵⁹. The characteristic of these diagrams is that they accurately reflect the strategic and programming documents by: i) identifying the objectives and translating them into a hierarchy of expected effects (results and impacts); ii) identifying the activities and connecting them to the expected effects (cause and effect linkage).
- **Step 2.** As the cause-and-effect logical chain of the "faithful diagrams" presented some gaps (missing links) and some objectives were too vague, the team reworked the faithful effects diagram into two **reconstructed effects diagram(s)** to take into account implicitly expected effects that were not mentioned in the initial documents.
- **Step 3.** The final step consisted in drafting a unique "**simplified reconstructed effects diagram**" that highlights the key elements of the impact diagrams elaborated for the two periods (2002-2006 and 2007-2013).

The final "simplified reconstructed effects diagram" is presented in Volume 1 – Section 2.3.

6.3.2 Drafting the Evaluation Questions

The evaluation questions allowed the evaluation work to focus on a limited number of key issues. At a general level, the selection of the EQs was based on the analysis of:

- the intervention logic both overall and main sectoral issues as reflected in the sectoral streams;
- the cooperation strategy's rationale: i.e. the broader IL including the policy dialogue and overall context within which the EC intervenes;
- issues highlighted in the ToR and expressed by Reference Group members;
- the potential utility of the answer in line with the purpose of this evaluation and the need to avoid the mere rediscovery of existing knowledge.

In the end, nine EQs have been retained. For each EQ, a number of Judgment Criteria and Indicators were defined. The EQs were reviewed to ensure that they could realistically be answered through a limited number of judgement criteria. The evaluation team also checked that the information related to the selected indicators was available and could be collected within the time and resource constraints of the evaluation. Volume 1 – section 2.3 presents the final EQs as well as their coverage of the 7 evaluation criteria (5 DAC and 2 EC specific criteria) and the two specific issues mentioned in the ToR ("cross-cutting issues" and "3Cs").

The EQs were discussed and agreed upon with the DG DEVCO Evaluation Unit and the Reference Group during the structuring stage.

6.4 Data collection

6.4.1 Introduction

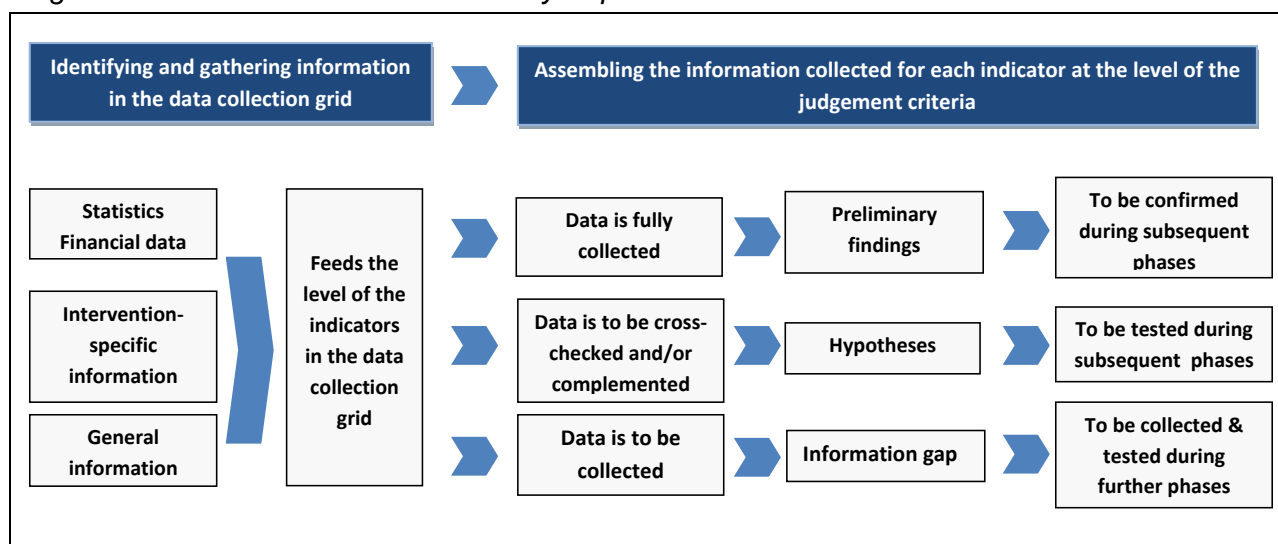
Data collection activities were carried out mainly during the desk phase and the field phase.

Although the combination of data collection methods and tools varies according to the different JCs, several methods and tools have always been used to collect the data necessary to assess a given JC. Moreover, data collected through different means was cross-checked. Where possible, the evaluation team combined the use of qualitative and quantitative data and relied both on primary and secondary data sources while taking into account resources and time constraints. The Quality Director of the evaluation checked that the final set of methods and tools consisted in a sufficiently wide mix to ensure a high level of data reliability and validity of conclusions.

At the end of the desk phase, the team assessed the overall data collection process in order to identify preliminary findings to be confirmed during the field phase, hypotheses to be tested and information gaps to be filled. The process followed is exemplified by the figure below.

²⁵⁹ The evaluation period covers two key periods (each corresponding to one Country Strategy Paper): 2002-2006 and 2007-2013.

Figure 8: Data collection and analysis process



In fact, the time that can be spent by the team in the field was limited. Therefore, the scope of the visit, i.e. the type of information to be collected, had to be fully clarified and made explicit. Careful preparation of the field phase was thus required and detailed elements on the approach to be followed were presented in the desk report which was discussed with the RG at the end of the desk phase. In order to ensure efficient time and resource management, prior to the field visit, the team prepared guidelines and checklists for interviews and focus groups to ensure that: i) key informants be interviewed only once; and ii) that all information gaps can be filled.

6.4.2 Desk phase

The table below gives an overview of the major tools used for data collection during the desk phase.

Table 30 Major tools used for data collection during the desk phase

Tool	Approach
Mapping of EC financial contributions	The team prepared an overview of EC financial flows based on the analysis of the CRIS database, with a view to identifying all project / programmes that fall within the scope of the evaluation to enable aid inventory and analysis of implemented strategy. Information provided included: start/end dates; contracted and disbursed amounts; availability of monitoring/evaluation reports; sector of intervention; funding modality.
Detailed literature review	Different types of information will be analysed: <ul style="list-style-type: none"> • EC documents, including project, programme and country evaluations, other project, programme and documents (financial agreements, etc.); • Selected major strategy documents / evaluations of other donors, especially Member States; • Government strategies and policy documents; • Sectoral reviews of internationally recognised institutions; • Grey literature, concept papers, etc. Annex 8 provides a list of documents used for the literature review.
ROM analysis	The information gathered under the ongoing result-oriented monitoring system (ROM) was included in the document review process of the evaluation team. Available ROM reports of interventions related to the evaluation questions were analysed and the results integrated into the desk report.
Statistical analysis	In-country and regional statistics were collected especially in the following two sectors: education and trade.

6.4.3 Field phase

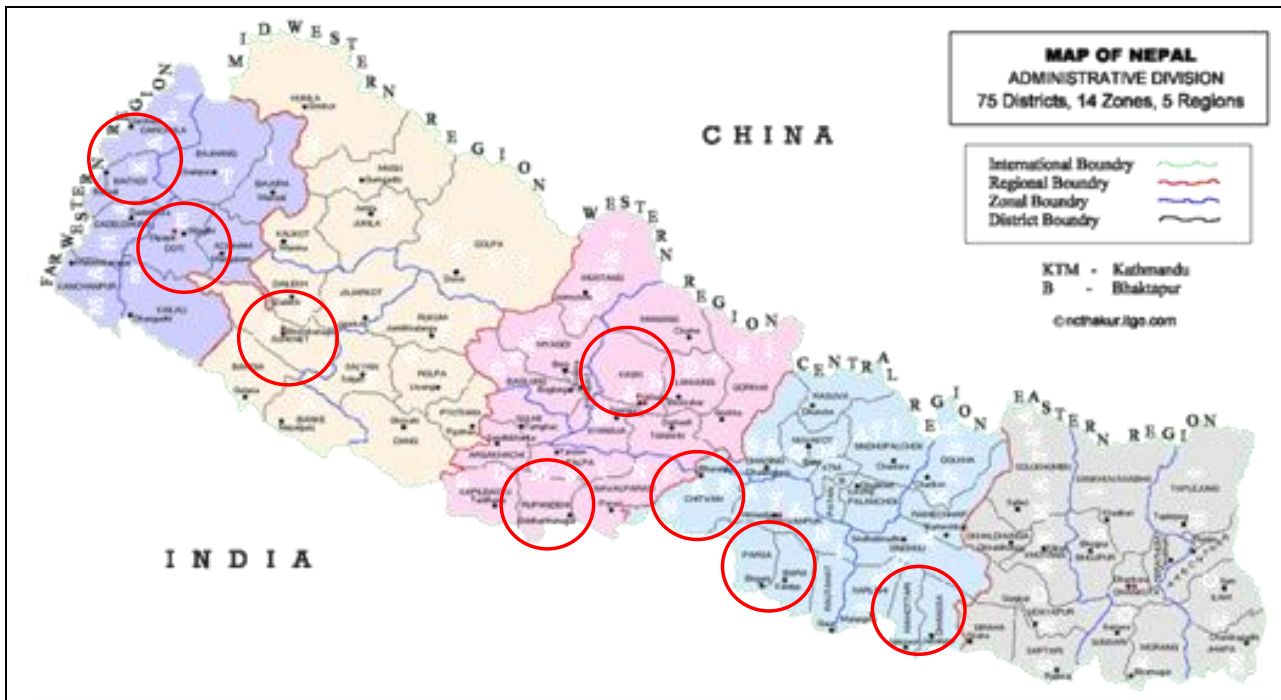
6.4.3.1 Overview

The field phase took place between 29/05 and 11/06/2011. During the field phase, in addition to site observations, the evaluation team interviewed individually or in group discussions over 150 persons covering a wide range of stakeholders, in particular:

- At central level,
 - Government of Nepal (various ministries/government bodies, such as MoE, DoE, MoC, MoI, MoAC, MoJ, MoWCSW, and the Planning Commission).
 - EUD staff.
 - National institutions (Supreme court, NHRC, NBA, Election Commission, NBSM, Judicial academy, National Women Commission, National Dalit Commission).
 - Development partners (WB, ADB, AusAid, JICA, FINNIDA, DANIDA, DFID, NORAD, UNICEF, UNDP, WFP, UNESCO, etc.).
 - Chamber of Commerce and exporter associations.
 - I-NGO, NGO and other CSO.
- At the local level,
 - Regional/District/Local Administration (such as DDCs and VDCs, local courts, local police, food security network).
 - Schools, NGOs, Community groups (such as CESP, women's groups, Dalits groups, beneficiaries of EU-FF).

Field phase activities covered 12 districts (Doti, Baitadi, Darchula, Surkhet, Kapilvastu, Kaski, Mahottari, Dhanusha, Bara, Parsa, Kathmandu, Chitwan) in 4 development regions as illustrated in the figure below.

Figure 9 Overview of field phase activities



6.4.3.2 Major tools used for data collection

The table below gives an overview of the major tools used for data collection during the field phase.

Table 31 Major tools used for data collection during the field phase

Tool	Approach
Interviews (semi-structured and open)	A large number of interviews with relevant key actors was set up and conducted ²⁶⁰ . These interviews ranged from semi-structured interviews, clearly aiming to test hypotheses and fill information gaps, to open interviews, which allowed for actors to alert the team to potentially relevant but unexpected issues relating to the JCs and EQs. A list of the main stakeholders interviewed, can be found in Annex 7.
Focus group	<p>The overall aim of the focus group was to add to the evidence base on specific EQs and to test hypotheses formulated during the desk phase. In particular, this was done by eliciting responses relating to a selected number of research questions, as well as specific data gaps to be filled. Following principles underlyed the focus groups carried out:</p> <ul style="list-style-type: none"> • Emphasis was laid on obtaining feedback on processes and outcomes over the evaluation period 2001-2010, as identified in the desk report and during the field visit up until that point; • A selection of Evaluation Questions and Judgment Criteria was tackled, looking in particular at remaining information gaps and the testing of hypotheses; • Questions were mostly open-ended, not pre-emptying judgments. They were however based on findings and preliminary conclusions arrived at until that stage. <p>6 focus groups were organised in Kathmandu and covered following themes:</p> <ol style="list-style-type: none"> 1. <i>EC contribution to civil society's role in the protection / promotion of HR and access to justice for marginalised groups;</i> 2. <i>EC support to election observation by civil society organisations and public awareness raising on the electoral process;</i> 3. <i>EC support to issues of women and excluded groups (with National Women Commission, National Dalit Commission and National Federation for Development of Indigenous People);</i> 4. <i>EC strategy and contribution in addressing GESI and human rights in Nepal (with implementing partners);</i> 5. <i>EC support to the private sector, in relation to trade-related assistance;</i> 6. <i>EC support to the Justice sector in Nepal, in particular through the support to national institutions such as the Nepal Bar Association;</i> 7. <i>EC support to NSA activities in the education sector, especially regarding vulnerable and hard to reach children.</i>
Site visits (incl. group discussions)	<p>A number of project site visits were carried out to provide more detailed qualitative information at first hand (and, to a certain extent, quantitative information). This was particularly the case either where there was: a lack of existing data (i.e. evaluation reports) on the project; a special interest in long-term impacts and sustainability; and where it was important to receive responses from the final beneficiaries. At these site visits, regional/local stakeholders were consulted, including relevant government bodies, CSOs and final beneficiaries.</p> <p>Moreover, during the site visits, several group discussions were carried out with specific target groups including:</p> <ul style="list-style-type: none"> • <i>Village Development Committees.</i> • <i>Excluded groups (e.g. Dalits groups).</i> • <i>Women's groups.</i> • <i>Members of Community Energy Service Providers.</i> • <i>Staff of local district courts.</i> • <i>Staff of district legal aid committees.</i> • <i>Parents teacher associations.</i> • <i>School management committees.</i>

6.4.3.3 Examples of data collection tools

The box below presents an extract of the **semi-structured interview** grid used in interviews with Development Partners (this extract focuses on EQ2).

²⁶⁰ No less than 100 interviews were carried out during the two weeks of the field visit.

Box 12 *Extract of interview grid used during the field phase (areas covered: justice and human rights; type of interviewee: development partner)*

- Overview of DP's support to the access to justice and human rights sectors.
- DP's experience working with judicial actors.
- Donor coordination of support in the area of human rights, including in terms of legal drafting.
- EC's role, strategies and implemented activities in the sector.
- EC's main achievements in the sector.
- How well does EC cooperate and coordinate its support with that of other donors? What action has been taken by EC to ensure complementarity and harmonisation (specific emphasis on NHRC)?
- Observations on EC support to the Supreme Court, NHRC and legal aid. EC's contribution and value-added? To what extent has EC had any influence on Government policy?
- Recent development in the judicial sector? Likely future developments?
- Importance of the informal justice sector and need for support (community-based informal justice mechanisms)?
- Backlog of cases in the judiciary?
- Case management system established. Impact? Speed of case management? Internet access outside Kathmandu?
- What can be observed in terms of the evolution of the legal aid during the evaluation period?
- Major needs for the future? What should be the EC priorities for the next CSP? What kind of change would you like to see in the way to address the key issues of the sector?
- Does your institution plan to work with justice / human rights sector? Priority issues?

The table below presents an overview of some key features of the **focus group** organised with selected NGOs working in the education sector and supported by the EC.

Table 32 *Example of focus group organised during the field phase*

Title	Focus group with selected NGOs
Overall aim(s)	The overall aim of the focus group was to add to the evidence base in relation to the specific EQs 4 and 8. This was done by eliciting responses relating to a selected number of research questions, as well as specific data gaps to be filled.
Principle Research Questions	<ol style="list-style-type: none"> 1. Nature of relationship with the EU/EC in terms of project formulation and monitoring? 2. Nature of relationship with government offices/officials at both local / central levels? 3. Nature of relationship with other agencies and sectors other than education? 4. With regard to implementing the projects: <ul style="list-style-type: none"> ○ What progress has been made? ○ What difficulties have you encountered and how have you overcome them? ○ What results/ impacts can be observed? And with which level of sustainability?
Target Group(s)	Participants were representatives of the following group: <i>NGOs implementing project directly supported by the EC in the education sector</i> . Final list: Karnali Integrated Rural Development and Research Centre (KIRDRA), Voluntary Service Overseas (VSO), Rural Reconstruction Nepal (RRN).
Relevant EQ(s)	EQ4 (and to a certain extent: EQ8 and EQ9)
Participating international expert(s)	MMM & TS

7 Annex 7: List of institutions and persons met

Table 33 *List of institutions and persons met*

<i>Persons met</i>	<i>Institution</i>
	EU Delegation to Nepal
Lluis Navarro	EUD-N
Anouk Rutter	EUD-N
Giap Dang	EUD-N
Christian Touwaide	EUD-N
Marion Michaud	EUD-N
Shiva Bhandari	EUD-N
Ranjan Shrestha	EUD-N
Diana Garcia Alcubilla	EUD-N
Louise Banham	EUD-N
Maddalena Dali	EUD-N
	EU Delegation to India
Hans van Schoof	EUD-I
Michael Alexander	EUD-I
Laurent le Danois	EUD-I
Ellen Pederson	EUD-I
Subramanian Pattabiraman	EUD-I
	Donor community
June Ghimire	WB
Bigyan Pradhan	WB
Bhuvan Bajracharya	ADB
Smita Gyawali	ADB
Govinda Gyawali	ADB
Md. Sahid Parwez	ADB
Khem Raj Upadhyaya	DFID
Rebecca Calder	DFID
Horst Ammann	GIZ
Nastu Prasad Sharma	AusAid
Lars P. Christensen	Danida
Lis Christensen	Danida
Krishna Prasad Lamsal	JICA
Bhola Dahal	Finnida
David Billings	USAID
Madhuri Singh Rana	USAID
Eva Ahlen	UNICEF
Tek Tamata	UNDP
Edwin Beery	UNDP
Tap Raj Pant	UNESCO
Xavier Bouan	FAO
Yolanda Hogenkamp	WFP
Leela Raj Upadhyaya	WFP
Krishna Pahari	WFP
Kamla Bisht	NORAD
Kristine Storholt	NORAD
Camilla Rossaak	NORAD
	Government of Nepal and National institutions
Ananda Raj Pokharel	Ministry of Women, Children and Social Welfare
Lekha Nath Poudel	Ministry of Education
Shankar Prasad Pandey	Ministry of Education
Janardan Nepal	Ministry of Education
Lekha Nath Poudel	Ministry of Education
Hari Lamsal	Ministry of Education

Lava Deo Awasthi	Department of Education
Shankar Thapa	Department of Education
Balram Timilsena	Department of Education
Sushil Ghimire	Ministry of Local Development
Bishnu Pd. Aryal	Ministry of Agriculture and Cooperative
Hem Raj Regmi	Ministry of Agriculture and Cooperative
Mahendra Paudel	Ministry of Agriculture and Cooperative
Shiva Kumar Sharma	Department of Irrigation
Yam Kumari Khatiwada	Ministry of Industry
Chandra Kumar Ghimire	Ministry of Commerce
Dileep Adhikary	FNCCI
Madhav Pd. Poudel	Ministry of Law, Justice and Parliamentary Affairs
Surya Pd. Silwal	Nepal Peace Trust Fund
Arvind K. Rimal	Nepal Peace Trust Fund
Dinesh Chandra Devkota	National Planning Commission
Narayan Chaulagain	AEPC
Anthony Cardon	Office of the High Commissioner of Human Rights
K.B. Rokaya	National Human Rights Commission
Bishal Khanal	National Human Rights Commission
Kishore Thapa	National Election Commission
Rajendra Sharma	National Election Commission
Ram Krishna Timalsena	Supreme Court
Srikanta Poudel	Supreme Court
Shreekrishna Mulmi	National Judicial Academy
Poorna Prasad Manandhar	Nepal Bureau of Standards and Metrology
Thakur Pd Neupane	NBA
Yogendra Bdr Adhikary	NBA
Gopal Krishna Ghimire	NBA
Yuva Raj Bhandari	NBA
Prabhakar Bagchand	National Campaign Against Untouchability Nepal (LANCAU)
Kewal Pd Bhandari	National Women Commission
Nayan Kala Thapa	National Women Commission
Bijul Biswokarma	National Dalit Commission
Jeewan Pariyar	National Dalit Commission
Ram Krishna Lokandra	National Dalit Commission
Udaya Ojha	National Dalit Commission
Govinda Nepali	National Dalit Commission
Raj Kumar Lekhi Tharu	NEFIN
Angkaji Sherpa	NEFIN
Yuba Raj Sangraula	Attorney General
	Non-Governmental Organisations / Civil Society Organisations
Lex Kassemberg	CARE
Sushila Thapa Magar	CARE
Gehendra Bdr. Gurung	Practical Action
Shirish Singh	Practical Action
Heema Khadka	Oxfam
Sudha Khadka	Oxfam
Govinda Neupane	Danish Church Aid
Luma Nath Adhikari	Save The Children
Anuj Joshi	SNV
Raj Kumar Gandharba	VSO
Madhab Raj Neupane	KIRDARC
Suman Poudel	Dalit NGO Federation
Chandika Bhattarai	Women for Human Rights

Srijana Lohani	Women for Human Rights
Subash Pokharel	Blue Diamond Society
Raju Ram Bhandari	Blue Diamond Society
Krishna Pandey	Blue Diamond Society
Mandira Shrestha	Advocacy Forum
Durga Sob, President	Feminist Dalit Organization
Maheshwor Ghimire,	Nepal Disabled Human Rights Centre
Arjun Karki	RRN
Bijaya Gautam	INSEC
Surya Pd. Shrestha	NEOC
Man Bdr. Thapa	HURPEF
Himalaya Samsher	JBR- GEOC
Bishnu Giri Nischal	Community Development Centre
Tulsi Das Pokharel	CHRP Nepal
	Private sector
Suresh Kumar Basnet	Nepal Chamber of Commerce
Gyanendra Tuladhar	Nepal Chamber of Commerce
Rajendra Malla	Nepal Chamber of Commerce
Kamelsh Kumar Agrawal	Nepal Chamber of Commerce
Surendra Kumar Shrestha	Nepal Chamber of Commerce
Hari Bahadur Karki	Nepal Chamber of Commerce
Raju Shrestha	Nepal Chamber of Commerce
Naresh Das	Export Council of Nepal
Bikas Ratna Dhakhwa	Federation of Handicraft Association of Nepal
Dharma Raj Shakya	Federation of Handicraft Association of Nepal
Udaya Raj Pandey	Garment Association of Nepal
Bhupal Basnet	Garment Association of Nepal
Puspa Man Shrestha	Nepal Pashmina Industry Association
Govinda Ghimire	Nepal Herbs and Herbal Products Association
Bijaya Bahadur Bista	Central Carpet Industry Association
AG Sherpa	Central Carpet Industry Association
Tej Ratna Shakya	Nepal Gold and Silver Dealers Association
Ramesh Maharjan	Gems and Jewellery Association
Jyoti Baniya	Nepal Consumer Association
Ramesh Chandra Poudel	Nepal Consumer Association

8 Annex 8: List of documents

List of documents consulted

Documents related to EC policy documents

European Commission (2003): Communication From The Commission To The Council, The European Parliament And The European Economic And Social Committee: *Governance and Development*, COM(2003)615.

European Commission (2005): Communication From The Commission To The Council, The European Parliament, The European Economic And Social Committee And The Committee Of The Regions: *Migration and development: some concrete orientations*, COM(2005)390.

European Commission (2006): Communication From The Commission To The Council, The European Parliament, The European Economic And Social Committee And The Committee Of The Regions: *The Thematic Programme "Non-state Actors and Local Authorities in Development"*, COM(2006)019-

European Commission (2006): Communication from The Commission to The Council, The European Parliament, The European Economic And Social Committee And The Committee Of The Regions: *Governance in the European consensus on development. Towards and harmonised approach within the European Union*, COM(2006)421.

European Commission (2006): The European Consensus on Development.

Documents related to EC worldwide programmes

- PBCD & HR

European Commission (2004): *European Initiative for Democracy and Human Rights (EIDHR). Programming for 2005 and 2006.*

European Commission (2008): *Update of the EU Guidelines on children and armed conflict.*

European Commission (2008): *European Commission Checklist for Root Causes of Conflict.*

European Commission (2008): *Action Fiche 3 - EIDHR AAP 2008.*

European Commission (2010): *DRAFT 2010 Annual Action Programme covered by the Strategy Paper 2007-2010 for the European Instrument for Democracy and Human Rights (EIDHR).*

Sonia Herrero (2009): *A Decade of Democracy. Promotion through the European Initiative for Democracy and Human Rights.* The EPD Working Paper Series on Democracy Support 1/2009.

- Environment & Tourism

European Commission: *Switch Asia - Satisfying basic needs respecting the earth's limits.*

- Food facility

European Commission (2010): *Report from the Commission to the European Parliament and the council. Food Facility: Interim report on Measures Taken*, COM(2010)81final.

- Other

European Commission (2008): *Introduction to the EC thematic instruments and programmes for 2007-10.*

European Commission (2006): *Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee on the function of the Community's generalised system of preferences for the ten year period from 2006-15.* COM(2004)461.

Contextual Information

Dr. Rabindra K Shakya (2006): Economic Policy Network, Policy Paper 25, *Macroeconomic Stability: Contributing Factors and their Sustained Management.*

Government of Nepal (2005) *MTEF IV - Main Volume (2005/06 - 2007/08)*

Acharya, S. (2007). *Social Inclusion: Gender and Equity in Education SWAps in South Asia: Nepal Case Study*, UNICEF

Seel, A., (2007) *Social Inclusion: Gender and Equity in Education SWAps in South Asia – Synthesis Report*, UNICEF

United Nations Country Team of Nepal and Government of Nepal (2010): *Nepal Millennium Development Goals, Progress Report 2010*.

Government of Nepal (2008): *PEFA – An Assessment of the Public Financial Management Performance Measurement Framework*.

International Monetary Fund (2010): *Country Report No 10/184, July 2010*

WB/ DFID - Unequal Citizens (2006): *Gender, Caste and Ethnic Exclusion in Nepal, Summary*.

ADB (2010) *Draft Gender and Social Exclusion Assessment Update Volume II*, June 2010.

WB (2010) – *World Development Indicators*

UNESCO Bangkok (2010) – *Educational Financial Planning in Asia: Implementing Medium-Term Expenditure Frameworks – Nepal*.

Clarke, G. (2011) *Education MTEF: Approaches, Experience and Lessons from Nine Countries in Asia*. Asia-Pacific Education System Review Series No. 3: UNESCO Bangkok

EUD Nepal, *Overview of the EC-funded projects in inclusive education*, Kathmandu, 18th January 2011

Documents related to EC interventions in Nepal

- Overall

European Commission (2003): *Country Strategy Paper Nepal 2002-2006*.

European Commission (2007): *Country Strategy Paper Nepal 2007-2013*.

European Commission (2010): *Mid-Term Review of the CSP 2007-2013*.

European Commission (2010): *EC-Nepal Multi-Annual Indicative Programme (2007-2010)*.

ECHO / Aguaconsult (2010): *Evaluation of the DG Echo's Action in Nepal*.

- Education

Selection of documentation related to the BPEPII:

Nepal – Basic and Primary Education Programme II Joint Government-Donor Mid Term Review. March 2002.

Joint Aide Memoire (2003): Basic and Primary Education Programme (BPEPII) Ninth Joint Review Mission.

Nepal – Joint Government–Donor Evaluation of Basic and Primary Education Programme II, Danida, July 2004.

Final Evaluation: Basic and Primary Education Programme Phase II (BPEPII) Nepal NPL/B7-300/IB/98/0126, February 2005.

Selection of documentation related to the Education for All (EFA) programme:

EFA Consultation Meeting, December 2006, *Aide Memoire*.

Mercer, M (2003) *Resourcing Education for All 2004-2009: a framework*. Report on the Funding Modalities Workshop 25th-26th February 2003. ECECO.

Identification Fiche: Education Sector Budget Support Programme – CRIS: DCI-EDUC/2007/19109 – 2007.

EFA/SESP Joint Annual Review Meeting, May 2008, *Aide Memoire*.

European Commission (2008) *Financing Agreement DCI-ASIE/2007/19109 – Education Sector Policy Support Programme (for EFA) – signed 8th June 2008*.

Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme, NORAD, March 2009.

Selection of documentation related to the School Sector Reform (SSR) programme:

European Commission (2009) *Action Fiche: School Sector Reform, DCI-ASIE/2009/21209*, July 2009.

Government of Nepal Ministry of Education – *Governance and Accountability Action Plan (GAAP)*, draft July 2009.

Government of Nepal Ministry of Education, *School Sector Reform Plan 2009-2015*, August 2009.

Government of Nepal Ministry of Education School Sector Reform Plan first Joint Consultative Meeting 6-11 December 2009, *Aide Memoire*.

Government of Nepal Ministry of Education School Sector Reform Programme First Joint Annual Review 19-23 April 2010, *Aide Memoire*.

European Commission (2010) *Financing Agreement DCI-ASIE/2009/21209 – School Sector Reform Plan – signed 22nd June 2010*.

Government of Nepal Ministry of Education, draft *National Framework for Capacity Development*, June 2010.

Government of Nepal Ministry of Education School Sector Reform Plan Second Joint Consultative Meeting 6-10 December 2010, *Aide Memoire*.

Government of Nepal Ministry of Education, Draft *Strategies for Capacity Development – Guidelines*, September 2010.

- PBCD &HR

Selection of documentation related to PBCD &HR

Agreement between the Government of Nepal and the UN High Commissioner for Human Rights concerning the Office of the High Commissioner for Human Rights in Nepal; (09/06/2010).

Bhusal, R.M (2008): *Cooperation and networking between the NHRC and other human rights institutions and state bodies; (30/06/2008).*

Danish Institute for Human Rights: <http://www.humanrights.dk>

European Commission: *European Community contribution agreement with an international organisation ASIA/2006/116-145 for the project titled: Human Rights monitoring mission.*

European Commission (2000): *Communication from the European Commission on EU election assistance and observation; Brussels, 11/04/2000, COM (2000), 191 final.*

European Commission (2003): *Establishment of an Outreach Programme in selected 5 districts and in all five Development Regions of Nepal; (EC ref: B7-701/2003/3015).*

European Commission (2004): *Appraisal of the Nepal Conflict Mitigation Package 2.*

European Commission (2006): *Financing agreement n°NP/2005/017-635 CMP 2 between the EC and the Kingdom of Nepal and TAPs; (14/02/2006).*

European Commission (2008): *Addendum 1 to the FA (26/12/2008) of CMP2.*

European Commission (2009): *OWP CMP2 and work plan 2009.*

European Commission (2010): *CMP 2 final evaluation report, 2010.*

European Commission (2010): *Nepal Country Strategy Paper 2007-2013; mid-term review document IP 2011-2013; (04/2010)*

EU Election Observation mission (2008): *Largely successful Election Day despite tense campaign marks step towards inclusive democracy (12/04/2008)*

EU Election Observation mission (2008): *Nepal final report Constituent Assembly election; (09/2008).*

EU Election Observation mission (2008): *Preliminary statement of the EUEOM: largely successful Election Day despite tense campaign; (12/04/2008).*

EU Election Observation mission (2008): *Site EU EOM final report*.
<http://www.eueomnepal.org/English/default.html>

Ghose, M (2008): Operationalising the gender component of the gender and social inclusion division within the NHRC; (12/2008).

Human rights accord between the government of Nepal and the communist party of Nepal-Maoist (CPM-M); (22/05/2006).

Human Rights Commission Act 1996

Ignacio, J: *Needs assessment HR training and capacity building of the NHCRC*.

Interim Constitution of Nepal, 15 January 2007.

Lavendera, C (2008): *Witness and victim protection programme, CMP2*; (09/2008).

Law on the Functions, Duties and Powers of the Election Commission, 26 March 2007.

Moran, G, Eliadis, P, Shakya P.M (2010): *Final evaluation of the CMP 2 programme; Final report*; (05/10/2010).

National Human Rights Commission: <http://www.nhrcnepal.org>

National Human Rights Commission: *A brief overview 2009 – 2009 activities at a glance*.

National Human Rights Commission: *NHRC Annual Reports 2004 & 2005*

National Human Rights Commission: *NHRC Strategic Plan 2004-2008*.

National Human Rights Commission: *NHRC Strategic Plan 2008-2010*.

National Human Rights Commission (2002): Report NHCR 07-087/2001 to 07/2002: Dignity, equality and justice for all.

National Human Rights Commission (2007): *NHRC Report on the Status of Human Rights under the Comprehensive Peace Agreement*.

National Human Rights Commission (2008): *Progress report of NHRC: 07/2007 to 06/2008*.

National Human Rights Commission (2008): *Update of NHRC HR training and capacity building and training needs assessment*; (as of 19/06/2008).

National Human Rights Commission (2010): *Summary Report of NHRC Recommendations upon Complaints in a Decade (2000-2010)*.

National Human Rights Commission: <http://www.nhrcnepal.org>

National Judicial Academy: <http://njanepal.org.np/>

National Judicial Academy Act 2006

Nepal Supreme Court: <http://www.supremecourt.gov.np>

Nepal Supreme Court (2004): *First Strategic Plan of the Nepal judiciary (2004-2009)*.

Nepal Supreme Court (2009): *Second Strategic Plan of the Nepali judiciary (2009-2014)*.

Pace, J: *Report on the implementation of the new structure of the NHRC*.

Pace, J: *Strategic plan: Proposals for implementation of the new structure of the NHRC secretariat*; interim report.

Pradhan, S (2009): *Monitoring database model NHCRC*; (09/2009).

Report of the NHRIs of Nepal on the UPR Processes; (07/2010).

Right to Education Foundation (2004): *Building Capacity of National Human Rights Institutions: The Case of Nepal*.

Segal, M (2008): *Case management implementation manual*; (06/ 2008).

Site of the OHCHR in Nepal <http://nepal.ohchr.org/en>

UNHCHR (2006): *Report of the UNHCHR on the situation of human rights and the activities of her Office, including technical cooperation, in Nepal*; (16/02/2006).

United Nations Development Programme: *CDNHRC project Capacity Development of National Human Rights Commission Project – Phase II CDNHRC-II*;
<http://www.undp.org.np/governance/projects/cdnhrc-ii>

UNMIN: <http://www.unmin.org.np>

WYG International (2009): Completion report of the TA to assist in the implementation of the CMP2 in Nepal (Europaid/122531/C/SER/NP); (10/ 2009).

European Commission: *European Instrument for Democracy and Human Rights (EIDHR) - Description of EC funded Projects in NPL.*

European Commission: *Investing in People - Description of EC funded Projects in NPL.*

- Environment and Energy

Selection of documentation related to Renewable Energy Programme

AEPC, *e-Newsletters from June 2009-January 2011.*

AEPC-Danida-Norway (2009), *Energy Sector Assistance Project (ESAP-II) Annual Report Jul 2008-Jun 2009.*

AEPC (2010), *REP Quarterly Progress Reports from 2005 to 2010 (selection)*

EC (2007), *Risk Assessment Report, Renewable Energy Project, March 2007.*

EC (2009), *Financing Agreement Renewable Energy Project, NPL/AIDCO/2000/2589, October 2002. Addendum I, August 2008. Addendum II, July 2009.*

EC (2009), *Technical and Administrative Provisions Renewable Energy Project, NPL/AIDCO/2000/2589, October 2002. Addendum I, August 2008. Addendum II, July 2009.*

EC, *ROM reports 2006 and 2010.*

REP *Newsletters, four issues from 2006-2008.*

EC, REP, *Overall Work Plan, June 2006.*

EC, REP, *Annual Work Plans, 2006-2010.*

Sofreco, *Technical Assistance Renewable Energy project, Nepal. August 17, 2004 – December 31, 2008. Final Report.*

- Trade

EC-WTO Assistance Project, *Minutes Steering Committee*

EC-WTO Assistance Project, *National Project Coordinator, Monthly Progress Reports*

EC (2008, 2010) *ROM Mission reports related to the WTO Assistance Project*

EC, *Factsheet Generalised Scheme of Tariff Preferences (GSP) 2009 – 2011*

EC, *Textile Agreement with Nepal, Official Journal of European Communities, 2000*

EC, DG Trade, *Trade statistics with Nepal.*

GoN, Trade and Export Promotion Centre, Nepal. *Trade statistics*

UNIDO, *Project Document of WTO assistance to Nepal, including logical framework*

UNESCAP, *Project Document of WTO assistance to Nepal, including logical framework*

UNIDO, *Project Progress Reports*

University of Sussex, Centre for the Analysis of Regional Integration (Caris), *Mid Term Evaluation of the EU's Generalised System of Preferences, Final Report, and Statistic Appendices, 2010*

Other donors in Nepal

Nick Chapman, Debi Duncan, Jan Harnmeijer, Liz Kiff, Hari Regmi, Gael Robertson (2007): *Evaluation of DfID Country Programmes, Country Study: Nepal, DfID.*

Tribhuvan University, Research Centre for Education Innovation and Development (2003/04): *Formative Research Project, Major Findings and Suggested Action Steps.*

Crisis Management Initiative (2007): *An Inclusive Peace Process in Nepal and the Role of the EU.*

Dr. Rohit Kumar Nepali, Uddhab P. Pyakurel (2009): *A study of Nepal's Constituent Assembly Election: The Influence of Civil Society and the Multilateral System*, Montreal International Forum.

Unesco and IIEP (2009): *Education Budgeting in Bangladesh, Nepal and Sri Lanka, Resource management for prioritization and control*.

Asian Development Bank (2004): *Report on the Nepal development forum (May 2004)*.

ADB/ UNDP/ Government of Nepal - Ministry of Finance (2010): *Joint Evaluation of the implementation of the Paris Declaration, Phase II – Nepal Country Evaluation*.

9 Annex 9: Minutes of the in-country seminar

Introduction

Context

The European Union commissioned Particip GmbH to undertake an evaluation of the EU's co-operation with Nepal. The main objectives of the evaluation were:

- To be accountable and provide the relevant external co-operation services of the EC and the wider public with an overall independent assessment of the EC's past and current co-operation relations with Nepal;
- To identify key lessons in order to improve the current and future strategies and programmes of the EC.

The evaluation focused on assessing the results and impact (effects) of the programmes carried out in the framework of the EC co-operation strategies with Nepal, in particular in the context of the programmes managed by the Relex Family. The evaluation covered aid delivery over the period 2002-2010. In terms of thematic scope, the evaluation team paid specific attention to the following co-operation areas:

- Support to Nepal's poverty reduction strategy, particularly in education, rural development, and renewable energy and environment;
- Peace building and consolidation of democracy;
- Trade facilitation and integration in the international economy.

A draft final report of the evaluation was submitted to the European Union Delegation of Nepal in November 2011. A half day consultative seminar, to discuss the evaluation report and future priorities, was held on 7 February 2012 in Kathmandu. About 90 participants, from the EU headquarters, the EU Delegation in Nepal and partner organisations of the EU, took part in the seminar (see Annex 1 for a list of participants). This note summarises the discussions and feedback from the consultative seminar.

Welcome speech

Ambassador Spachis indicated that he has appreciated the work done for this evaluation and emphasised that it covered a very difficult phase in Nepal's history. M. Spachis emphasised that the key task for Nepal is to write the constitution and ensure political stability so that there can be progress and development. He acknowledged that, in a conflict and transition phase, it is challenging to work in Nepal and to contribute to its development mainly due to the scarcity of national capacities and the lack of relevance of the EC cooperation guidelines.

Catherine Pravin, Evaluation Manager, DG DEVCO Evaluation Unit, presented the purpose of the evaluation and the standardised methodology followed for such evaluations.

Presentation by the evaluation team

Dr. Jan Douwe Meindertsma (Team Leader, Evaluation team), acknowledged the great collaboration from EU staff, Government of Nepal, Civil Society, Private Sector and Development Partners.

He shared that the consultants (Particip GmbH) accept sole responsibility for the content and outcomes of the evaluation. The evaluation team was formed by Dr. Jan Douwe Meindertsma (Team Leader, Rural Development, Trade, Rural Energy), Malcolm Mercer (Education), Chhaya Jha (Social Inclusion) and Jonas Lovkrona (Judicial/Democracy sector). The support staff consisted of Georg Ladj (QA expert); Tino Smail (Evaluation Coordinator); Sarah Seus and Claus-Peter Hager (Junior consultants).

The key findings, conclusions and recommendations were then presented (see Annex 2 for the slides of the presentation).

Feedback / Questions&Answers

The participants of the seminar provided feedback on the key findings, conclusions and recommendations of the evaluation and made suggestions for future focus and priorities. These contributions are presented below, along with the responses of the evaluation team and/or the EUD. The comments were all in line with the issues raised in the presentation and there was hardly any problematic or unclear query from the participants.

1. **M.P., Director, IDE²⁶¹:** The EU should focus on supporting Nepal's trade and allocate more fund/budget on extended trade support. Products like tea, coffee and essential oils should be heavily promoted.
 - **Response:** EUD appreciated the suggestion and shared that work was ongoing.

2. **N.T., President, NGO Federation:** Future focus of the EU should be to expand the democratic spaces in Nepal. People still face problems with access to health, local decision making, education and other productive resources (e.g. land for agriculture). The problem of food security persists and the solution should not be focused on increasing the import base only, but also on enhancing the agri-business sector. Another issue is that the local level changes are not taken up by policy makers at the national level. EU's support to the CSOs has brought changes in the gender equality, social inclusion and human rights. However, the national level policies do not recognise these aspects.
 - **Response:** EUD agreed that a mechanism to inform national policies based on lessons learnt at community levels was necessary – this has also been suggested by the evaluation.

3. **A.K.C., Project Director, Rural Energy Program/AEPC:** EU's energy project has faced a delay due to internal EU procedural (procurement) issues. There is absence of direct contact with the concerned authorities, which is one of the causes of the delay. Also, at the time the evaluation took place in 2011, the equipment was recently installed and results are still forthcoming. If it was done now in February 2012, good project impact would be noticed.
 - **Response:** The evaluation team leader acknowledged that the delay led to many issues which were beyond the control of project staff and that these aspects were discussed in the report.

4. **A.S., NEFIN:** Indigenous people constitute 37.8% of the population of Nepal. So there is a need of disaggregated data even in EU reporting mechanisms to map the targeted benefits. The indigenous people do not have adequate access to local resources, they lack adequate knowledge and are less empowered, and also lack representation in policy making forums. In addition, they get poor work opportunities, e.g. the majority of the labour workers and migrant workers are from these indigenous ethnic groups. Even though government of Nepal has signed many conventions, including ILO Convention 169²⁶², these are not really followed.
 - **Response:** EUD agreed that more attention should be paid to disaggregated data and social inclusion should be mainstreamed across programmes and projects. In the future, the social inclusion issue should be taken into account on a larger scale, at Government level and in all EC programmes. The representation of the indigenous people in the policy level is now being seen in case of school management committees; however, macro level impact has not been realised.

²⁶¹ International Development Enterprises.

²⁶² Indigenous and Tribal Peoples Convention, 1989.

5. **R.C., International Alert:** The suggestion by the evaluation team that EU should include the informal sector in its work in the justice system was thought inappropriate. It is better, when it comes to the issue of justice, that the EU should focus more on the formal justice sector rather than the informal, as DFID is already working on it.
She agreed with the recommendation of the evaluation that the EU should identify its comparative advantages and focus on them.
 - **Response:** EUD highlighted that the EU has decided to focus on the formal justice sector, as there are other agencies in the informal sector.
Also, it is difficult to determine comparative advantage – there are differences between EU comparative advantage in general and the EUD capacities at the national level. Moreover, drawing regional advantage might be considered but getting into local advantage would actually be challenging.

6. **B. P., National Federation of the Disabled-Nepal:** Among the 6% students out of school, 80% are people with disabilities. The people with disabilities are highly vulnerable, 80% of them live below the poverty line, yet they are sidelined/excluded in the government planning. The EU should focus on these issues of vulnerability. Budget allocation for vulnerable groups should not be considered as liability, but understood as the right of the excluded.
 - **Response:** EUD pointed out that the EU is conscious of different kinds of exclusion and will try to address these issues further.

7. **S.L., People Forum:** Three million Nepalese are working abroad. The Nepal Labor Force Survey 2008 showed, about 56% households receive remittance money. Remittance constitutes 23% of GDP contribution. Despite these indicators, the foreign labour management is poor. There are cases of exploitation and cheating. Therefore, EU's future co-operation should focus on improving foreign labour management.
 - **Response:** EUD pointed out that this is a sector which the EU will need to work on more.

8. **R.R. B., National Alliance of Human Rights Defenders:** In Nepal, over the years, the capacity building programmes resulted in the ability of women to raise their voice. However, due to this ability, women are being further harassed, abused and there are even cases of murder. One of the primary reasons for this is that the supply side (that is the service providers) is not prepared to address women's voice. In addition, women are mainly working in informal sectors. Therefore, the EU should work on strengthening the service delivery systems so that empowered citizens receive the services they require. Additionally, the EU must monitor whether its projects/programmes are following its global guideline on Gender Based Violence.
 - **Response:** Strengthening service delivery is essential and, through other programmes, the EU has been trying to contribute to it. In the future, a seminar on Gender is foreseen in March and the EC will try to improve gender mainstreaming in its programmes.

9. **J. S., UNDP:** Will the recommendations be incorporated in the next programme cycle? The EU should bring synergy to build an inclusive democratic society.
 - **Response:** EU will implement the recommendations and include whatever they can in the next programme cycle.

10. **T. S., National Human Rights Commission (NHRC):** NHRC is expanding its office and for this the human resources capacity has to be strengthened. Human rights interventions should reach the ground level, and for this EU should focus on getting the interventions implemented through CSOs.

EU's support in the education sector is appreciable, but the focus should be on quality, not only quantity. On the EU human resources side, there is a need for capacity building. Given the human resource constraint, the programme intervention should be developed at the headquarter level and applied at the field level. The EU technical assistance should be allocated to the programme and not be made dependent on the achievement of a number of criteria (triggers). Finally, in order to have a good monitoring and evaluation system in place, there is a need to revise the time duration for evaluation.

- **Response:** The EUD confirmed that there is a need to focus on quality and that the EU will try to do so.
11. **B. B.K., Nepal National Dalit Social Welfare Organization (NNSWO):** The EU should focus on human rights and democracy. Though social inclusion is being promoted in Nepal, the Dalit community still experiences high exclusion. Donor harmonisation and aid effectiveness mechanisms should be promoted and donors should focus on the most excluded within a social group. The indicators of the monitoring system were missing in the presentation. These need to be clear.
- **Response:** The indicators have been listed in the report, but were not captured in the presentation.
12. **UNFPA:** EU's support in emergencies, natural disasters and other issues requiring humanitarian responses have not been covered in the evaluation.
- **Response of the evaluation team:** the ECHO projects were not part of the evaluation scope.
 - **Response of EUD:** With many suggestions regarding EU's future interventions in several areas, like migration, renewable energy, trade, environment, education, etc., prioritisation will be challenging. The EUD must find the right balance having interventions in all sectors and focusing on fewer sectors for more quality and impact.
There is a need for more consultations with different stakeholders to identify key areas of EU's interventions. Also, in 2010 donor co-ordination was promoted, which has helped the donor agencies to focus on respective areas of intervention they have expertise in.
13. **Dfid:** What is the definition of comparative advantage? What about the monitoring and evaluation system of the EUD? What are the lessons learnt on the responsiveness of the EUD during these 9 years?
- **Response:** The definition of the comparative advantage is provided in the ToR of the evaluation (principle of subsidiarity and relates to the fact that an activity/operation financed/implemented through the Commission should generate a particular benefit). There is a difference between project and programme monitoring (internal for management issues), the ROM system - Result oriented monitoring - (which provide information on intermediate results) and evaluation.
14. **Other:** Other questions were asked on programmes based interventions which can include other donors and the promotion of joint evaluations.
- **Response:** Joint evaluations started with an evaluation of the support provided to Niger – this evaluation is already completed. The EU is currently involved in a joint evaluation in Burundi.

Annex: List of participants in the seminar

No	Name	Organisation	Title
Government of Nepal			
1.	Pushpa Lal Sakya	National Planning Commission	Joint Secretary
2.	Shiva H Dahal	National Planning Commission	Researcher
3.	Sharada Trital	Election Commission of Nepal (ECN)	Joint Secretary
4.	Dr. Narayan Chauagain	Alternative Energy Promotion Center (AEPC)	Executive Director
5.	Abhimanyu K.C	Renewable Energy Project /AEPC	Technical Specialist
6.	Lok Raj Pathak	Renewable Energy Project /AEPC	Project Director
Embassies			
7.	Satu Pehu-Voima	Embassy of Finland	Counsellor
8.	Asko Luubbainan	Embassy of Finland	Ambassador
9.	J.C Demareuis	French Embassy	Ambassador
10.	Udo Weber	German Embassy	Counsellor
11.	Abijam Lovbraek	Norwegian Embassy	Counsellor
12.	Saroj Nepal	Embassy of Denmark	
European Commission			
13.	Lluis Navarro	Delegation of the European Union to Nepal	Head of Operations
14.	Giap Dang	Delegation of the European Union to Nepal	Trade and Energy
15.	Ambar Mainali	Delegation of the European Union to Nepal	Press and Information Officer
16.	Jivan Nepal	Delegation of the European Union to Nepal	
17.	Catherine Pravin	European Commission	DEVCO, Evaluation Unit
18.	Ubaldo Lorenzini	European Commission	DEVCO, Geo coordinator, Nepal
19.	Piyush Kayastha	ECHO	Program Officer
Donor Agencies			
20.	Ccenc Philippe	UNFPA	Humanitarian Assistance Officer
21.	Jern Sor	UNDP	
22.	Ninamma Ran	UNDP	
23.	Andree Mathieu	UNDP	
24.	Etsko Terenish	IOM	Project Officer
25.	Gerry Macarthy	ILO	Oficer –in- Charge
26.	Nicole ménage	WFP	Country Representative
27.	Padma Shanker Joshi	UN Habitat	Habitat Programme Manager
28.	Matt Gordon	DFID	HD Team Leader

Evaluation of the European Commission Cooperation with Nepal
PARTICIP-ADE -DIE-ODI-EIAS- ICEI-DRN

29.	Roman Rolend	GIZ	Climate change
30.	Axel Marn	UNESCO	
31.	Shreejana Raj Bhandari	ADB	Programme Analyst
<i>/NGOs/Civil Society</i>			
32.	Shom Luitel	People Forums	President
33.	Santosh Basnet	NEWAH	
34.	Top Bahadur Khake	HRPLSC	Executive chief
35.	Postha Bahadur K.C	Naulo Ghumiti Nepal	Program Coordinator
36.	Ratan Rawal	MDO Nepal	Executive Member
37.	Manoj Basnet	Astha Nepal	Programme Coordinator
38.	Min Bahadur Shahi	KIRDARC Nepal	Executive Director
39.	Arjun Karki	Rural Reconstruction Nepal	President
40.	Bhanu Parajuli	Rural Reconstruction Nepal	Program Manager
41.	Renu Raj Bhandari	Women Rehabilitation centre (WOREC)	Founder Chairperson
42.	Narendra Prasad Joshi	SAD Nepal	Project Director
43.	Mukti Rijal	Institute of Governance and Development	Project Director
44.	Kalanidhi Devkota	MUAN	Executive Secretary
45.	Triratna Shakya	FNCCI	Secretary
46.	Kamal Pathak	Advocacy Forum	Programme Coordinator
47.	Madhav Pradhan	CWIN Nepal	President
48.	Bhakta B.K	NNDSWO	Chair
49.	Prabhakar Bagchand	Lancau Nepal	Executive Director
50.	Netra Timsina	NGO Federation	President
51.	Seema Khan	Nepal Muslim Women Society (NMWWS)	President
52.	Shiva P Aryal	Helvetas	
53.	Ang Kaji Sherpa	NEFIN	General Secretary
54.	Gyan Bdr	KFIC	Chief Executive Officer
55.	Gyan B Yonzon Tamang	Integrated Community Development Nepal	Project Coordinator
56.	Birendra Pokharel	National Federation of the Disabled-Nepal	President
57.	Manju Dhakal	National Federation of the Disabled-Nepal	
58.	Tejman Shrestha	National Human Rights Commission	Focal Officer
59.	Rabindra Bhattarai	Nepal Bar Association	Project Director
60.	Indra Lochan Chaudhary	Proton Desk Nepal	President
61.	Rajk Ghandharba	VSO Nepal	Program Manager

Evaluation of the European Commission Cooperation with Nepal

PARTICIP-ADE -DIE-ODI-EIAS- ICEI-DRN

62.	Heema K.C	Oxfam	Program Coordinator
63.	Nisha Pandey	International Alert	Senior Program Officer
64.	Rebecca Crozier	International Alert	
65.	Gobnelhe	AIDOS	International Project Manager
66.	Pradeep Shah	IRDC Nepal Butwal	Executive Director
67.	Thomas Pedroletti	Planet Finance	Country Director
68.	Upendra K. Poudel	Protection Desk, Nepal	Programme Coordinator
69.	Indu Pant Ghimire	CARE Nepal	
70.	Sanjay Karki	MERCY CORPS	Country Director
71.	Shobhana Gurung Pradhan	British Nepal Medical Trust	Director
72.	Dr. Poonam Rishal	British Nepal Medical Trust	HRH Programme Manager
73.	Ashok Khanal	Marie Stopes International	Interim Country Director
74.	Siman Harris		Consultant
75.	Lumanath Adhikari	Save the Children	Advisor Livelihoods
76.	Sylvie Thorat	International Committee of the Red Cross	Head of Delegation
77.	Fry Milesi	Handicap International	Country director
78.	Madan Pariyar	International Development Enterprises	Director
79.	Mona Gharma	Winrock	Senior Program Officer
80.	Govinda Neupane	Dan Church Aid	Country Director
81.	Christophe Belperron	Mission East	Country Representative
82.	Catherine Whybrow	Merlin	Country Director
83.	Bijay Bhatt	Worldview Nepal	
84.	Navin Subedi	Action Aid	Programme Manager
85.	Barbara Ross	CESVI	Country Representative
86.	Upendra Shrestha	Practical Action	Head, Programme Funding
87.	Uttal Dhakal	NAOSC/VOC	Admin/ Finance manager
88.	Julio Gurung	Action Aid International Nepal	Fundraising Coordinator

10 Annex 10: Map of Nepal

