

# Annex F: Evidence on performance of the interventions

## Annex F.1 Human Rights, Good Governance and Decentralisation Support, 1999-2003

Component 1: Support for Development Plan of the Election Commission
<p><b>Overview.</b></p> <p>The Election Commission is a constitutional body mandated to conduct all election related preparatory work along with monitoring, supervising and conducting elections. During the application of the component (here also referred to as “project” by Danida), the Commissioners were appointed by the King. The project’s development objective is “Free and Fair elections secured”, and it focused on the following activities.</p> <ul style="list-style-type: none"><li>• Support to the restructuring of the Election Commission’s central office in Kathmandu (consultancy assistance; equipment).</li><li>• Support to the restructuring of the Election Commission’s overall set-up through decentralisation to districts and appointment of District Election Officers (DEO). Danida’s input is supply of equipment (PCs, etc.) to the new DEO offices.</li><li>• Support to a revision of the system of voter registration and to the establishment, including data gathering and processing.</li><li>• Support to the establishment of a planning unit for training in the Election Commission.</li><li>• Support to carry out the training of officials and laymen involved in the voter registration and elections; as well as awareness programme for the public.</li></ul> <p><b>Immediate objective:</b></p> <ul style="list-style-type: none"><li>• The immediate objective is “Development Plan for the Election Commission implemented”.</li></ul> <p><b>Rationale.</b> From the evidence of many electoral observer reports, the four elections that have been held in Nepal since the institution of multi-party parliamentary democracy and until the start of the component in 1998, have suffered from a number of irregularities and malpractices. The electoral roll was defective. The electoral workers were not sufficiently well trained. Some officials did not act in an impartial manner. The state institution responsible for ensuring free and fair elections and reliable voter lists is the Election Commission. Free and fair elections are a key instrument to cease the conflicts in Nepal.</p> <p><b>The situation before and after implementation.</b> <u>Before implementation</u>, elections were not free and fair. The Election Commission could not fulfil its mandate. There was no unit within the Commission dedicated to fulfilling its training and education responsibilities. All local level functions of the Election Commission literally were carried out by the government agencies. The Election Commission did not have its training manuals nor had it a Training Department. The Election Commission was working with the voters registration system, which had more than 24 formats and procedures to be filled in by enumerators and some of them by voters. <u>After implementation</u>, the Election Commission had a training unit and representation in districts. Voter registration has been improved, but not fully updated. The cumbersome procedures of filling many forms by enumerators and some by even voters were reduced.</p> <p><b>Documents consulted:</b> See bibliography.</p> <p>Programme Document (Components) (1998), Project Completion Report (2004), Danida Review (2002, 2003, 2005).</p>
<p><b>Relevance.</b></p> <p>The appraisal stated in 1998: the proposal is in accordance with Danida objectives in general and with the immediate objectives of the Human Rights, Good Governance and Decentralisation programme, namely ‘Free and Fair Elections’. However, there is no reference to Nepalese documentation. While the strengthening of the Election Commission can be considered relevant as a tool to preparing fair elections (and, in the end, democracy), no elections were held to prove whether the Election Commission worked better at that time. In hindsight, this first support was important though, as it paved the way for additional support from donors/Danida in the relatively successful elections to the Constitutional Assembly in 2008 and 2012. Danida would later</p>

continue to support the Election Commission with the development of voters list with photos and biometrics.

**Score:** 6.

**Efficiency.**

The (backward-looking) Review from 2005 indicates that instead of having supported a “technical approach” of improving the Election Commission, which eventually was affected by the political development, an alternative/supplementary way of progress towards a democratic development would have been to engage with the political parties and involve them in consensus building. This option is later (phase III) being used in the programme.

As regards to costs, since most outputs were reached (but not the outcome), and most of the budget was spent, the ratio between inputs and outputs seems reasonable: 78% spending of costs in training, and equipment for a decentralised and central office. However, a lot of the trainings and seminars had to be abolished because of conflict, and instead funds were used on technical assistance, due to the fact that the allocation was made only for three years, while the project was extended up to 5 and half years.

**Score:** 3.

**Effectiveness.**

The outputs of the EC have been hampered by security and political uncertainties. The last elections were held in 1999, and since 2002 there have been no elected representatives – neither at national nor at local level. In May 2004 a mission recommended extreme caution in relation to supporting the EC.

**Immediate objective:**

- The Development Plan for the Election Commission Implemented: Approximately 80% of activities implemented, meaning that the EC's capacity in the central and in the districts, particularly in 30 districts, is developed and made sustainable.

**Output 1 (Restructured Central Office of the Election Commission).**

- The Election Commission organization was partially restructured and a training and research unit established.

**Output 2 (Decentralised the Election Commission).**

- The Election Commission fully decentralised into 75 districts through establishment of District Election Commission Offices, partially staffed and equipped. However, it was affected by the bombing of Election Commission Offices in two of the districts.

**Output 3 (Improve accuracy in the compilation of the voter list).**

- A new system called VFCS is based on a pilot-phase in 5 districts and was introduced in Kathmandu. Quality and reliability of the voters list was enhanced, but in recent years it has been extremely difficult to continue updating and making corrections to reduce errors.

**Output 4 (Trained full time and part time staff working on both registration and election at both central and district offices).**

- Over 8,000 local staff members and a sizeable number of central level staff members have been trained and made capable of delivering a better service.

**General observations:**

- A voters' education programme was also conducted periodically for registration and would have increased awareness in public. One Danida review (2003) highlights that the Election Commission has been able to provide support for long-term capacity building through the establishment of a planning unit for training. It has also facilitated donor coordination in relation to the planned (but later cancelled) national elections in November 2002.
- The Election Commission itself states that the project would have been more effective if the situation of the country had been normal. It mentions though, a significant outcome: “it was a concrete support in making EC efficient for the voter list preparation and production. The project has left pervasive impact for overall capacity building of the EC.”
- Most outputs were completed before insurgency, but outcomes would only be clear after or during an election.

**Score:** 5.

**Impact.**

The final reporting does not refer to impact, since it is “too early” (because, as mentioned, no election was held to prove that the outputs and outcomes would result in free and fair elections). Later documentation may be included to be able to assess, since the support is continued in phase III. Impacts directly related to the first programme cannot be detected. Regarding a wider impact, by supporting the Election Commission the intervention did lay the ground for a continuation of the partnership and support for the elections of constitutional assembly.

**Score:** 4.

**Sustainability.**

Support to the EC under HGD-1 was finalised in June 2004. It was continued in a second phase but then suspended in 2005 due to insurgency. The last Danida review (2005) finds that the scope of activities could have included activities to strengthen the functioning of political parties as well as to support consensus building between parties.

The final report indicates, on the one hand, that the Government is to provide required financial and human resources for accomplishment of its functions. On the other hand, it states “the question of financial sustainability should be dealt with”, meaning that there were yet not many signs that national resources would be sufficient.

Regarding technical sustainability, both reviews and the project completion report find that capacity has been created. However, it is indicated that “improvements in planning process, management procedures, decision support system and legal and policy issues are some of the pertinent areas where the EC still requires technical support.” The training of local and national level has created capacity and the staff seemed to stay – at least in the project period.

Question: How many of the initiated activities can still be tracked at the election commission today? In information from 2014 it is noted that some of the original staff – and capacity – remains in the Election Commission.

The assigned budget from the Government guarantees a good sustainability.

**Score:** 5.

**Coherence.**

Looking at HGD-Phase 1 – and not at the next phase of support – it turns out that, during the period of implementation until 2004, support to the Election Commission did not maximise opportunities for synergy with other actions, neither inside nor outside the HGD Programme. However, in hindsight, the free and fair elections – and a well-functioning EC – have in many ways been a precondition for managing the conflict – through the Constituent Assembly elections; thus creating the basis for other sector programmes to be implemented. The HGD-Phase I continues the link with an institution that eventually becomes key for continued donor assistance from Danida and several other donors (although more information is needed on when other donors supported it).

**Score:** 4.

**Replicability.**

The strengthening of the Election Commission (or similar institutions) is and has been used by Danida in other countries; however the results from this phase are still quite modest and unproven during elections so a practice cannot be said to have been developed.

**Score:** 2.

**Partner satisfaction.**

The partner considers Danida to be a special donor, highlighting that: “the Danida support to the EC is a historical one. Danida remained the only lead donor to the EC for the last fourteen years. Initially the support was provided when required. The impact was not so vivid then. Coming towards the end of the 90s and last four years the support was in the form of projects.” (This is repeated later in 2014, but of course referring to all phases of support)

**Score:** 6.

**Danish added value.**

<p>The intent was that the component assists in securing the inclusion of disempowered groups in the decision making process. This might include the poorest of the poor and certain groups of women to the extent that these groups have been excluded from elections. However, this did not take place (see ‘cross-cutting themes’ below).</p>
<p><b>Cross-cutting themes.</b></p> <p>The appraisal indicates that “active participation in the electoral process by poor and disadvantaged groups to bring them in the main stream of decision-making could reduce the gap between different genders, social classes and ethnicities”. The EC itself states that “support to the EC is critical for creating an encouraging environment for participation by all voters (disadvantaged and women) in the electoral process freely and knowingly. During the project period the overall political and socio-economic condition of the country for creating such an environment was obstructed and hence impact of the project in relation to Danida's policy concerns remained neutral.” Therefore, there is no evidence that the support had any particular focus on such groups, neither in the last review nor in the project completion report.</p>
<p><b>Connectedness.</b></p> <p>The EC's work is highly dependent on the general situation in the country as well as the lack of capacity within the government, which is described as “little effective”. Due to the worsening of political conflicts and with no elections during the period, the EC's new capacity could not be fully used.</p> <p><b>Score:</b> 1.</p>
<p style="text-align: center;"><b>Component 2: Support to the Parliament Secretariat</b></p>
<p><b>Overview.</b></p> <p>The component aims to contribute to the development objective of “Public administration accountable, transparent and effective in delivery of services and goods”.</p> <p><b>Immediate objective(s).</b></p> <ul style="list-style-type: none"> <li>The immediate objective was to support implementation of the Parliament Secretariat's Development Plan.</li> </ul> <p><b>Rationale.</b> The component promotes effective and efficient work of the Parliament Secretariat as a major service to the legislative assembly, i.e., the Parliament and its members. Thus, the project supports popular participation in the work of Parliament through support to improved communication from the Parliament to the public. The project supports good governance by making the Secretariat effective and efficient in providing administrative and research services to Parliament, private members as well as committees.</p> <p><b>The situation before and after implementation.</b> <u>Before implementation.</u> At the time of formulation Nepal had only had 7 years to re-establish multi-party democracy and to develop a democratic political culture and attitude. A common Secretariat had been established for the House of Representatives and the National Assembly. It supports the MPs and the work of the Parliament with administrative, technical, security, and information services as well as legal advice and assistance to the committees. However, its capacity to provide support and expertise to MPs and the committees in the Parliament was considered to be low. <u>After implementation,</u> the Secretariat has received training and equipment, which improved the working conditions. However, the unforeseen political event – namely dissolution of the Parliament in May 2002 – further negatively impacted the project. The absence of the House of Representatives meant that the Parliament Secretariat had little work to do after May 2002 and the project's relevance and efficiency further suffered.</p> <p><b>Documents consulted:</b> See bibliography.</p> <p>Programme Document; Reviews (2001, 2002, 2003, 2005); Project completion report.</p>
<p><b>Relevance.</b></p> <p>Support has been provided since 1990 to the Parliament Secretariat. The appraisal found that the proposal reflects a determination to trying to change the organisational culture and improve the effectiveness of working procedures of the Parliament Secretariat in view of requirements identified as crucial for a democratic state. In other words, the component was relevant as a way to strengthening accountability, transparency, a better functioning of parliament and thereby strengthening parliamentary democracy in Nepal. Towards the end of the cooperation it became less relevant due to the dissolution of the Parliament.</p> <p><b>Score:</b> 3.</p>

**Efficiency.**

According to the Project Completion Report, a perceived lack of motivation from the Parliament Secretariat resulted in delays in the implementation of some of the activities. Several experienced and qualified persons left the secretariat during the period due to insecurity. The dissolution of the Parliament in May 2002 impacted negatively on the project. The project management team in Denmark did not provide needed day-to-day support. Likewise, the decision to use project management from a Danish company does not seem to have been the most efficient alternative. Although the reviews have critical opinions about delays, they seem to explain them partly by external factors, recognizing that the project has been able to implement some activities. The project was expected to finalise implementation in 2003, but did only so in June 2004.

**Score:** 2.

**Effectiveness.**

- There is no systematic oversight of the produced outputs or outcomes.
- The Reviews and the Project completion report have references to a few outputs. For example, the computerisation of the Secretariat was completed in the first quarter of this year and the Secretariat has reported that 'the working efficiency...has gone up'.
- There has been progress in equipping the Parliament with a new microphone system; it is illustrative that the 2002 review indicates this as one among the important "outcome and findings", since this is something that would rather be "an activity".
- In the review of the 2003 list there has been no progress between 2002 and 2003. A number of activities outlined in the Project Document, however, remained pending for various reasons. It is explicitly mentioned that "there has been very little or no progress on the following: formulation of internal and external information policy, MPs' needs assessment, library development, setting up media centre, and others."
- As mentioned above, during the project period a majority of the experienced and senior employees decided to leave the secretariat. A few organizational strengthening activities have the potential to make it work better (e.g. computerisation of the secretariat).

**Score:** 2.

**Impact.**

There is no clear description of impact on the parliament secretariat or wider impact of the Parliament's work in general. The area of transparency and openness, which was referred to as key, is not mentioned at all in the reviews or the project completion report. Focus is on achievements of micro-changes (computerization, new microphone equipment) and other activities.

**Score:** 1.

**Sustainability.**

The Project completion report indicates that "A state body as the Parliament Secretariat will continue to serve the Parliament with the resources as its disposal." However, the problem is that the reports can only show a limited number of results/outcome that should be sustained. So, although sustainability is very high, the outcomes to be sustained are few, reducing a bit the score for sustainability.

**Score:** 5.

**Coherence.**

The project had the potential to create synergy with the Parliament's work and agenda. However, from the documentation provided, the project did not make attempts to do so – rather a merely technical-hardware approach (installing computer, equipment) was used. By the time the Parliament was dissolved, such opportunity was gone. The involvement of the Danish Parliament (*Folketing*) is interesting and may have created synergy, which could be explored during interviews.

**Score:** 2.

**Replicability.**

The support was less satisfactory within a very difficult context and may not be replicated as it was done in Nepal. Whether or not it makes sense to support the Parliament (or the Parliament Secretary) depends on an analysis of the context and whether the parliament is functioning well. The relevance of the partner and the lessons learnt the need to be careful when selecting a foreign consultancy, as day-to-day project management may be possible lessons.

**Score:** 2.

**Partner satisfaction.**

According to the Project Completion Report, the partner was not fully satisfied, especially regarding the management (see 'Danish added value'). The appraisal (1998) noted that "Some disagreements, mainly referring to inputs of Danish consultants, became apparent during the meetings", so this issue seems to have been an ongoing issue. In fact, the appraisal indicated that the project lacked clarity and monitoring mechanisms and postponed its approval until after a second appraisal.

**Danish added value.**

- On the project management, a lesson learnt indicated in the Project completion report was that it is impractical and inefficient to have a project management contracted to a consulting agency based in Denmark. The Project Completion Reports finds that such a TA arrangement "simply cannot" give the needed day-to-day support, and too many things were left to be dealt with during infrequent visits from the team. The only positive fact to indicate is that agreed activities were eventually carried out.
- Provision of equipment seems to have been very appreciated by the partner – which could have come from any donor – and normally would not be the main capacity issues for Danida.
- The current project did also provide technical assistance from the 'Danish Folketing'
- A team of five parliamentary staff, including a project coordinator visited Denmark on a study tour in January 2001 as part of the preparations of a Parliamentary Handbook. The material does not indicate whether the inspiration from Denmark brought any changes, although it is stated that the handbook was delivered.
- Quite surprising is the Danish Interpretation System (DIS), the microphone supplier, which installed the new system in September in both the upper and lower chambers of the House, as well as in the conference room. Rather than considering this a Danish added value, it should be questioned whether such a service should be provided by Denmark and not by a national or regional supplier.

**Cross-cutting themes.**

No evidence that cross-cutting themes have been applied. In fact, the original project document stated that "there are no specific gender aspects in the project."

**Connectedness.**

The component was highly vulnerable to the political situation in the country. Due to the dissolution of the parliament in 2002 – and the general political crisis – outcomes have been limited.

**Score:** 1.

**Component 3: Support to the Central Police Science Laboratory (CPSL)**

**Overview.**

The development objective of the component is "Legal rights administered fairly and effectively for all sections of the population." which is an intermediate objective of the program. The project has two components:

- Strengthening of the Central Police Science Laboratory through the supply of equipment and training in its use and through the subsequent establishment of Police Laboratories in up to four regions of Nepal according to the need and assessment of performance of the Central Police Science Laboratory.
- Training programs in Denmark with follow-up in Nepal for the staff from the Central Police Science Laboratory and possibly for staff at the regional level.

**Immediate objective(s):**

- Immediate objectives are "Individuals protected against abuse of authority through the introduction of modern, scientific investigation methods", and "Individuals protected against abuse of authority by increased professional use of scientific evidence in pre-trial examinations and pending trials".

**Rationale.** The project aims at reinforcing the administration of justice and human rights in Nepal through strengthening the processes of crime investigation, which are necessary for fair trials and thereby reducing the number of people incarcerated on the basis of weak, oral evidence. This will be achieved by enhancing the professional skills of the Nepal Police in investigating crime through the procurement, installation and training in the use of equipment necessary to carry out scientific criminal investigations.

**The situation before and after implementation.** Before implementation. Prior to the commencement of the project, the police had very limited access to the use of modern scientific evidence in criminal investigation. The capacity of the existing forensic service was very low and did not fulfil scientific requirements for providing reliable objective evidence. Therefore, prosecution was based on oral testimony, which led to the acquittal of perpetrators and conviction of the innocent. After implementation. With the installation of modern equipment and training thereof, investigation has become more evidence oriented. Stakeholders within the criminal justice system have been sensitised about the importance of forensic evidence and courts have begun to rely on the evidences submitted by Nepal Police. Officers have been trained on the investigation of crime scenes and collection of evidences, which has resulted in an increase of sample evidences for analysis at the CPSL. According to the Nepal Police, the evidences that were mainly confined within the police files are being produced before the court, and this has enabled the court to impart justice on the basis of the evidence rather than on confessions.

**Documents consulted:** See bibliography.

Project Document, Project completion report, Reviews.

**Relevance.**

The right to a fair trial is a key to human rights for any detained citizen. The flow of evidence material from the scene of crime through the Police for analysis, either by the Police itself or by the National Forensic Laboratory or both, and to the courtroom, is not satisfactory. There are several reasons for this. Criminal proceedings in Nepalese courts are overwhelmingly based upon oral witness statements. After considering different options, including organizational and financial assessment and availability of Danish resources, Denmark opted for supporting this partner. A doubt (in hindsight) is if the area is too small/isolated to have any overall impact on the police – and the courts – as a whole. In fact, the appraisal (1998) states that originally the proposed support was designed as a part of a larger, much more comprehensive proposal for support to both biological and non-biological forensic services.

**Score:** 6.

**Efficiency.**

- According to Danida Reviews (2001 and 2002), the CPSL had been well equipped and the staff had proved themselves capable of handling the equipment and undertaking the required analysis. However, the CPSL and its laboratory still received relatively few cases. The Review indicated serious bottlenecks of a well functioning laboratory, which could lie in the criminal investigation system.
- The documentation indicates that a budget of 3 million DKK (less than the assigned budget of 4.1 million) was spent. The ratio input to output seems satisfactory, but if the CPSL is under utilised, then the ratio input to outcome is less satisfactory. Contrary to other component, this component was finished on time.

**Score:** 3.

**Effectiveness.**

Most outputs were achieved regarding strengthening of the Central Police Science Laboratory and a training programme in Denmark. The planned number of police officers were trained in various subjects; they are now able to use equipment and conduct analysis of sample evidences; the capacity on crime investigation has been enhanced; a hand book for “Scene of the Crime Officers” had been prepared. It is not mentioned whether the project managed to cover 4 regions or not, but reference is made to activities outside the capital. However, the outcome regarding fulfilment of the immediate and development objective – and the importance for the detainees – are not documented.

**Score:** 5.

**Impact.**

The central police had become more evidence oriented, it is stated. In fact, in the annexes to the final project completion report (PCR) a chart indicates that the use of fingerprints has increased considerable from before the project until after, as well as the use of photos and documentation. On the other hand, part of this increase may be explained by the growing number of conflicts in the country. The PCR states that “Quality of investigation with access to legal counselling and representation is now in practice. Forced confession is being gradually minimised.” Such

statements may need more proof ('a smoking gun' so to speak.). However, final impact would imply that the court system also acts differently. Evidence is needed regarding whether more sentences have been based on forensic evidence or complaints over police have decreased. It should be noted that this work has been particularly difficult to prove during a period where the country is affected by a national conflict. So it is a possibility that there has been a slight enhancement of the fight against crime. During interviews with one of the persons who did a review for Danida of the component, it was mentioned that the equipment was not used as much as desired and that the approach maybe focused too much on the technical hard-ware support, while changes in behaviour was important.

**Score:** 4.

#### **Sustainability.**

- The documentation indicates that the increased capacity will 'remain' in the field of criminal investigation. Police officers continue to remain in the service of Nepal Police, but failure to retain them within their respective departments could "seriously raise the question of sustainability". There is no later information regarding whether the Nepal Police was able to retain them or not, but it is quite probable that the capacity will still be present in the system.
- In principle, a support to the governmental CPSL implies that it is a 'safe' investment in an environment where capacities will not be threatened by external factors, since the Police is 'always' needed as an institution. However, the support does in fact depend on whether the staff is maintained in the CPSL positions or moved to other positions. The material does not indicate steps taken to mitigate this issue. Also, the support could be too isolated, and the changed focus on evidence does not necessarily have a spill-over effect to the court system – at least evidence is still needed to see this. **Score:** 3
- Did the trained staff remain with the Central Police Science Laboratory or was it moved? Has Court changed practice?

**Score:** 4.

#### **Coherence.**

The component has opened the opportunity to work and change other parts of the police and the court system; however it seems that intervention was affected by obstacles built in the criminal investigation system. Notwithstanding, there is strong synergy with other of the HGD-Phase I activities: the Project "Support to the Criminal Justice System" (which is supported under component 4, HUGOU) promoted that a set of comprehensive guidelines for criminal justice procedures for all the actors' viz. judges, public prosecutors, police and defence lawyer, had been formulated by a Working Group. The publication of the CPG and its orientation thereof has brought the different actors of the criminal justice system under one platform and provided an opportunity to be acquainted with each others problems, thus paving the way for an easy coordination among the various actors, which was never envisaged earlier.

**Score:** 5.

#### **Replicability.**

The human rights problems detected are very common in many countries where Danida works and intervention may be replicated. It is however context-dependent whether such a support will be accepted in other countries. Likewise, there has been a need to document better whether the mentioned "bottle-necks" for using more the CPSL and the laboratory has been overcome.

**Score:** 3.

**Partner satisfaction.** No information – implicitly the partner is satisfied.

#### **Danish added value.**

- 14 Nepalese police officers underwent training in Demark in September-October 1999. In November 1999 and February 2000 four Danish police officers visited Nepal and trained staff. An external consultant from the Danish police was fielded in Jan 2003 to strengthen the finger print section.
- The trainings in Denmark on various skills of investigation and orientation on the CPG has generated new thoughts among the police officers that previously had a very orthodox and authoritarian view of the investigation system.

#### **Cross-cutting themes.**



No sign of cross-cutting themes having been applied – which is somewhat surprising, taking into account that abuse often affects women, different ethnics or religious groups and other poor or vulnerable groups.

**Connectedness.**

No connectedness issues were detected, which is surprising considering prevailing civil unrest.

**Score:** -.

**Component 4: Human Rights and Good Governance Advisory Unit (HUGOU)**

**Overview.**

The Human Rights and Good Governance Advisory Unit is responsible for the day-to-day liaison and monitoring of the following programme components:

- Support to the Parliament Secretariat;
- Support to the Development Plan of the Election Commission;
- Support to the Central Police Science Laboratory;
- Unallocated funds, hereunder:
  - Support to the judiciary.
  - Support to media
  - Support to Dalits

The three first have already been dealt with as separate components, so component 4 only deals with the remaining three sub-components (support to the judiciary, media and Dalits). In some cases, scores are different and an average (“total score”) is presented; in other cases they are the same and only one score is made. HUGOU is not a partner, but a unit, so no assessment has been made for HUGOU as such.

**Support to the judiciary:**

- The support included three areas: 1) Strengthening and improvement of the capacity and performance of all actors involved in the criminal justice system. 2) Strengthening access to, as well as capacity and performance of the Village Development Committees in two districts in mediating and settling of legal disputes, and 3) raising public awareness of rights in relation to settlement of civil and criminal cases in the same two districts. The first project is being implemented through the NGO (CeLRRd), Nepal Bar Association and Judges Society. CeLRRd serves as secretariat of the project. Due to insurgency, most activities were centred on the first intervention, which is why the assessment below focuses on this (criminal justice system).

**Support to media:**

- The objective is to promote the ability of the media to function as a watch-dog and raise public awareness as well as providing public access to public media for the purpose of debate and complaint. The immediate objectives have been ‘the professionalisation of independent media’ and ‘access to relevant media technologies’. Support has been provided to three interventions a) Nepal Press Institute, b) Regional Media Resource Centres, c) the Media Development Fund, and d) the Media Support Fund.

**Support to Dalits:**

- The immediate objectives: (a) the Dalit NGO Federation strengthened as a networking and supporting organization for Dalit NGOs; and (b) accessibility of legal support to Dalit women and men improved. Later, an additional objective of sensitizing donors was added. In fact, the Dalit support contains three underlying partners: a) a Dalit NGO Federation (DNF), b) a Feminist Dalit Organisation (FEDO) and c) a Dalit Welfare Organisation (DWO).

**Immediate objective(s):**

- See notes under ‘judiciary’, ‘media’, and ‘Dalits’ above.

**Rationale.**

**Support to the judiciary:**

- The ensuring of an effective protection of the rights by the Judiciary is a norm enshrined in the Constitution and in line with the development objective for the HGD-Phase 1. One of the problems in the judiciary has been the lack of clear Criminal Procedure Guidelines in the justice sector, which has meant that institutions and persons involved have not always performed in a proper legal way. There have been disagreements and conflicts among institutions and some of the institutions have escaped from their responsibilities. The lack of clarity in how relevant institutions should act has thus affected the possibility for the protection of the rights.

**Support to media:**

- Support to the media is an integral part of Danida's policy for the strengthening of democracy and human rights. At the same time, there is a need in Nepal for attending the lack of professionals within the media, a limited range of community media and imbalance in access to information.

**Support to Dalits:**

- The level of public awareness of the Dalit human rights was low. Because of this, contrary to the constitutional and legal provisions the idea that there should be equality of opportunity for Dalit men and women was not able to take root in practice in many places and in many situations. Danida's focus on Dalits is in line with the programme objective.

**The situation before and after implementation.****Support to the judiciary:**

- Before implementation, a lack of clear procedures in criminal justice had been an obstacle for access to justice. After implementation, the Criminal Procedure Guidelines have been prepared and approved. The sub-component also contributed with studies on conflict resolution.

**Support to media:**

- Before implementation, most media did not have professional trained staff. Also, in 1997 the first non-government and non-commercial radio station in Nepal and South Asia was established to challenge the monopoly of the government-owned radio Nepal. After implementation, trainings, fellowship and advocacy local programmes had contributed to the media's professional capacity and have introduced new topics in the news, including issues of Dalits, as well as prioritising fellowship with women, Dalits, representatives of ethnics.

**Support to Dalits:**

- Before implementation, violation of the human rights of the Dalit people frequently took place without much notice from the public at large and relevant agencies and civil society organizations including the media. After implementation, violations still took place, but Dalits were more organised and awareness was raised. Regarding access to justice, a number of cases have been filed, and some of these have even been decided in favour of the Dalit people.

**Documents consulted:**

Project Document Danida 1998; Project completion report HUGOU; review 2002, 2003 and 2005. Appraisal 1998.

**Relevance.****Support to the judiciary:**

- The ensuring of an effective protection of the rights by the Judiciary is a norm enshrined in the Constitution. The intervention intends to promote fulfilment of this right by the Nepalese government.

**Support to media:**

- The relevance seems to be justified in the underlying project document (Danida, 1998) as well as in the Nepalese references mentioned in the project document. The constitution of 1990 provides for free information to all citizens and freedom of expression. The major problems and constraints facing the sector have been identified as (Pokhrel, NPI, 1997): i) Imbalance in access to information. ii) Limited range of community media. iii) General weak professional capacity in the media. Support to the media is an integral part of Danida's policy for strengthening democracy and human rights, including the focus in Nepal on professionalisation of the media.

**Support to Dalits:**

- Prime Minister Sher Bahadur Deuba in his socio-economic transformation announcement in August, 2001 (1 year after the component initiated), had stated that “the Dalit community were being deprived in socio-economic and political spheres for centuries, as a result they could not make their ends meet despite working hard”, calling for actions to support the Dalits. The draft Component Description builds on the current Danida support to Dalit organisations. Accordingly, DNF is - as an umbrella organisation - seen as being instrumental in representing all groups of Dalits and as a channel of support to developing and strengthening Dalit membership groups and organisations at district and sub-district level.

Score: 6

**Efficiency.****Support to the judiciary:**

- The partner indicates that cost comparison with the output is not an easy task. It is a difficult matter to compare the cost in relation to the importance and need of a free and independent judiciary and dispensing of justice in accordance to the rule of law and fair trial. However, inputs provided the envisaged outputs.

**Support to media:**

- Inputs were provided as planned to outputs (no budget changes), but no overall considerations of an input-output relation is shown in the material.

**Support to Dalits:**

- The investment provided seems to have been justified with the outputs and project results. There seems to be a clear link between the increase in active organisations (more than 100 from 24) and the support provided.

**General observations:**

- All interventions should have finished during 2003; one of them takes a bit longer than envisaged (until June 2004), while the two others are finalised within 2003. A few deviations within the Dalit component is well explained in the project completion report.

Score: 5.

**Effectiveness.****Support to the judiciary:**

- The Judiciary Support Component covers three projects: Support to the Criminal Justice System, Local Level Mediation and Legal Awareness. The second two projects could not commence since they were linked to the field implementation of the local level mediation in the two districts of Kanchanpur and Surkhet, and the amendment of the Local Self-Governance Act which remained pending. Three interventions were carried out under Support to the Criminal Justice System:
  - The Centre for Legal Research and Resource Development (CeLRRd) has involved other stakeholders. Criminal Procedural Guidelines have been developed through a consultative process with relevant stakeholders. Drafting of the Guidelines was done by a Working Group consisting of representatives from the Judge's Society, Office of the Attorney General, Police, Nepal Bar Association, and Ministry of Law and Justice under the Guidance of a Management Committee with more senior members from the same agencies. CeLRRd providing secretarial support.
  - Strengthening the access and capacity and performance of the Village Development Committees in two districts (Surkhet and Kanchanpur) in mediating and settling disputes. Related to this intervention, a study was completed on existing out-of-court conflict settlement by Development Associates for Rural and Regional Development. The study is based on field studies in the two districts of Kanchanpur and Surkhet including workshops at district level with stakeholder groups. The study includes a comprehensive analysis of the legal, institutional and social aspects of conflict/dispute resolution at VDC/Municipality level.
  - The last intervention was to raise public awareness of rights in relation to settlement of civil and criminal cases in Kanchanpur and Surkhet.

**Support to media:**

- The assistance has largely progressed according to plans. The partner the National Press Institute has incorporated human rights and Dalit issues in training programmes and an advocacy

agenda. Media interactions on themes related to Dalits, children, Maoist insurgency, public security regulations, right to information, judiciary and others were also organised. Moreover some 120 journalists were awarded fellowships to write on various issues during the year.

- The MDF provides subsidised loans to the development of independent media.
- The Media Support Fund has assisted five media organisations. Small grants have been issued for community radio equipment and training, as well as for implementing some activities like newspaper photo service and books. Envisaged yearly grant targets have been met.
- The reluctance of the government to grant licence to community radio has served as a hurdle in promoting community radio, which MSF especially targets.
- Most of envisaged outputs seem to have been met: the training of trainers programme for journalism, and the training textbooks produced.

#### **Support to Dalit:**

- The number of Dalit organizations during this period has increased in a noticeable way. Even if one is to examine DNF member organizations only, the number has increased from around two-dozen organizations to more than a hundred. It should be noted that many of these organizations are engaged in creating public awareness of human rights and equality of opportunity for Dalit women and men and in raising awareness of legal rights for Dalit women and men (intermediate objectives). Dalits today are more aware of their rights; they are today more assertive than before as indicated by the increasing number of court cases and increasing coverage of Dalit issues by local and regional media.
- DNF has been considerably strengthened during these three years as indicated by its ability to implement its strategic plan for each year and its recognition as a network organization, with more and more organizations seeking membership. However, it should be noted that support to Dalit NGOs from the Federation has been confined largely to bringing them into interaction programmes and workshops as well as organizing some training programmes for them. It means that support has not been that substantial to affect noticeable changes in these organizations.
- The second immediate objective was: Access to legal support for Dalit men and women. Dalit men and women have better access to legal recourses today than before the project. Many legal anomalies affecting them collectively have been scrutinised for their potential for public interest litigation. A number of cases have been filed, and some of these have even been decided in favour of the Dalit people.
- Support was also provided regarding General government agencies, donor and NGO community more sensitised towards Dalit issues. DNF's advocacy and lobbying activities have contributed to policy changes in the government (affirmative action in education, monitoring role for the National Dalit Commission, targeting mechanism in the National Planning Commission, etc.)
- The review (2001) states that, at the general level, (the Dalit) organisations have, by and large, implemented their project activities according to the work planning, but the quality has at times been somewhat below expectations. This is particularly the case as regard the initiatives targeting the organisations' human resource development both at the central level and, in turn, amongst their members at the decentral level.

**Score:** 6.

#### **Impact.**

##### **Support to the judiciary:**

- The common denial of the constitutional rights of accused to be defended by a legal practitioner of their own choice during police detention did not concern the courts. The scenario has changed, indicates the partner, and it can be said that another achievement of the project is the access of the lawyers to the accused. The question is whether this is related directly with the Danish support or rather a result of several donors and many national stakeholders' intervention and whether the situation has continued to improve since then. There have also taken place other changes and impact in the Judicial System. Apart from the envisaged outputs, a criminal justice steering committee was constituted as a top political priority and increased focus on criminal justice. During the orientation of the CPG, it was observed by all the participants from police, government attorneys, defence lawyers and judges that the CPG was very useful and effective not only for them but also to the court staff, as well as consumers of the court. The publication of the CPG and its orientation thereof has brought the different actors of the criminal justice system under one platform and provided an opportunity to be acquainted with each others problems, thus paving the way for an easy coordination among the various actors, which was never envisaged earlier. **Score:** 5

##### **Support to media:**

- As mentioned, among the most important outcomes, and perhaps more impacting, is the media's inclusion of themes such as integration of Dalits at the community level. The programs drew a large number of participants and have become instrumental in sensitizing the policy makers and decision makers. Still, as mentioned below, the Dalits themselves find that the work with media could be done more systematically. Since there are few other donors, Danida seems to be contributing on overall terms towards professionalizing the sector and providing access to media technologies. The State of Emergency situation in 2002, however, posed some huge problems for the media to play its role as a watch-dog, and is thus a real set-back for the overall objectives of the Danish support. **Score: 5**

#### Support to Dalits:

- The number of Dalit organizations during this period has increased in a noticeable way. Even if one is to examine DNF member organizations only, the number has increased from around two-dozen organizations to more than a hundred. It should be noted that many of these organizations are engaged in creating public awareness of human rights and equality of opportunity for Dalit women and men and in raising awareness of legal rights for Dalit women and men). **Score: 7**

**Overall score: 6.**

#### Sustainability.

##### Support to judiciary:

- The NGO partner and its activities will continue to remain according to the partner itself, and to provide follow-up on the activities. **Score: 6**

##### Support to media:

- Danida did not continue the support and one of the partners has tried to contact other donors, which is a possibility since Danida was the only donor and others start to be interested in this field. Danida was requested to "provide the same support to the main office" as to the branch offices, which had been the ones that had received most support. **Score: 3 (tentative).**

##### Support to Dalits:

- In the final report, the partner indicates that it will contact other donors, will also carry out training on "revenue generation" and have a fee-paying membership. It is recognised however, that "it is unlikely that DNF (the partner) will become financially sustainable within the near future. **Score: 2.**

**Overall score: 4.**

#### Coherence.

##### Support to the judiciary:

- There are no other donors working in this specific area. The intervention is closely linked to the support to the Criminal Police Science Laboratory supported by Danida. **Score: 5.**

##### Support to media:

- Danida is one of few donors supporting this area. It may have been possible for media to focus more directly on the sub-component Dalit. Although Dalit women were prioritised for fellowship, there does not seem to have been direct linkages between the two interventions. **Score: 4**

##### Support to Dalits:

- The review in 2002 states "that Danida is the first bilateral donor to focus directly on support to Dalits with a long-term project approach". The final report indicates that Danida is one of the only donors supporting Dalits. However, the link with the other sub-components could have been stronger. Since the media is important in awareness raising, sensitisation, and advocacy, a media strategic plan also needs to be formulated and implemented during the second phase of the support programme. On the other hand, thematically there is coherence, since there has been some increase in coverage of the Dalit work. **Score: 3**

**Overall score: 4.**

#### Replicability.

**Support to the judiciary:**

- The preparation of Criminal Procedure Guidelines may be an issue that could be replicated using the methodology of support to a specialised centre and stressing the importance of linking it up with a broad number of institutions, including civil society organisations.

**Support to media:**

- While the support to independent media has been tried – and will be carried out – in other countries, the use of a specific media fund could likewise be replicated, but it will require additional information about its structure. Often such a fund would be part of bigger governance funding arrangements.

**Support to Dalits:**

- The quite considerable effectiveness of having focused specifically on a very vulnerable group – through an advisory unit – should be noted and may be remembered in other broad human rights programmes. It should be said though, that is has already been used in many other countries.

Score: 4.

**Partner satisfaction.****Support to the judiciary:**

- No direct information.

**Support to media:**

- The partner the National Press Institute refers to the agreement regarding the NPI financing 25% of the basic operational cost as “very unrealistic and unreasonable commitment.”

**Support to Dalits:**

- The final report from the partner indicates that it had difficulties in doing the work and preparing progress reports, but reference is made to important support from the Danida adviser.

**Danish added value.****Support to the judiciary:**

- A Danish consultant has supported with advice on the Criminal Procedure Guidelines.

**Support to media:**

- The training of trainers program was organised in cooperation with the Danish School of Journalism – indicating that the quality of training was improved (but how was quality increased?).

**Support to Dalits:**

- At the time Danida’s first support was being worked out, DNF did not have any donor support. The Danida Advisor has been providing technical assistance in sharing/ sensitisation programmes, legal support for public interest litigation. He has also been closely involved in advising and monitoring programme implementation. The Advisor also worked with the Danish producer of two video documentaries. The documentaries were shown on Nepal Television and were screened in various places in India, Europe (including in the UN Committee on the Elimination of Racial Discrimination, Geneva) and Japan. The documentaries contributed to increased sensitisation of the international community on Dalit issues.

**General observations:**

- Danish approach is built on impartiality combined with integrity and insistence on respect for human rights. The emphasis that Danida is placing on the values underlying a human rights charter rather than on a legalistic approach to human rights is of critical importance.

**Cross-cutting themes.**

**Support to the judiciary:**

- No explicit reference to cross-cutting issues, but the access to lawyer of the accused may be a benefit especially for vulnerable groups who previously have been discriminated.

**Support to media:**

- The final report does not refer to these issues, only that media is now more present in places where it had not been before. The formulation of media issues states the importance of gender and vulnerable groups.

**Support to Dalits:**

- The support in itself – and the emphasis on supporting the feminist Dalit organizations – means that there has been a clear focus on gender and human rights as the cross-cutting themes.

**General observations:**

- The review in 2003 mentions that “Gender is relatively well mainstreamed in the Dalit Component Description, with a gender-mainstreamed log-frame including sex-disaggregated indicators and ‘gender responsive’ activities. However, Dalit women’s and girls’ situation could well be elaborated upon in the context chapter.”

**Connectedness.****Support to the judiciary:**

- The sub-component managed to find an NGO that could relate and engage with state institutions. In general, the sub-component’s success depended on the willingness of the state institutions as to whether the promotion of a discussion of the criminal justice was wanted by the judiciary stakeholders. **Score:** 6.

**Support to media:**

- The support to Nepal Press Institute and Press Council Nepal is by definition relatively independent from other institutions. However, it is affected by the general political instability in the country, which was growing during the programme period. **Score:** 3.

**Support to Dalits:**

- Since the situation at the beginning was one of almost complete exclusion, any support has had a considerable impact, as is also observed in the increase of organisations within the Dalit federation. The component helped the Dalit to connect to other stakeholders. **Score:** 5.

**Overall score:** 5.

**Components 5-8: Decentralisation Support Programme****Overview.**

The four components were merged into a separate programme during implementation, called the Decentralisation Support Programme. The underlying components are those to do with the Decentralisation Secretariat, the Decentralisation Advisory Support Unit (DASU), and capacity building of District Development Committees (DDCs). The development objective was to support the establishment of a functioning local democracy and through this to establish:

- a public administration that is accountable, transparent and effective in the delivery of services and goods; and
- a local government that is able to secure political representation for disadvantaged groups.

The project was designed to provide support to the following groups:

- the Decentralisation Implementation and Monitoring Committee (or its equivalent) proposed under the new Decentralisation Bill;
- the Decentralisation Secretariat (or its equivalent) proposed in an Amendment to the new Decentralisation Bill;
- the Capacity-Building Support to Two District Development Committees, including all VDCs in key areas of training for implementation and practice of a decentralised government, in particular in the rights and responsibilities involved with the new law; with planning, budgeting and accountancy systems; with the integration of the work of local elected authorities with

line agencies.

- the Local Government Association: ADDCN; and
- the Local Development Training Academy (LTDA),

In practice, the activities related to the objectives were organised into the following components of the Decentralisation Support Programme, all of them managed by the Decentralisation Advisory Support Unit (DASU):

- Component 5: Support through DASU (to all national and other stakeholders);
- Component 6: Support to two District Development Committees (in Doti and Surkhet);
- Component 7: Support to the Local Government Association of District Development Committees of Nepal (ADDN); and
- Component 8: Support to the LTDA.

**Immediate objective(s):**

- To help secure the process of decentralisation currently underway in Nepal.

**Rationale.** See 'overview'.

**The situation before and after implementation.** Before implementation. In 1998, Nepal had initiated the implementation of decentralisation reforms in a situation where capacity was low among local elected bodies and staff; where the national legislation would require a considerable number of amendments regarding division of competences and resources at national and local levels; a reorganisation of the government administration and civil service, and a far greater integration of the work of line ministries with the work of the elected local authority. After implementation. The programme ended on 31 December 2005. At that time, the decentralisation agenda in Nepal had been stalled for about three years on account of the conflict and political crisis. However, the role that local governance could play in a conflict transformation and peace-building process was still acknowledged by donors and in a Programme Review (May 2005); for this reason a Local Governance Component was to be formed in the adjusted Human Rights and Good Governance Programme. The programme achieved results in supporting the decentralisation process in Nepal, particularly in the field of policy development and capacity development of local bodies, where a capacity building programme had been tested in several districts with good results and preparations were made for its replication.

**Documents consulted:**

Project Document (1998), Project completion report (2006), Review 2002, 2003b and 2005.

**Relevance.**

**Component 5: Support through DASU:**

- Danida wished to use the opportunity present in Nepal for supporting the important initial phase of establishing a system of decentralised and devolved government. In the project document it was stated that the "crucial nature of this initial phase cannot be overemphasised, and it is important to recognise that despite the political instabilities and uncertainties during the past few years, the movement towards decentralisation has continued." All the citizens of Nepal are stakeholders in the decentralisation process. Marginalised groups, the poor, and women should be named as groups who have a particular interest in decentralisation if it can help facilitate democracy based upon human rights and equality of opportunity for all sections of the community: the Programme's overall development objective. A technical approach where a capacity development programme, technical assistance to policy development as well as liaison with other key stakeholders, such as the Association of District Development Committee, are relevant. The only doubt related to the relevance is to which extent the risks of insurgency could affect the programme and the political commitment to continue the process, risks that were considerably lower in 1998 than in the years after. While the above is valid for all four interventions, there are particular reasons for the last three components:

**Component 6: Support to two DDCs:**

- The Identification Mission stressed that Danida should build on previous experience at district level to select two specific districts where support to planning capacity, training, accounting systems, minor local development funds could be tested in practice.



**Component 7: Support to the ADDCN:**

- Part of the strategy for Danida support to the decentralisation, human rights and good governance reform process in Nepal is to assist the development of a national system of interest and demands formulation. Towards these goals, it is important that the emerging local government associations should become bodies representing the local authorities vis-à-vis the central government. ADDCN is the key institution to do this.

**Component 8: Support to the LTDA:**

- The strategic choice of support to the LTDA is to support the broader objectives of the Sector Programme. The importance of training within this programme requires that support to the LTDA be continued and that its reorientation towards being a facilitator of training at central, district and village levels.

**Score:** 6.

**Efficiency.**

**Component 5: Support through DASU:**

- The programme was delayed considerably and after three no-cost extensions finalised in Dec 2005, almost two years later than envisaged. Having said that, it seems that under the quite extraordinary circumstances, the set-up has continued to work in an appropriate manner, coordinating with all active and major stakeholders. **Score:** 3.

**Component 6: Support to two DDCs:**

- Most activities stalled in the two districts in the last two years, although a former Danida adviser in DASU noted that awareness-raising and educational activities can be cheap and leave few expenditure or procurement records while still being influential. **Score:** 2.

**Component 7: Support to the ADDCN:**

- The programme was delayed considerably and after three no-cost extensions finalised in Dec 2005, almost two years later than envisaged. Having said that, it seems that under the quite extraordinary circumstances, the set-up has continued to work in an appropriate manner, coordinating with all active and major stakeholders. **Score:** 3.

**Component 8: Support to the LTDA:**

- The operations of the LTDA were found too cost-ineffective (measured as trainer-administrative staff ratio and trainer-training activities provided) and training programmes need to be tailored towards expressed needs and demands by local bodies and their associations. A weakness confirmed by the management of LTDA. **Score:** 2.

**Overall score:** 2.

**Effectiveness.**

**Component 5: Support through DASU:**

- This component contained 7 outputs, most of which were satisfactorily achieved although their outcomes and impacts were currently stalled and in some cases lost on account of the political and insurgency crisis in Nepal, which thoroughly disrupted and confused the process of decentralisation. Likewise, many outputs were related to the election of local authorities which have not taken place as planned. However, DASU's own outputs are considered to be good by reviews. **Score:** 6

**Component 6: Support to two DDCs:**

- Implementation proceeded as planned until mid 2002 when the absence of elected representatives and the severity of the conflict and political crisis impacted negatively on performance which necessitated that support was scaled back. The results of Output 2 (VDC performance enhanced) have been lost, while those of Outputs 1 & 2 have been considerably compromised due to the collapse of democratically elected local government. Output 4, the Girl Child Scholarship Fund (GCSF) continues to operate as scholarships have been provided over 10 year period, although problems with monitoring have been encountered. In general, VDCs & Municipality are severely affected by the absence of elected representatives and Maoist insurgency. DDC councils are not functioning.. The 2005 review indicates that DASU has focused on enhancing women's social agency in the two districts where it has a local presence: Doti and Surkhet. The Review Team was impressed by the work of NGOs like 'Women for Human Rights Single Women Group' and by the results of the support to 'Women's

Human Rights Forum' (through CARE). **Score: 3.**

**Component 7: Support to the ADDCN:**

- The component had three outputs, all of which were successful although achievements must be seen in the light of increasing difficulties on account of the political and insurgency related crisis and especially on account of the absence of elected representative in the local bodies. ADDCN has developed considerably as an institution, has been effective in promoting and lobbying for decentralised local government. However, it has also lost some key members of staff, which have been difficult to replace. Interventions have focused on developing the institutional capacity of ADDCN, promoting and advocating the implementation of the LSGA and delivering or coordinating appropriate services to members. The ADDCN was also supported by the Danish association of municipalities, Local Government Denmark (LGDK), regarding definition of their work and functions. According to the Danish Chief Consultant from LGDK, the collaboration with ADDCN resulted in the management of ADDCN getting a broader understanding of what an association of municipalities is; how it can negotiate with the government and ministries (advocacy) and which services it is expected to deliver to its members (first and foremost information and training of the elected local politicians). Also, the leadership of the ADDCN was informed on the importance of research and analysis which is necessary to defend the interests of the municipalities. The Evaluation Team noted that one of the ADDCN leaders from that time is a key person regarding fiscal decentralisation today and that he had been satisfied with the input from Denmark. However, ADDCN's importance decreased due to the lack of local elections in Nepal. **Score: 4.**

**Component 8: Support to the LTDA:**

- The component had three outputs. Progress was made in achieving these outputs during the early years of the programme. In particular, a training portfolio for local bodies was developed and a number of LDTA staff developed the necessary skills to implement this. Central high level commitment to reforming LDTA has been absent since 2004. **Score: 3.**

**Overall score: 4.**

**Impact.**

The Programme during the period 1999 to end 2002 achieved noteworthy results in supporting the decentralisation process in Nepal, particularly in the field of policy development and capacity development of local bodies. Key elements at national level were:

- Support in developing the policy framework for a local civil service for local bodies.
- Support for the policy formulation process for the sector's wise devolution of services, especially the support to the LSGA has been a reference for the decentralisation process.
- Support for introducing formula based block grants for local bodies and input to a fiscal policy in general (which were later used by other donors and the government).

**Component 5: Support through DASU and Component 7: Support to the ADDCN:**

- In the Project completion report (January 2006), it was mentioned that "outcomes and impacts of these achievements are currently stalled and in some cases lost on account of the political and insurgency crisis Nepal is facing, which has thoroughly disrupted and confused the process of decentralisation." To which extent some of these products have been used after insurgency should be explored later. In the districts where the programme has intervened the local governments are severely affected by the absence of elected representatives and Maoist insurgency. The local councils are not functioning. However, the human resources capacity development strategy for local bodies' staff and elected representatives was later anchored in the planning process of a wider multi donor supported national programme: the Local Governance Strengthening Programme (LGSP). **Score: 5.**

**Component 6: Support to two DDCs and Component 8: Support to the LTDA:**

- These are widely considered to be less satisfactory than component 5 and 7, and some of the outputs indicated in the project completion report are considered to have 'eroded', but information from one of the supported districts (Surkhet DDC): on planning, "Danida had supported the preparation of annual plans of each Village Development Committees (then 50 VDCs) and the District Development Committee itself. It also supported in the preparation of the Period District Development Plan (PDDP) of the DDC. These plans have been institutionalized as the guiding documents in planning and development of the district. PDDP is regarded as the umbrella plan document of the district and all the sectorial agencies such as health, education, agriculture etc. have to prepare their plans and policies in line with the PDDP to complement the set objectives. Surkhet has prepared successive PDDP for 2015-2019. In addition to the support to planning Danida had provided topping up grants to the DDC and VDCs in order to fund the set activities in the plan documents. It was a motivational factor for the DDC and VDCs to prepare plans."; on capacity building, "Similarly, Danida-DASU had funded the capacity building of local elected representatives (Mayor, Deputy Mayors,

Chairs and Vice Chairs of VDCs ) and officials through different training programmes. The training programmes were focused on orienting them on the provisions of the Local Self Governance Act and Regulation 1999; and other legal and procedural provisions. It contributed a lot to the performance improvement of Local Governments.”; on institutional support, “Danida had provided two Jeeps for the DDC. These Jeeps are still in operation. These vehicles are very useful for the field visit and monitoring of programme activities till date. I’m very much thankful to Danida-DASU.”; and on the performance based grant system piloting at district level, “Danida-DASU had initiated topping up grants for the implementation of yearly and periodic plans. Though the current (2017) Minimum Conditions and Performance Measurement (MCPM) is something different, the credit for establishment of a formula based grant system to local governments and MCPM goes to Danish Support. Most of the indicators of MCPM are related to planning, budgeting and accountability, Danish support has really been useful in building the capacity of the district. We are doing well.” **Score: 5.**

**Overall score: 5.**

#### **Sustainability.**

The final Project Completion Report assessed sustainability as generally low due to the conflict in the country.

##### **Component 5: Support through DASU:**

- In 2004, it was felt that the political and security situation was not conducive to achieving sustainable results in this sector. Improved conditions would only occur when a negotiated solution to the conflict was seriously embarked upon or achieved. As foreseen, when this happened (2006), decentralisation and devolution continued to play an important role in building a sustainable peace. The decentralisation process continued and will continue with or without donors, but will miss resources to finance investment in capacity buildings, service delivery and policy making. **Score: 6.**

##### **Component 6: Support to two DDCs and Component 8: Support to the LTDA:**

- From the interviews, it seems that sustainability of support to the DDC has been good. An adviser mentioned that “we provided tools for District Periodic Planning where we digitalized the accounting, auditing and statistics. When I visited Surkhet in 2004 and 2009 they had used own resources to continue this process” This tends to confirm the views of the administrative staff (cited above) that several of the activities are still being used. **Score: 5.**

##### **Component 7: Support to the ADDCN:**

- The support to the association is considered to be sustainable because at least its technical staff will continue, while the support to the districts is considered to be less sustainable, since meetings in the district and village councils are not any longer be made on a regular basis. **Score: 4.**

##### **Component 8: Support to the LTDA:**

- For LTDA a new Act should have been approved regulating its work, but was not approved and its training academy may be threatened by new training service providers. **Score: 2.**

**Overall score: 4.**

#### **Coherence.**

##### **Component 5: Support through DASU:**

- According to the documentation, one of the strengths of the programme has been its comprehensive approach to relate all key stakeholders from local to national levels; to civil society and state, as well as technical bodies and high-level political stakeholders. **Score: 6.**

##### **Component 6: Support to two DDCs:**

- The selection of the two districts was supposed to have ensured direct contact with the local level, but this contact seemed to have been weak in the last years of implementation. **Score: 2.**

##### **Component 7: Support to the ADDCN and Component 8: Support to the LTDA:**

Danida support to the LTDA has been the major source of donor-support to the academy, which for a number of years has been operating in a monopoly-like situation of training for local government civil servants. However, this situation has already changed as more, better qualified training operators are available and as other donor-funded programmes or local governments

themselves contract out the training of their beneficiaries, employees or members to private or public training organisations. It seems that it would have important to have discussed a joint approach to training among the donors. However, the support from Danida has been important to ensure training of local authorities and staff, ensuring coherence within the support to decentralisation. Also, the support to the association is indicated as a manner of ensuring coherence to support to decentralisation since it promotes a common understanding and as a central representative body in the decentralisation. **Score: 4.**

**Overall score: 4.**

#### **Replicability.**

##### **Component 5: Support through DASU:**

- The human resources capacity development strategy for local bodies' staff and elected representatives, which was included in a national donor programme (LGSP), is indicated to be on a par with international best practice and is therefore of wider interest. However, since the programme was not implemented, replicability has been 'approved' (by other donors) but not implemented. Whether it has been implemented at a later stage is yet to be seen. Score 5 (under the circumstances).

##### **Component 6: Support to two DDCs:**

- Capacity building may have been worth to replicate; however the lack of systematising the final results makes it difficult. More information may be consulted regarding these issues. **Score: 4.**

##### **Component 7: Support to the ADDCN and Component 8: Support to the LTDA:**

- The support to the association and the training LTDA are national institutions where possibilities for replicating their work seems possible, especially taking into account that they have provided inputs to the LGSP. **Score: 4.**

**Overall score: 4.**

#### **Partner satisfaction.**

Insufficient information. Most documents are prepared by Danida advisers.

#### **Danish added value.**

One of the interviewed advisers mentioned: "I contributed with District Periodic Planning where we digitalized the accounting, auditing and statistics. When I visited Surkhet in 2004 and 2009 they had used own resources to continue this process. We held workshops for the VDC and they were trained through local trainers (20 men and 20 women with academic backgrounds). We also provided results-based grants to small infrastructure projects (water and schools) where VDCs also contributed with funds and learnt about project management. Our Chief Technical Adviser Hikmat Bista was very good at adapting to circumstances, including the conflict. For short periods we were evacuated to Kathmandu. Denmark used few funds on equipment and focused on capacity building, which seems to be more sustainable. It was my impression that Danish advisers including me, had more experience in practical administration than advisers from other countries who seemed to be more academic. Planning and budget management based on statistics and knowledge was appreciated by the politicians as a good tool to make use of scarce resources."

An adviser from Local Government Denmark which supported the ADDCN indicated the following values: "We stressed the importance of collaboration with government instead of confrontation. We emphasised that good management should lead to development of the staff. Twinning is a good tool to develop institutions since two organisations working with the same functions can mirror themselves and see how well they are doing in different areas compared to the twin."

#### **Cross-cutting themes.**

DASU management and staff are 'gender aware', and highly committed to gender and marginalised groups mainstreaming of the Programme – as a means to gender sensitive poverty reduction - through decentralisation. DASU has successfully facilitated gender training of LTDA trainers, established Girl Child Scholarships for Dalits and other marginalised groups, supported MUAN's training of female representatives in Municipality Governance, and conducted women's training in Chitwan. Although references are made to the decentralisation as an opportunity to involve ethnic and poor groups more in the decision-making, there is little evidence on the concrete changes. Likewise, no reference is made to major results regarding promotion of gender

equity.

#### Connectedness.

##### Component 5: Support through DASU:

The decentralisation support programme was very vulnerable to changes in the overall political context, including insurgency. The event was of a character that was difficult to handle. After having three no-cost extensions, the programme finally finished with the somewhat limited results presented here. **Score:** 4 (at the end of the programme).

##### Component 6: Support to two DDCs, Component 7: Support to the ADDCN and Component 8: Support to the LTDA:

Since the programme was embedded among many different stakeholders, and there seems to be a real interest in continuing the decentralisation process, the process goes on and is still an important part of Nepalese strategy. Regarding component 6,7 and 8, contact and relation to other activities have been difficult in the last part of the programme, due to the insurgency and the fact that no local elections were held. **Score:** 2.

**Overall score:** 3.

#### Bibliography

Carter Centre (2008-2013) *Reports on elections*. [https://www.cartercenter.org/news/pr/nepal\\_053008.html](https://www.cartercenter.org/news/pr/nepal_053008.html).

CDC (2005) *Review of Human Rights, Good Governance and Decentralisation Support*. Copenhagen Development Consulting (Copenhagen).

Danida (1998a) *Appraisal Report – Human Rights, Good Governance and Decentralisation*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (1998b) *Programme Document/ Component Descriptions (Vol III): Human Rights, Good Governance and Decentralisation Support*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2001) *Support to the Criminal Justice System of Nepal; 3. Progress Report*. Decentralisation Advisory Support Unit (Kathmandu).

Danida (2003) *Annual Progress Report - Decentralisation Support Programme*. Decentralisation Advisory Support Unit (Kathmandu).

Danida (2004) *Annual Progress Report - Decentralisation Support Programme*. Decentralisation Advisory Support Unit (Kathmandu).

Danida (2006) *Project Completion report - Decentralisation Support Programme*. Decentralisation Advisory Support Unit (Kathmandu).

Danida (1999) *Board Document: Nepal Press Institute, Nepal Press Council*. Danish Ministry for Foreign Affairs (Copenhagen).

Danida (2003) *Review cum Program Formulation Mission - Danida Support for Independent Media in Nepal*. Danish Ministry for Foreign Affairs (Copenhagen).

Danida (2002) *Review cum Program Formulation Mission - Danida Support for Independent Media in Nepal. Part II: Draft Project Document for Phase III*. Danish Ministry for Foreign Affairs (Copenhagen).

Danida (2014) *Rights and Governance*. Danish Ministry for Foreign Affairs (Copenhagen).

DanidaHUGOU (2004a) *Project Completion Report: Human Rights and Good Governance Advisory Unit*. Parliament Secretariat, Election Commission, Nepal Police, Centre for Legal Research and Resource Development, Judges' Society Nepal, Nepal Bar Association, Nepal Press Institute, Press Council Nepal, Feminist Dalit Organisation, Dalit Welfare Organisation and Dalit NGO Federation. Human Rights and Good Governance Advisory Unit (DanidaHUGOU, Kathmandu).

DanidaHUGOU (2004b) *Project Completion Report: Support to Central Police Science Laboratory*. Human Rights and Good Governance Advisory Unit (DanidaHUGOU, Kathmandu).

DanidaHUGOU (2004c) *Project Completion Report: Support to the Judiciary*. Human Rights and Good Governance Advisory Unit (DanidaHUGOU, Kathmandu).

DanidaHUGOU (2004d) *Project Completion Report: Support to Independent Media*. Human Rights and Good Governance Advisory Unit (DanidaHUGOU, Kathmandu).

DanidaHUGOU (2004e) *Project Completion Report: Support to Dalit Organisation*. Human Rights and Good Governance Advisory Unit (DanidaHUGOU, Kathmandu).

The following reviews are also covering the programme period, but wrongly placed on Extranet for Phase 2:

International Development Partners/Danida (2001): Annual Review – Human Rights, Good Governance and Decentralisation Support Programme

International Development Partners/Danida (2002): Annual Review: Human Rights, Good Governance and Decentralisation Support Programme



## Annex F.2 Human Rights and Good Governance Programme, 2003-2008

Component 1: Human Rights
<p><b>Overview.</b></p> <p>This is a continuation of a previous support to human rights organisations. The main activities were:</p> <ul style="list-style-type: none"> <li>• <b>Strengthening of NHRC</b> <ul style="list-style-type: none"> <li>○ Institutional capacity building in the areas of human rights monitoring, documentation, analysis and dissemination; complaints (on cases of violations) handling; and networking.</li> <li>○ Establishment of outreach (regional and district) offices.</li> <li>○ Capacity building of Commission staff.</li> </ul> </li> <li>• <b>Human rights monitoring by NGOs and their alliances</b> <ul style="list-style-type: none"> <li>○ Human rights situation monitoring, documentation and dissemination, including assessment of legislation and policies, and research on specific issues.</li> </ul> </li> <li>• <b>Capacity building and institutional strengthening of NGOs and CBOs</b> <ul style="list-style-type: none"> <li>○ Promotion of institutional good governance within NGOs and their alliances.</li> <li>○ Institutional capacity development of human rights CSOs at local level to provide specific services, such as legal aid, counselling and community mediation.</li> <li>○ Safety and security of human rights defenders.</li> </ul> </li> <li>• <b>Advocacy and campaigns</b> <ul style="list-style-type: none"> <li>○ Advocacy, lobbying and campaigns on pertinent human rights issues, such as violence against women, caste-based discrimination, and legislative and policy reform; including general campaigns for human rights education and awareness, and peace promotion.</li> </ul> </li> <li>• <b>Peace and conflict mitigation</b> <ul style="list-style-type: none"> <li>○ General education and awareness on constructive conflict transformation.</li> <li>○ Local capacity (skills) development in community level peace building, including community mediation.</li> <li>○ Awareness raising on human rights and humanitarian laws applicable in times of armed conflict, and pressuring conflicting parties into observing those principles (in the context of Maoist armed conflict).</li> </ul> </li> </ul> <p><b>Immediate objective:</b></p> <p>The Component objective is: “Capable and credible human rights organisations are actively engaged in promotion and protection of human rights.” The Component objective will contribute to Programme immediate objective 1: Human rights organisations ensure greater adherence to and respect for human rights.</p> <p><b>Rationale.</b></p> <p>The programme document indicates that the role of human rights organisations in protecting and promoting human rights in Nepal is well-recognised, even more so in the context of the political and security situation after 1 February 2005. Therefore, the Component aimed at paying particular attention to supporting human rights initiatives through an approach based on formal or informal alliances, collaboration and/or partnerships among human rights organisations that share a common goal.</p> <p><b>The situation before and after implementation.</b></p> <p><u>Before implementation.</u> The description of the human rights before the component was as follows “Nepal is an extremely hierarchical society divided by caste, ethnicity, gender, and geography. In general, these fundamental social inequalities are not sufficiently addressed by the state.” These structural imbalances result in the violation of human rights and are perpetuated due the state’s inability or lack of will to address them. Extreme poverty and the lack of educational opportunities, and thereby lack of awareness, also contribute to serious violations of human rights. Many children are still married off at an early age and a substantial number of school-age children receive little or no education. Women suffer from domestic violence, allegations of</p>

witchcraft, demands to pay dowry, lack of ownership over property, trafficking for prostitution and restricted freedom of movement due to family and society traditions. After implementation. While none of the structural causes have been attended by the programme, there is no precise information about the situation after the implementation of the component. Human rights may have been better monitored. It is clear though that at the end of the programme (2008), the Comprehensive Peace Accord was established and the human rights violations had decreased a lot. Five national alliances comprising some 5,000 member organisations have been actively engaged in human rights monitoring, documentation, reporting, education, advocacy and campaigning both at national and local levels. Alternative reports on fulfilment of the UN Convention were submitted to UN Treaty Committees. NHRC has been strengthened in terms of staff capacity, policies, systems and procedures, and is engaged in human rights monitoring, with 4 regional offices expanding its outreach. Thousands of human rights defenders are engaged in human rights protecting campaigns nationwide, with their linkages extended to the UN system, and other international organisations, such as, Amnesty International, OMCT, Human Rights Watch, International Commission of Jurists.

**Documents consulted:** see bibliography.

Danida Programme Document (2002 and revised 2005), Component Description (2002), Review (2005), Project Completion Report (2008).

#### **Relevance.**

See 'rationale' and 'situation before component' above. The component seems very relevant to the particular needs of the Nepalese population, and relevant to the Danish strategy. The government has not expressed any particular interest in getting more focus on human rights (especially not during the period where the King took absolute power). However, it is clear that human rights violations are widespread, so if the needs of 'target groups' are considered the most important, the component is very relevant.

**Score:** 6.

#### **Efficiency.**

The material states that "The insurgency situation and the post 1 February 2005 political development have made it difficult for human rights organisations to carry out their work". However, to which extent component implementation has been made difficult (or slower) is not mentioned.

During Phase II, the Component spent DKK 15.5 million and a Norwegian contribution of DKK 3.5 million, meaning that the component has spent the full budget as planned and within the agreed timeframe.

However, not all outputs are quantified.

Against the backdrop of low human development of the Nepali people, low level of transport and communication infrastructure across the country, stark socio-cultural diversity, and remote and difficult topography, the results secured through the Component support, some of which are mentioned below, are seen as cost-effective.

**Score:** 5.

#### **Effectiveness.**

**Output 1 (Human rights situation monitored, investigated and documented in a coordinated way).**

**Output 2 (Strong alliances of human rights organisations established).**

**Output 3 (Campaigns to protect and promote human rights conducted).**

The Review of May 2005 (Danida, 2005a-b) was conducted while the adjusted programme document was being finalised. The review has likewise information that gives the impression that implementation has been carried out more or less as planned but with considerable challenges.

- The Human Rights Organisations component supports organisations engaged in the promotion and protection of human rights. In addition to civil rights, some organisations work with socio-economic and cultural rights such as land rights. According to the material, some of the organisations are relatively weak and they work in a fractured setting, where they are more likely to compete than to co-operate.
- The programme is addressing these major problems by including support to organisational development and by promoting alliances. Some of these organisations have, as mentioned above, also developed a capacity for conflict transformation.



The Project Completion Reports (Danida, 2008a-c) are more positive, indicating that there was significant progress towards realising the objective. This progress is seen in the capacity and credibility of NHRC and NGOs/CBOs to advance the cause of human rights in multiple ways, including those listed below, both at national and local levels.

- Regarding alliances and output 2, five national alliances (four of them being NFN, HRTMCC, HRH and National Land Rights Forum) comprising some 5,000 member organisations have been actively engaged in human rights monitoring, documentation, reporting, education, advocacy and campaigning both at national and local levels focusing on both civil and political as well as economic, social and cultural rights. Except for the NFN, these alliances were formed during HGD-Phase 2.
- Under the alliance HRTMCC, a consortium of 50 NGOs, four alternative reports (on CAT, ICESCR, CEDAW and ICERD) were produced and submitted to concerned UN Treaty Committees. The production of reports involved wider engagement with parliamentarians, political parties, lawyers, national/international human rights organisations and UN bodies.
- NHRC has been strengthened in terms of staff capacity, policies, systems and procedures, and is engaged in human rights monitoring, analysis and dissemination with 4 regional offices expanding its outreach.
- With respect to output 1 and 3, thousands of human rights defenders are engaged in human rights promoting and protecting campaigns nationwide, with their linkages extended to the UN system, and other relevant international organisations, such as, among others, Amnesty International, OMCT, Human Rights Watch, International Commission of Jurists and International Land Coalition.
- The results contributed to the fulfilment of the Component objective. Projects supported under the Component focused on institutional capacity building of human rights organisations and their networks so that they could credibly, effectively and confidently engage themselves in promotion and protection of human rights all over the country.
- Human rights organisations and their networks played an important role in capacity building among deprived and marginalised people to enable them to initiate steps for sustainable solution to the human rights problems facing them; they remained in the forefront throughout the armed conflict to monitor the human rights situation and pressure the parties to conflict into (a) respecting human rights and humanitarian principles, and (b) finding a negotiated settlement to the armed conflict so that its human rights implications could be limited. These organisations also played a role in mobilising international pressure for these ends, and encouraging the start of the peace process that formally put an end to the armed conflict with the Comprehensive Peace Agreement between the government and Maoists in November 2006. These results are reported to stand out very clearly in external evaluations of projects administered under the Component, although we don't have these evaluations.
- However, there is no information about the number of cases of human rights violations being pursued.

The component has therefore had a high effectiveness, with good examples of results. However, the doubt from the review 2005 as well as the lack of targets means that more information must be collected from other sources to have a more precise score.

**Score: 6.**

#### **Impact.**

the 2005 Review found potential impact, since the component works with: "Socio-economic and cultural rights such as land right is essential for addressing root causes of the conflict with the Maoists, as well as the conflict between the King and political parties/civil society." However, the indications on outcome and impact are presented in general terms in the rest of the material. Regarding the information from the project completion report, it is mainly output based. The information that comes closest to impact would be the support for land rights which means that poor persons get access to new resources (land). In addition, as mentioned in the Project Completion Report, the documentation to the UN of human rights violations may have had an impact in terms of putting pressure on the government (and Maoists) to stop the violations. It would have been possible to state this more clearly if the indicators had been used and/or fulfilled.

**Score: 5.**

#### **Sustainability.**

Nepal's CSOs, including those working in the HR area, are very much dependent on external assistance to pursue their mission. Should external assistance stop, most of them would be operating at a considerably reduced scale. It is reported that over the years that most of the partners under the Component have started thinking through this issue. However, it is not likely that they would be able to mobilise substantial resources on their own for some years to come.

**Score: 2.**

**Coherence.**

There are several examples of collaboration between donors in the area of human rights.

- Norwegian funds were channelled through the Component for human rights promotion and protection. Partnerships under this Component were thus funded by DanidaHUGOU and the Royal Norwegian Embassy on a cost-sharing basis effectively.
- “Capacity Development of the National Human Rights Commission (CDNHRC)” supported by a range of donors, including AusAID, CIDA, DfID, Embassy of Finland, Embassy of Norway, SDC and USAID, within the framework of a basket funding managed by UNDP.
- At the project level, “Land Rights Campaign for Empowerment of Tenants and Landless Farmers” project, implemented by the CSRC with financial support from DanidaHUGOU, and the Rights, Democracy and Inclusion Fund (RDIF), and the “Strengthening the Human Rights Home in Nepal” project, which was implemented by the NGO HRH with support from CIDA, the Embassy of Finland, SDC and DanidaHUGOU. Both projects, ending in 2008, are anchored by DanidaHUGOU.
- The ICJ implemented a “Human Rights Defenders Project” with support from DanidaHUGOU, DFID, SDC, CIDA and the Embassy of Finland. The project completion report indicates that DanidaHUGOU has been willing to promote joint-funded projects.

While these examples show strong donor coordination, it seems - apart from the the collaboration with Norway - to be piece-meal/project-based, while joint funding to human rights and good governance in general seems not to take place.

**Score:** 5.

**Replicability.**

In a situation where the rule of law is being challenged (in Nepal and in other countries), it seems important to have a component with a clear focus on human rights. A country in conflict and transformation needs focus on human rights. Danida has supported similar initiatives in other parts of the world in order to put pressure on the parties in a conflict.

**Score:** 5.

**Partner satisfaction.**

There is no information, although it is indicated in the project completion report that “a constant, proactive and enabling engagement of DanidaHUGOU with the partners concerned made changes possible” (including changes to their systems).

**Danish added value.**

One issue mentioned that may be particular for Denmark – or at least to HUGOU - has been that all partners have been asked to develop systems and policies so that they can operate in a systematic, transparent and accountable way. Almost all of them have internalised, as a matter of institutional policy, the principle of ‘institutional good governance (IGG)’, a set of principles comprising transparency, accountability, rule of law, gender equality, inclusive participation, and separation of powers between management and staff functions, both in relation to institutional structures (formation of executive committee, staffing and advisory bodies) and project implementation.

The Component also consistently assisted in human resource development of its partners by encouraging them to think through organisational needs in this respect, and make plans to respond to the needs as part of partnership agreements. In addition, the partner organisations were facilitated to participate in international trainings, seminars or workshops, including Danida Fellowship Centre-facilitated trainings. These participations contributed to their human resource development, which in turn contributed to the overall improved functioning of the partners.

It is not clear whether these values are limited only to this programme, meaning that it may not be promoted as a Danish value.

**Cross-cutting themes.**

The gender dimension of this component could be strengthened, and, according to the reviews, it should consequently be considered to include activities for enhancing women's social agency at local level in this component. Notwithstanding, the project completion report states that almost all of the partners have internalised, as a matter of institutional policy, a set of principles which – as mentioned above - includes gender equality.

**Connectedness.**

The success of the support to human rights is seen as key and a precondition for diminishing conflicts and for implementation of other components. The Review in May 2005, indicated that “in the current post 1 February situation, support for human rights and good governance is very much the order of the day as are initiatives that contribute to de-escalating the conflict.”

Meanwhile, most new programmes were suspended, although support to education was also continued. But the implementation of this component was seen as a precondition for other programmes and components (e.g. for the support to Dalit, local governance, among others).

**Score:** 5.

**Component 2: Social Inclusion**

**Overview.** The aim is to enable Dalit women and men to promote their rights and interests through lobbying, advocacy and legal aid. National Dalit organisations are being strengthened to implement their strategic plans to promote self-governing local organisations and to effectively link national and local campaigns for Dalit rights. In the final project completion report the objective is noted to be: “Democratically functioning Dalit, Janajati and women’s organisations effectively engaging in promotion of social inclusion and empowerment of these groups.”

**Immediate objective(s).**

- The Component objective will contribute to Programme immediate objectives 1: Human organisations ensure greater adherence to and respect for human rights; and, 4: Empowerment, accountability and participation at local governance level enhanced.

**Rationale.** Caste discrimination was probably not one of the defining elements for starting the violent conflict in Nepal, since the lowest castes have been too oppressed to initiate a conflict. However, with the spread of the insurgency to areas with many Dalit and low caste inhabitants it seems that social exclusion of these groups has become a major factor sustaining the conflict. This component is in many ways similar to the Human Rights Organisations component. However, it has been necessary to create separate Dalit organisations because Dalits are grossly underrepresented in political organisational life (e.g. not a single Dalit was a member of the last elected parliament despite the fact that they comprise roughly a fifth of the population).

**The situation before and after implementation.** Before the start of the component, the situation was described as involving “persistent exclusion of Dalits, Janajatis and women from the national mainstream”. From the information available, a considerable number of the Dalit have organised themselves and carry out advocacy. Notwithstanding, at an overall level, most of them still face social exclusion. The Human Rights Watch regional representative based in India states in an email 2017: “Under the monarchy, a feudal approach towards caste persisted. But Dalits rights groups have gained in strength over the last few decades. State policies, jurisprudence and the constitution now acknowledge the need to protect Dalit communities from violence and ensure their rights.” The representative indicates Danida to play an important role in strengthening the Dalit movement.

**Documents consulted:** See bibliography.

Danida Programme Document (2002 and revised 2005), Component Description (2002), Review (2005), Project Completion Report (2008).

**Relevance.**

See ‘rationale’. As mentioned by the review in 2005: The lack of representation of the poor is a serious threat to a democratic, peaceful and just development in Nepal. The component is relevant to the target group’s needs, to Denmark’s development strategy and increasingly relevant to Nepalese government, although the documentation does not explicitly refer to any expressed demand from the government on this issue.

**Score:** 6.

**Efficiency.**

The Review in May 2005 states that in general the component has been able to continue although at a slower speed: “In the post February 1 environment, this Component is comparatively less affected than others. However, national and district-level Dalit organisations have revised their work plans to cater for changes in their working modalities and/or to incorporate new activities in the light of the latest development wherein civil society in general is facing constraints in carrying out their activities.”

In the final project completion report, it is mentioned that the Component expenditure during Phase II was DKK 15 million, as planned, and likewise executed exactly within the planned framework. The Project Completion Report states that “Organisational development and capacity building of widely-scattered organisations and awareness raising, mobilisation and

empowerment of even more widely dispersed communities is a daunting task”; due to lack of transport for most persons. in Nepal's rural areas.” Also, in the rural areas, because of the same reason, it is difficult for rights-holders to visit duty-bearers and vice-versa. Assessed in this light, the results achieved through the Component can be seen as cost-effective.

It should be mentioned that there is no information regarding the cost of the set-up (HUGOU) compared to the activities.

**Score: 5.**

#### **Effectiveness.**

**Result 1 (National-level organisations further strengthened and effectively engaged in promotion of social inclusion and empowerment of Dalits, Janajatis and women).**

**Result 2 (Local individual Dalit, Janajati and women’s organisations further strengthened and effectively engaged in empowerment and advocacy activities).**

“The work reflect the importance of continuous, and even more intensive, activities for the promotion of civil, political, socio-economic, and cultural rights of the Dalit people.” It is also noted that “National Dalit organisations are being strengthened to implement their strategic plans to promote self-governing local organisations and effectively linking national and local campaigns for Dalit rights.” The Project Completion Report indicates the following points:

- Because of the capacity development measures, formerly weak organisations have become stronger to address their issues and concerns. They have also become more democratic as reflected in their institutional governance policies and practices.
- Because of the advocacy activities of Dalit partner organisations at the central level, exclusion of Dalits is recognised today by all as an important element in Nepal.
- At the local level more than 250 networks of these national organisations are engaged in empowerment and advocacy activities.
- More than 20 local Adivasi Janajati networks are engaged in empowerment and advocacy activities with the result that more men and women from these groups have become aware of their rights and are claiming these rights, including their rights to resources and services, although no examples are mentioned.
- The hitherto neglected single women are empowered at local level, and advocacy at national level has led to more explicit recognition of the issues and concerns of single women in government policies and programmes; and
- Marginalised groups from many districts in the southern plains (Madhesh/Terai) have been empowered and are claiming their rights, including their rights to resources and services.

While it is very clear that awareness have been promoted, that organisations have been strengthened and individuals have empowered, it is not entirely clear – except for the recognition of single women - which rights they claim, where and which response they have got.

**Score: 5.**

#### **Impact.**

Through empowerment activities (organising, awareness-raising, capacity building, mobilising) marginalised groups are able not only to claim civil, political and cultural rights, but are also aware of their social and economic rights. The latter, commonly known as "livelihood empowerment", has a lot to do with poverty reduction. Access to resources (financial, human and social capitals, and natural and physical resources) and services are considered as a matter of rights and are claimed accordingly. Many of the local chapters, member/network organisations of the national Dalit, Janajati and women's organisations have been empowered to claim these rights. As a result, access to resources, services and opportunities has improved among Dalits, Adivasi Janajatis, women and marginalised people from the southern plains (Terai/Madhesh), contributing to improved livelihoods of these people. Livelihood empowerment activities have also made local level state/government officials more responsive and accountable to people.

While this empowerment can be considered an impact it is not indicated the extent to which the empowered groups have in fact accessed new resources; whether it is one or two examples or whether it is more.

While the mentioned impact could be considerable, it is also mentioned that most stakeholders recognise “exclusion takes place”; in other words, there is more awareness but not big changes. So the component has promoted important outcomes and impact, but it is not possible to quantify the numbers. The lack of precise information/evidence means that the score cannot be very high.

**Score: 5.**

**Sustainability.**

The project completion report reached the following conclusions.

- The most critical issue at the end of the Component is the issue of financial sustainability of the partner organisations. Being advocacy organisations, it cannot be expected of these organisations to be financially sustainable in the near future, which means the likelihood of cessation of activities or implementation of activities in a greatly reduced scale.
- Since the demand side empowerment (voice) has become successful to a large extent, a key challenge now is to facilitate the empowerment of the supply side (accountability) so that both have a symmetrical interaction. In order to make actions sustainable, there is still a need to make state institutions receptive.
- Since national level networks and organisations have been mobilised to a large extent, another crucial challenge is to create incentives whereby those organisations' outreach and accountability reaches the community level in a much more larger scale and also make actions sustainable at local level.
- The social dimension of sustainability requires that no group (gender, class, caste, ethnicity, religion, language, area of origin, and so on) is left out from exercise of civil, political, social, cultural and economic rights. This still remains a daunting task and a challenge.

In practice, it has been recognised that the organisations will not be sustainable for a long time, which is why Danida continued to support them for another two phases of support. While Denmark explicitly recognises the situation, it could have been argued that Danida should promote links to other donors, or other types of sustainability efforts.

**Score: 2.**

**Coherence.**

Due to the early entry into the support of the Dalit movement, Danida/HUGOU has been involved in helping facilitate a coordinated donor approach to the movement. In this case, several organisations have been involved, providing spin-off effects to an important number of marginalised persons. However, donor coordination still seems to be bilateral, ad-hoc/project based, rather than programmatic.

**Score: 4.**

**Replicability.**

It seems that Danida's focus on support to excluded groups has been able to work, so that some (limited) progress has taken place in Nepal. In fact, capacity building of marginalised groups – and a direct focus on groups that receive little attention – is something that Danida has done in most Human Rights Programmes; and could continue to do. Likewise, there is a connection to the international secretariat, also supported by Danida and based in Copenhagen.

The project completion report presents some issues which will be important when to promote an effective Social Inclusion Component management: (1) Developing partner organisations' institutional good governance is a long process and resources are needed for developing and implementing the policies; (2) Component managers need to have an effective tool for monitoring that objectives are achieved; and (3) Component managers need to be aware of new complexities, conflict of interests within advocacy organisations; and be able to target investments to avoid that a few persons capture the organisations.

On the one hand, replicability of the focus on marginalised groups is high; on the other, Dalits are context-specific to South Asia.

**Score: 4.**

**Partner satisfaction.**

No explicit information. However, later evidence indicates the relationship at the time of the intervention: The national president of the Nepal National Dalit Social Welfare Organisations states in 2013 that "The partnership is also special in the sense that Denmark has a long history of supporting human rights and marginalised people... In 2000, Danida became the first bilateral agency to support Dalit organisations in Nepal directly..." From interviews with previous advisers, the team was informed that the dynamics sometimes are somewhat slow and that it has taken time to establish the partnership, but apparently the partnership is seen as good.

**Score: 5.**

**Danish added value.**

The direct focus on the Dalit – which has not been done before – may be an added value in the sense that this support would not have taken place without Denmark being in Nepal. See also partner satisfaction where Danida is mentioned as the first donor.

**Cross-cutting themes.**

Presently, a number of national as well as district-based Dalit and pro-Dalit organisations are supported through this Component to enable Dalit women and men to actively work for their rights and interests through lobbying, advocacy and legal aid.

**Connectedness.**

The component's success – and limitations – depends to a large extent on the extent to which cultural attitudes can be changed in Nepal. The pace and tempo of advocacy activities followed the ups and downs in the political landscape. On 1 February 2005, the King assumed direct power. The first four months of 2006 saw the continuation of his direct rule. However, the post - April 2006 development allowed civil society organisations and political parties to become more active towards the creation of an inclusive democratic state. Dalit, Janajati and women's organisations were able to engage in advocacy activities to promote their rights. The Interim Constitution and the Constituent Assembly Election Act as well as the subsequent election of the Constituent Assembly reaffirmed Nepal's strive for an inclusive multi-party democracy.

At local level, behaviour is rooted in many years of tradition; something which a support from donor cannot change very quickly. Still, it seems like Danida has managed to promote the rights of the Dalit in a moment in time where other big changes took place, and where it was possible to talk about Dalits' rights.

Score: 4.

### Component 3: Independent Media

**Overview.** The Component objective aimed to contribute to Programme immediate objectives 1: Human rights organisations ensure greater adherence to and respect for human rights; 2: State and civil society institutions increasingly fulfil their governance and rule of law roles; 3: Democratic and transparent political processes established; and 4: Empowerment, accountability and participation at local governance level enhanced. The component focused on the following activities.

- **Promotion of professional skills, knowledge and standards of journalists:**
  - Trainings through Regional Media Resource Centres (RMRCs) to district-based journalists; Technical Assistance to NPI on training, planning, management and delivery of ToT; development of training curricula; training/scholarship and orientations on conflict, human rights, good governance and women, Dalit and ethnic minority issues;
  - Regional features writing trainings to emerging and aspiring women journalists; round table sessions of journalists with local editors and media gatekeepers; production of Features Service
- **Strengthening of mainly district-based print and electronic (radio) media:**
  - Interest subsidy loan to mainly print media outlets outside the Kathmandu Valley through Media Development Fund
  - Equipment support to community radios (CRs); Equipment support through the Association of Community Radio Broadcasting Nepal (ACORAB) to community radios; support to radio journalism, programme production and community radio management trainings to CRs; organisational development of ACORAB
  - Production of guidelines for community radios' roles in conflict resolution and peace-building
- **Promotion of media freedom, right to information, media pluralism and media's role in peace-building through research and advocacy:**
  - Production of video documentaries and books on journalists' conditions and struggle for media freedom in an adverse media environment
  - Litigation support to cases seeking court justice to protect media freedom; comparative and analytical studies and publication of existing media laws and policies; workshops on legal and policy reforms vis-a-vis media freedom; publication of a compilation of Supreme Court verdicts on media-related cases
  - Support to the Federation of Nepalese Journalists- FNJ's organisational development including trainings on media rights monitoring, leadership management and ToT, and professional union leadership management, with technical assistance from International Federation of Journalists (IFJ); setting up of a media rights monitoring unit in FNJ; advocacy missions including international missions

- Establishment of a fully equipped Media Research Documentation Centre; publication of research-based media reference books and media journals; and fellowships for media research.

**Immediate objective(s):**

- The Component objective is: “Media professionalism and public access to information and expression increased”. Just as in the other components, the component description has one set of immediate objective and the project completion report has another; which is mentioned here).

**Rationale.** Support to the media is an integral part of Danida’s policy for the strengthening of democracy and human rights. At the same time, there is a need in Nepal for attending the lack of professionals within the media, a limited range of community media and imbalance in access to information. With the political situation in Nepal, it is thought to be even more important to support to media in order to inform about the situation in the country. The media’s fight against governmental restrictions needs to be supported in these critical times.

**The situation before and after implementation.** Recent years of political upheaval and a worsening conflict situation have created serious obstacles to a free and independent media. They have faced especially difficult times during the States of Emergency, which demonstrated that the post-1990 media freedom can never be taken for granted by media practitioners. There were legitimate fears that in the post 1 February 2005 context, Nepalese media may continue to be intimidated and directly or indirectly censored.

**Documents consulted:** See bibliography.

Danida Programme Document (2002 and revised 2005), Component Description (2002), Review (2005), Project Completion Report (2008).

**Relevance.**

The press freedom that the political change in 1990 brought to Nepal spurred a remarkable quantitative, and to some extent qualitative growth in Nepalese media. However, recent years of political upheaval and a worsening conflict situation have often created serious obstacles to a free and independent media. They have faced especially difficult times during the States of Emergency, which demonstrated that the post-1990 media freedom can never be taken for granted by media practitioners. The support to media is needed by the civil society organisations and the citizens in Nepal and is also consistent with Danida’s strategic priorities regarding promotion of democracy. The relevance may be less, if looked upon from a Nepalese government point of view, but very high from the target group’s, civil society organisations’ and political opposition’s point of view.

**Score:** 6.

**Efficiency.**

The expenditures under this Component was DKK 14.2 million (Danida contribution of DKK 11.9 million and Norwegian contribution of DKK 2.3 million), which were used as planned and within the envisaged timeframe. The achievements made against the Component objective despite the adverse media environment almost throughout the programme period is considered to justify the investments made. Particularly in the case of Community Radios (CR), the value for money spent is considered to be high since with modest partial support from the Component, CRs have been able to take off in most of the districts of the country. All of the supported CRs are, with the use of relatively few resources, on air, contributing to the public debate on political and constitutional processes.

**Score:** 5.

**Effectiveness.**

The Review Team in 2005 reported on “a good professional work driven by a strong drive for social justice within this component.” Marginalised groups have been supported by reserving a certain number of the places in media training programmes to for example Dalits, Janajatis. The team was impressed by the measures for consensus building on key issues such as human rights, good governance and conflict issues, and for the democratisation and decentralisation of the media through support to community media, particularly community radio in rural areas. The Project Completion Report mentions increased media professionalism and public access to information and expression.

**Output 1 (Professional skills, standards and knowledge imparted to journalists through qualitatively improved training and orientation on human rights, good governance and conflict issues).**

The Project Completion Report (Danida, 2003c) observed that human resource development of media professionals and organisation development of media partners has enhanced media

professionalism. Despite the political instability combined with the armed conflict and resultant hardships the media underwent during the past years, media people focused on issues related to human rights, good governance and conflict.

**Output 2 (Mainly district-based media, (print and radio), strengthened through special initiatives).**

The Project Completion Report (Danida, 2003c) noted the development of independent community media in the districts, particularly community radios (CRs), has resulted in decentralisation of media. During the armed conflict and the royal rule CRs were able to provide some democratic space for debate and conflict mitigation. CRs' contribution to empowering people manifested in the people's massive participation in People's Movement II in early 2006. 71 community radio stations have been supported, covering most of Nepal's 75 districts, serving rural Nepal's information needs. There were only 5 community radio stations in Nepal in 2003. In one-third of the districts, mostly remote, stations are the sole radio medium for the communities.

**Output 3 (Media freedom, right to information, media pluralism and media's peace-building role promoted through advocacy and research initiatives).**

The Project Completion Report (Danida, 2003c) observed:

- Initiatives related to monitoring, documentation and publicising of media rights violations at national and international level during the conflict period exerted pressure on the government, Maoists and other actors to behave. A project evaluation report stated that these initiatives have "immensely helped raise the morale of the journalists and curb the tendency among state and non-state actors to curtail media freedom and freedom of expression".
- Establishment of the Media Research Documentation Centre, the first of its kind in the country, publication of high quality books on different aspects of Nepali media, and media researches have benefited journalists, students, researchers and others interested in media issues.
- Advocacy for media policy and legal reforms has contributed to a number of media related legal reforms (e.g.: enactment in 2007 of Right to Information Act and Working Journalists Act).
- Feature-writing skill training, fellowships, regular coaching and roundtables with editors and publishers at regional and national level have paved the way for a large number of women based in the districts to grow professionally and have better access to and employment with local and/or national media organisations.

In general, it seems that all outputs have been achieved with only minor problems.

**Score:** 6.

**Impact.**

The Review (Danida, 2005a-b) states that the Independent Media component contributes to a free and independent press by training media practitioners. This includes sensitisation in reporting on the conflict, underprivileged groups' improved access to relevant information and access for these groups to express their views. The above mentioned outcomes under "effectiveness" have a potential to become impact. Interviews with persons working from other donors (ILO) have observed the support and called it a success.

**Score:** 6.

**Sustainability.**

Media organisations are heavily dependent on donor support. Community radios have managed to take off well following the Component's one-off, modest equipment support which did not include any operational cost. The Component made sure that the involved journalists were aware of the need for some regular community resources to operate the radio, before the equipment support was extended. This approach seems to have greatly boosted the community ownership of the radios and thus ensuring their sustainability. Also, the review (Danida, 2005a-b) reported that "Danida's early involvement in a project establishing teams of journalists from different media houses that agree on content and then publish the story in their respective media, has led to such initiatives being supported by other donors too. Initiatives of this kind are important consensus building measures with considerable relevance to conflict transformation."

**Score:** 5.

**Coherence.**

The linkages to other components seem to be strong, especially regarding women's and Dalit's use of media. On the other hand, the review 2005 finds that more coherence could have been promoted.



Score: 5.
<p><b>Replicability.</b></p> <p>Denmark has promoted independent media in several countries. The approach with focus on community-based radios and on excluded group's access to media may be used in other countries. From later information it seems that this effort has in fact been a pioneer activity.</p> <p>Score: 6.</p>
<p><b>Partner satisfaction.</b></p> <p>According to the Project Completion Report, partner organisations appreciated DanidaHUGOU's emphasis on its partners formalising and implementing necessary administrative, financial and human resources policies as per their organisational needs.</p>
<p><b>Danish added value.</b></p> <p>Danida has through the years been the largest donor supporting the development of the independent media in Nepal. According to the project completion report, Denmark was pro-active in encouraging partners to put in place necessary systems and policies, including administration. It is doubtful however, whether this is something particular for Denmark.</p>
<p><b>Cross-cutting themes.</b></p> <p>Women's rights have been integrated, e.g. through affirmative action by reserving a certain number of the places in media training programmes.</p>
<p><b>Connectedness.</b></p> <p>DanidaHUGOU was able to join forces with the Royal Norwegian Embassy to extend support, on a cost sharing basis, to media initiatives. The contribution of DKK 2.3 million from the Embassy to the Media Component for the 2007-2008 period helped in directing more funds to the needy areas.</p> <p>Score: 5.</p>
<b>Component 4: Justice</b>
<p><b>Overview.</b></p> <p>This objective is supported by the four outputs formulated below. The Component objective will contribute to Programme immediate objectives 1: Human rights organisations ensure greater adherence to and respect for human rights and; 2: State and civil society institutions increasingly fulfil their governance and rule of law roles. The following activities were supported.</p> <ul style="list-style-type: none"> <li>• <b>Institutionalisation of communication, coordination and interaction between justice sector agencies and non-state actors:</b> <ul style="list-style-type: none"> <li>○ Technical assistance to the Secretariat of the Justice Sector Coordination Committee</li> <li>○ Dialogue and sharing among formal/informal justice sector agencies and civil society</li> <li>○ Technical assistance to carry out the review of the 'Strategic Plan' of the Nepali judiciary</li> </ul> </li> <li>• <b>Reform of legislation and regulatory framework affecting the administration of justice:</b> <ul style="list-style-type: none"> <li>○ Production of advocacy material on TRC and relevant legislative framework</li> <li>○ Public debates/discourses on transitional justice mechanisms</li> <li>○ Publications on transitional justice mechanisms</li> </ul> </li> <li>• <b>Improvement of effectiveness of staff, legal as well as non-legal, within the justice sector:</b> <ul style="list-style-type: none"> <li>○ Formulation of human rights manual for non-gazetted judicial and quasi-judicial employees</li> <li>○ Capacity building of non-gazetted employees of the judicial and quasi-judicial bodies</li> </ul> </li> <li>• <b>Improving access to justice, through professional courts or informal mechanisms, among poor and disadvantaged people:</b> <ul style="list-style-type: none"> <li>○ Establishment of community mediation centres to enhance peoples' access to justice</li> </ul> </li> </ul>

- Capacity development of professional groups on mediation skills
- Litigation support to cases seeking redress from the formal justice mechanism

**Immediate objective(s):**

The Component objective is: “Justice reform, prioritising the needs of marginalised groups, implemented through improved capacity of justice agencies”; a longer version is mentioned in the component description.

**Rationale.** The lack of coordination among the different institutions involved in the justice has been very low, which have been a disadvantage for detained persons, and especially for the needs of the marginalised groups. The current Danida/HUGOU support to the justice sector continues to emphasise institutionalisation of communication, cooperation and coordination among justice sector agencies.

**The situation before and after implementation.** Before implementation, there had been a lack of coordination between the different institutions involved in the justice sector. However, the so-called Justice Sector Coordination Committees (JSCCs) had been constituted at the central, appellate and district level, but with the post 1 February 2005 development, and changing political scenario, the earlier strategy of supporting the justice sector through JSCCs did not any more seem to be valid and viable. After implementation, a Strategic Plan of the Nepali Judiciary had been prepared, which stimulated the coordination among the key stakeholders in the sector.

**Documents consulted:** See bibliography.

Danida Programme Document (2002 and revised 2005), Component Description (2002), Review (2005), Project Completion Report (2008).

**Relevance.**

The ensuring of an effective protection of the rights by the Judiciary is a norm enshrined in the Constitution. The intervention intends to promote fulfilment of this right by the Nepalese government in line with the programme objectives, the Danish strategy, government demands and the target group. The intervention may be quite comprehensive though, and ambitious.

**Score:** 6.

**Efficiency.**

Considering the results that have been achieved (mentioned above), the expenditures incurred under the Component to the tune of DKK 7.7 million can be seen as cost-effective. Funds were spent within the envisaged time-framework. However, just as in the cases with most other components an programmes, we do not have any information on specific costs for the items.

**Score:** 5.

**Effectiveness.**

As mentioned in the assessment of the first HGD-Phase, earlier initiatives include the successful completion of a sector wide approach on development of Criminal Justice Guidelines through the combined efforts of judges, defence lawyers, prosecutors and police.

**Output 1 (Communication, coordination and interaction between justice sector agencies/ non-state actors institutionalised).**

Project Completion Report (Danida, 2003d):

- The support extended through the Component has strengthened the Justice Sector Coordination Committee (JSCC) to engage with other justice sector agencies. Through the Supreme Court's own resources, JSCC has been set up in 5 appellate and 75 district courts.
- In a bid to strengthen the justice sector further, an important initiative was subsequently undertaken whereby a five-year Strategic Plan for the Nepalese Judiciary was formulated in 2004 with the extensive involvement of judges. The Supreme Court is currently implementing the Strategic Plan and has in this context formed a Steering Committee, Implementation Committee and Justice Sector Coordination Committee. Civil society actors' involvement in efforts to strengthen the judiciary through facilitation of district-level Justice Sector Coordination Committees and the provision of human rights training to employees of judicial and quasi-judicial bodies have been other important dimensions of the support to the sector.
- It has been envisaged that all initiatives under the justice sector will be implemented through the central level Justice Sector Steering Committee. However, apprehension has been cast on the validity and functioning of the Coordination Committees in the post February 1 context.

- Also, representatives from various civil society organisations have formed an alliance called the Accountability Watch Committee through which to monitor collectively how state and non-state actors deal with human rights and justice accountability issues. This alliance is also engaged in issues around transitional justice and impunity, sensitising people about them both at national and local levels.

**Output 2 (Legislation and regulatory framework affecting the administration of justice reformed).**

Project Completion Report (Danida, 2003d):

- The issue of reformation of legislation and regulatory framework affecting the administration of justice was addressed through the following activities: analysis of Supreme Court judgments since 1990 on criminal justice; Compilation of legislation relating to fair trial and production of a draft report; NBA organised 12 debates on constitution and constitutionalism; 5 regional workshops on Truth and Reconciliation organised and an advocacy material on TRC, including legislative framework and a model for TRC produced; 6 articles on transitional justice published and disseminated and TV and radio programmes aired; 11 debates on transitional justice on its regulatory framework organised; 13 cases on behalf of victims registered.
- There is no information regarding whether the legislation was in fact reformed, which may also have been an outcome.

**Output 3 (Effectiveness of staff, legal as well as non-legal, within the justice sector improved).**

Project Completion Report (Danida, 2003d):

- Employees of judicial and quasi-judicial bodies have had their professionalism and accountability enhanced towards the court users. Attitudinal changes are seen in the officials. The following specific outputs were reached: Development of Criminal Procedural Guidelines; 622 actors of the justice sector agencies/non-state actors sensitised on the issue of criminal justice; Guidelines for local authorities on their roles and responsibilities relating to criminal investigation produced; a Human Rights Manual developed; 27 orientations on HR Manual carried out and a total of 691 non-gazetted employees of the judicial and quasi-judicial bodies sensitised on human rights of the court users.

**Output 4 (Access to justice, through the professional courts or through informal mechanisms, improved with focus on poor and disadvantaged people).**

Project Completion Report (Danida, 2003d):

- The operation of community mediation centres has led to resolution of more than 1,500 local-level disputes and contributed to restoring interpersonal relationships among disputants.
- Also, victims of the armed conflict have been able to organise themselves to assert their rights.

**Score:** 4.

**Impact.**

The results have contributed to achieving the objective of the Component. Initiatives implemented under the Component also focussed on capacity and institutional building of partner organisations which enabled them to undertake activities effectively. Capacity building of non-gazetted employees contributed to increased respect and protection of human rights of the court users. Trained mediators have played a crucial role in mitigating local level conflicts and enhancing people's access to justice at the local level. Likewise, the issue of impunity and transitional justice has also been pushed up on the national agenda and the partners involved in transitional justice initiatives have played a decisive role in mobilising various other NGOs and victims in creating pressure to fulfil the objectives underlined in the Comprehensive Peace Agreement and the Interim Constitution in this regard. Having said that, it is not clear to which extent the component has contributed (“has been pushed”), and the doubt on specific evidence means that a high score cannot be given.

**Score:** 4.

**Sustainability.**

The majority of the partner organisations are heavily donor-dependent and will find it difficult to sustain the activities at the same level if donor support ended. The challenge for donors and the agencies working in this area is to come up with good strategies on ensuring sustainability of both the organisation and the initiatives that have achieved good results.

With the peace process in motion, a key challenge facing all partners is to create an environment in which injustices and atrocities committed in the past are addressed through the process of transitional justice. But the knowledge of transitional justice itself is very limited amongst the partners. Capacity development in this regard of the partners concerned is necessary so that they are able to effectively raise various issues associated with transitional justice and pressurise the state/government into expediting the process of forming fair and workable transitional justice

mechanisms. They also need to be able to effectively advocate for reducing the widespread culture of impunity. <b>Score:</b> 2.
<b>Coherence.</b> Part of the strategy is to promote inter-agency work and thereby contribute to development of the justice system. However, it is not clear to which extent this was done. <b>Score:</b> 4.
<b>Replicability.</b> Insufficient information (“due to the lack of information on impact, no conclusion can be made, although the work with promotion of coordination in the justice sector is similar to work promoted in other areas”). <b>Score:</b> -.
<b>Partner satisfaction.</b> Insufficient information.
<b>Danish added value.</b> DanidaHUGOU has from the very beginning stressed on capacity and institutional development of partner organisations and their being transparent and accountable in every activity they implement. As a result of these efforts, partners made significant headway towards institutional development and institutional good governance. The partners developed or revised their institutional policies and systems internalising the principle of institutional good governance, especially the separation of powers between board and management functions. Likewise, participation of partner organisations in various trainings, including those facilitated by the Danish Fellowship Centre, is reported to have contributed to enhancing the capacity of the partners to launch advocacy and empowerment initiatives more effectively. However, no examples are provided.
<b>Cross-cutting themes.</b> The community mediation centres have contributed to enhance local leadership, community team work and social coping skills across gender, caste and ethnicity divides. Local authorities in the districts have shown considerable interest in the work of the mediation centres, and have also owned them by allowing the centres to be housed in some VDC offices. This has in turn enhanced greater public confidence in local authorities.
<b>Connectedness.</b> The component was negatively affected by the February 1 development where there have been attempts to undermine the independence of the judiciary both from within the system and from outside i.e. the executive branch. Further, a Royal Commission on Corruption Control had been established which not only eroded the independence of the judiciary but also bypassed the jurisdiction of the courts and flouts the principle of justice of separation of the investigation and prosecuting bodies and adjudicator. <b>Score:</b> 3.
<b>Component 5: Anti-corruption</b>
<b>Overview.</b> The following outputs and underlying activities were carried out. <ul style="list-style-type: none"> <li>• <b>Building public awareness against vices of corruption in Nepal:</b> <ul style="list-style-type: none"> <li>○ Anti-corruption campaigns through local NGOs, civil society organizations, media and government agencies involved in anti-corruption activities</li> <li>○ Mass awareness campaigns against corruption through print and electronic media</li> </ul> </li> <li>• <b>Analysing corruption to take preventive actions:</b> <ul style="list-style-type: none"> <li>○ Research on causes and consequences of corruption; methods of corruption and actors involved; and recommendation of remedial measures</li> <li>○ Promotion of investigative reporting and collection of case studies</li> </ul> </li> </ul>

- **Effectively fighting corruption as a deterrence measure:**

- Strengthening institutional capacity of CIAA- Commission for Investigation of Abuse of Authority to fight corruption

**Immediate objective(s):**

- Capacity of the actors, state and government agencies, civil society, media and private sector involved in the fight against corruption improved.

**Rationale.** With the fall of the *Panchayat* system in 1990 and the introduction of freedom of the press, the widespread corruption has become a main issue and an Achilles heel of the multi-party system. Corruption is one of the factors fuelling the conflict and which therefore must be addressed in order to transform the conflict.

**The situation before and after implementation.** Before implementation, corruption was widespread. After implementation, there was no sign that this has been improved (according to Transparency International, World Bank and other sources) although the component may have increased the focus on this issue.

**Documents consulted:** See bibliography.

Danida Programme Document (2002 and revised 2005), Component Description (2002), Review (2005), Project Completion Report (2008).

**Relevance.**

The interventions are highly relevant for both Denmark's strategic priorities, for the Nepalese population and, at least officially, also for the Nepalese government.

**Score:** 6.

**Efficiency.**

The component implemented the budget within the agreed timeframe. According to the project completion report, the results achieved justify the expenditures under the Component of DKK 3.8 million. The evaluation team tends to agree since the investment is relatively modest, taking the dimension of the problem into account.

**Score:** 5.

**Effectiveness.**

**Output 1 (Building public awareness against the vices of corruption).**

- Public awareness against corruption was raised with partner organisations undertaking the following activities: The ReMAC project reached an estimated 1.5 million people through the broadcast of weekly radio programmes on anti-corruption on 10 community FM radios. Similarly, anti-corruption media campaigns under SWATI project reached an estimated population of 818,000. Over 2,600 people participated in various discussion programmes on good governance and anti-corruption organised by ReMAC, SWATI and DYC-Baglung projects.

**Output 2 (Analysing corruption to take preventive actions).**

- A number of activities contributed to put in place anti-corruption preventive measures. Under the so-called Inlogos project, the decision-making process, financial management and procurement systems of three municipalities were studied, and municipal anti-corruption strategies were developed. Under the NELA project, 15 procedural laws and criteria of judicial appointment and transfer were reviewed to prevent corruption in the judiciary. Similarly, under the DYC-Baglung project three district-level and 12 VDC-level corruption profiles were prepared and anti-corruption networks established. The local-level anti-corruption mechanisms promoted under the WVAF project are also expected to prevent corruption at the local level.

**Output 3 (Effectively fighting corruption as a deterrence measure).**

- To effectively fight corruption as a deterrence measure, the apex constitutional body CIAA's capacity was strengthened through the project activities as follows: Hiring of the services of four consultants to CIAA to help and speed up its investigation and prosecution works; a total of seven overseas exposure visits were made by CIAA staff members; a training needs assessment study was organised followed by training for CIAA staff members; CIAA building was refurbished; and support was also extended to CIAA cells in ten pilot districts.

**Regarding all three outputs:**

- DanidaHUGOU collaborated with the constitutional anti-corruption agency CIAA and seven other civil society anti-corruption organisations (TI-Nepal, ReMAC, SWATI, Inlogos, DYC-

Baglung, WVAF and NELA).

- DanidaHUGOU was also able to intervene into various specific issues related to corruption, namely, media and corruption (ReMAC), gender and corruption (SWATT), corruption in municipalities (Inlogos), local-level corruptions (DYC-Baglung and WVAF) and corruption in judiciary (NELA).
- Following up on previous Danida support, the support to aimed at strengthening the institutional capacity of CIAA to investigate and prosecute corruption crimes (enforcement). The three-year support to CIAA (2003-2006) was discontinued after ten months following the political event of 1 February 2005, when the then king assumed absolute powers.
- The support to civil society based organisations was to generate public awareness against the vices of corruption and to prevent corruption. DanidaHUGOU support covered all of the three strategic pillars of anti-corruption drive, namely, awareness generation; corruption prevention; and sanctions and enforcement of anti-corruption laws. As a result of all the above, the Component objectives were achieved to some, but not full, extent.
- The review in 2005 states that progress has been more difficult to track since the state actors' role changes, and also mentions the support to the Commission for the Investigation of Abuse of Authority (CIAA), which has been 'on hold'.
- There has been criticism by a number of constitutional and legal experts that the formation of a new Royal Commission (after Feb 2005), invested with investigative, prosecutorial and judicial powers, is unconstitutional.
- Generally, Danida/HUGOU support to anti-corruption activities aims at enabling organisations fighting corruption to deal with the issue more efficiently and effectively.

**Overall assessment:**

- Except for the case of the suspended support to CIAA institutional development, the Component's partnerships in general have been effective. Despite the suspension, some improvements were observed vis-a-vi CIAA's operation. The number of corruption complaints lodged at CIAA increased from 3,732 in 2003/04 to 4,759 in 2004/05 and, for the same period, the number of corruption prosecutions increased from 98 to 113.
- The partnership with civil society anti-corruption organisations went in general as planned. All the partners completed the activities conceived under specified outputs. There is only a single case where a civil society partner had to abandon an activity due to unfavourable political situation. Where activities were delayed or revised, no-cost extensions were made allowing the partners to complete the activities.
- The Component support to civil society anti-corruption organisations concentrated on building public awareness against the vices of corruption. All partnerships included public awareness campaigns in terms of training, interactive workshops, distribution of posters and pamphlets; and publicity campaigns through radio, cultural shows and public hearings. Two of the projects supported had a preventive focus.

**Score:** 3 (reduced because of the suspension of CIAA).

**Impact.**

Goals like reducing corruption or establishing good governance take a long time to achieve. Due to the lack of information on impact, a low score is suggested, especially since it is difficult to assess whether the component had any results on fighting the corruption (although prosecutions increase slightly we don't now if any important case was actually closed or sentenced as a result of the prosecutions), and the corruption still is a huge problem in Nepal both after the component's implementation and today.

**Score:** 2.

**Sustainability.**

Many of the CSOs still tend to act as mere recipients of funds to run projects. This is evidenced by difficulties in continuing activities after the withdrawal of donor support. Therefore, reduction of donor dependency of partners is mentioned to be a challenge, which is yet to be addressed. The challenge is more acute in the field of anti-corruption drive as it often involves personal risks to the anti-corruption campaigners.

**Score:** 2.

**Coherence.**

Previously engaged separately with CIAA, DanidaHUGOU and DFID harmonised their efforts to support it, culminating in the three-year CIAA Institutional Development Project. This

<p>largely progressed well for ten months, before political events of February 2005 made it impossible to continue.</p> <p>Danida support to anti-corruption is well aligned with the good governance agenda of the Tenth Five Year Plan Document (2002-2007) and the Poverty Reduction Strategy Paper (PRSP). The government of Nepal has adopted 'poverty reduction' as its key development objective. In order to achieve this, four strategic pillars have been identified, namely broad-based economic growth, social development, social inclusion, and good governance. The anti-corruption strategy is being incorporated within the pillar of good governance. This component also has importance for all other development activities in Nepal, since corruption in many ways affects all development activities.</p> <p><b>Score:</b> 4.</p>
<p><b>Replicability.</b></p> <p>Normally, anti-corruption would be a part of any programme; however in this case the break-down in the normal institutional framework with the King's coup make circumstances very unusual and different to replicate in the same manner. Also, Danida does not continue the work of this component in new phases. In fact, this is an example of an area where Danida has had less experience and the component is only included in the programme after the appropriation of the Danida board.</p> <p><b>Score:</b> 2.</p>
<p><b>Partner satisfaction.</b> Insufficient information (although "CIAA had greatly appreciated the joining of hands of the two donors, which eliminated the need for the agency to deal with DFID and DanidaHUGOU separately").</p>
<p><b>Danish added value.</b></p> <p>Partnership has been the fundamental approach to DanidaHUGOU's support to civil society organisations. The institutional good governance policy promoted by DanidaHUGOU also helped to establish good governance practices within the partner organisations. Examples in this regard include the separation of Executive Committee and staff functions thereby eliminating the possibility of conflict of interest that come with wearing dual hats, both as an Executive Committee member and staff, by the same individual.</p>
<p><b>Cross-cutting themes.</b></p> <p>According to the project completion report, DanidaHUGOU's partners have started designing focused projects, such as the relationship between gender and corruption. However, no example is provided as to be able to know how this was done.</p>
<p><b>Connectedness.</b> The CIAA parts of the component proved vulnerable to the 'palace coup'.</p> <p><b>Score:</b> 2.</p>
<p><b>Component 6: Elections &amp; Democratic Processes</b></p>
<p><b>Overview.</b></p> <p>The component aimed to contribute to Immediate Objective 3 of the Programme: 'Democratic and transparent political processes established'. It was built around the following activities.</p> <ul style="list-style-type: none"> <li>• <b>Discussion forums, workshops, seminars and expert analysis sessions:</b> <ul style="list-style-type: none"> <li>○ To mobilise expert opinions, advice and inputs to various elements of transitional procedures, democratisation processes, issues regarding constitutional revision, and federalism</li> </ul> </li> <li>• <b>Promotion of the inclusion of marginalised groups, specially women and ethnic communities, in political and constitutional processes.</b></li> <li>• <b>Voter's registration support to the Election Commission.</b></li> <li>• <b>Capacity building:</b> <ul style="list-style-type: none"> <li>○ Local civil society organisations, to enable them to effectively engage in awareness raising and advocacy on constitutional processes, election-related activities and issues pertaining to sustainable democracy</li> <li>○ District level political leaders, in terms of political and constitutional processes, including promotion of intra-party democracy</li> <li>○ Politically and non-politically affiliated youth organizations, to enable them to promote inclusive and democratic politics in their organisations and institutions.</li> </ul> </li> </ul>

**Immediate objective(s):**

- The Component objective was: 'Capacity of state, political and civil society institutions to contribute to democratic processes enhanced'.

**Rationale.** From the evidence of many electoral observer reports, the four elections that have been held in Nepal since the institution of multi-party parliamentary democracy and until the start of the component in 1998, have suffered from a number of irregularities and malpractices. The electoral roll was defective. The electoral workers were not sufficiently well trained. Some officials did not act in an impartial manner. The state institution responsible for ensuring free and fair elections and reliable voter lists is the Election Commission. Free and fair elections are a key instrument to cease the conflicts in Nepal.

**The situation before and after implementation.** Before implementation, there were weaknesses in voter registration (despite Danida support in a previous phase), civil society organisations still had a low capacity regarding how promote democratisation issues, such as elections and political parties were quite authoritarian. After implementation, civil society organisations were involved in discussing the Constitutional Assembly (CA) and voter registration was improved.

**Documents consulted:** See bibliography.

Danida Programme Document (2002 and revised 2005), Component Description (2002), Review (2005), Project Completion Report (2008).

**Relevance.**

See rationale. While elections are very relevant to promote democracy, it may in fact be less relevant in a situation where no free and fair elections can take place. The activities of the EC have been hampered by security and political uncertainties. The last elections were held in 1999 and since 2002 there have been no elected representatives – neither at national nor at local levels. In May 2004, a mission recommended extreme caution in relation to supporting the EC. This is why it is recommended that the component should broaden its scope to include support to civil society organisations and political parties, and thus make the component more relevant as the process went on towards the comprehensive peace agreement. By having a broader focus, it becomes more relevant to both the government (at least in its official discourse), to Danish development priorities regarding promotion of democracy and the Nepalese population's needs.

**Score:** 5.

**Efficiency.**

The Project Completion Report states that the results were satisfactory with the expenditure of DKK 11.7 million, given the fluid and difficult political context in which the Component channelled its support. In 2005, because of uncertainties over the conduct of elections, which had been postponed since 2002, the implementation of this Component had certain delays.

**Score:** 4.

**Effectiveness.**

**Output 1 (enhance democratic culture and transparency within the political parties).** No concrete results were achieved under this output, since political parties were extremely busy with the peace process and then with the CA elections. However, a considerable amount of preparatory work, including discussions with other like-minded donors, was undertaken in 2008 during the formulation of HGD-Phase 3 which, under the Inclusive Democracy Component, aims to support political party reforms.

**Output 2 (enhance knowledge of the people regarding the need for a new constitution and participation in the Constituent Assembly).** One of the main demands of the Maoists was an election to the Constituent Assembly (CA). With the CA elections finally announced as the peace process further advanced, many marginalised people felt this was an opportunity to elect their representatives who would include their concerns in the new constitution. The partners were able to capitalise on this opportunity by organising people around their common interests. The use of multiple media further paved the way for good results by disseminating information about the CA in various languages and areas.

**Output 3 (empower CSOs to fulfil a role in the democratisation process).** CSO capacity was enhanced to enable them to fulfil their role in strengthening democratic development. Two youth organisations were assessed as 'quite successful' in lobbying for youth issues, and were empowered to put youth in the spotlight, whilst one organisation was able to set the agenda for the voice of the marginalised communities. Similarly, two NGOs were empowered to conduct trainings to district-level political leaders and successfully disseminated information regarding constitution-making and federalism. At least 12 civil society organisations have successfully implemented projects relating to democratisation process Nepal is engaged in and have found that their capacities have been enhanced through this support. The support to democratisation and promotion of political and civil rights also includes an extension of the support to democratic



election, so that the election commission have in place the systems necessary for managing and conducting elections in a sustainable way.

**Output 4 (cascade training for the Election Commission to enhance voter registration).** The Component was considered a success because 20 Election Commission staff were trained as master trainers and 142 staff at the district level received ‘training of trainers’ inputs and later trained 22,000 enumerators at the VDC level to conduct voter registration in preparation for the CA elections in early 2009. Support to the Election Commission for voter registration provided a basis for updating voters list which had not been done for several years. Similarly, supply of equipment to the Election Commission at the centre and in five regions helped them to meet electoral deadlines. Towards the end of the Programme, further support was given to the Election Commission for commissioning an assessment of voter registration and the voter registry in Nepal, the results of which are expected to help EC in improving the voter registration system.

Results were satisfactory overall. It seems that there are convincing examples although the word ‘successful’ used in the project completion report is not always defined. However, as mentioned, no results were achieved in relation to political party reform. This was primarily due to the obvious priorities of the political parties who kept themselves busy dealing with the challenges of the ongoing peace process and CA elections. Notwithstanding, a considerable amount of preparatory work, including discussions with other like-minded donors, was undertaken in 2008 during the formulation of HGD Phase III which, under the Inclusive Democracy Component, aimed to support political party reforms.

**Score:** 5 (reduced because of the weakness in implementing Output 1).

**Impact.**

The support to civil society resulted in significant achievements. CSOs were able to build up pressure on the government to not derail the peace process. They constantly watched political parties to keep building pressure for keeping democracy on track. The issues of inclusion of the marginalised, women and youth were successfully raised and placed on the major political agenda in the ongoing constitutional and political processes. As a result, women got 33% of representation in the CA, and a significant number of other marginalised communities also have representation and voice in the CA. Meanwhile, the component’s contribution to addressing poverty is assessed in the project completion report to be ‘noteworthy’. It enabled CSOs to raise the voices of the poor and marginalised to be addressed in constitutional and political processes. While it is clear that the component contributed to these impacts, there is no evidence that without the component the presented results would have been different.

**Score:** 5.

**Sustainability.**

The first output related to political party reform was not implemented as political parties were solely focused on negotiating an end to the armed conflict, a key element of which was conclusion of Constituent Assembly elections. The reform of political parties is important for the sustainability of the democracy. Phase III of the Danida programme will address this issue.

**Score:** 4.

**Coherence.**

As mentioned, the democratic progress and use of fair elections are crucial for all other activities, including other Danida sectors’ success. Similarly strong coordination was established between donors and the Election Commission for further support. Hence, there was no overlap of support between donors. However, support to reviewing election legislation framework could not be initiated as the Election Commission was geared towards conducting the elections and hence avoided getting into reviewing the electoral act.

**Score:** 5.

**Replicability.**

The support to CSOs and their participation in democratic processes is an area that Danida has promoted in other Danida priority countries. However, in this particular phase the activities to support to political parties were not successful and cannot be replicated.

**Score:** 4.

**Partner satisfaction.**

According to the Project Completion Report, The Component managed to align with priorities of the government and partner organisations. The CA election, an agenda of the government and a crucial issue of the peace process, increased the interest of many donors to support this historical political event. Civic education was an important part of the CA elections. The Component

was able to align its priorities with those of the Election Commission. As a result, the Component was able to generate interest and coordination amongst the government officials, politicians, the donors and the general public.

**Danish added value.**

- The emphasis on developing a democratic culture may be said to be a Danish added value – at least it is stated to be so by Danish informants. However, it would probably also be an added value to Swiss, British, EU and other partners. In any case, Denmark has a component on elections with a broad focus on citizens involvement, and particular focus on marginalised groups.
- Four of the partner organisations funded under this Component went through facilitation skills training. The trainings imparted basic understanding and skills on, among others, how and why an event or activity should be organised democratically, how all members concerned are engaged on an equal footing and why such engagement is important, how existing socio-cultural stereotypes are prevented from being reinforced in the activity or event implemented and why such prevention is necessary. The training sessions provided an opportunity to immediately practise the above values, which, for many participants, was a break with the past. The skills training was an important contribution to trigger a democratic political culture.
- All partners funded under the Component were made mandatory to respect and abide by the principles and norms of institutional good governance. Initially, many partners found this difficult to commit to. But after a series of engagements, all partners thought this as a great tool to raise the profile of their organisation, and they abided by the general principles, including a complete separation of powers between Executive Committee and staff functions to ensure sufficient checks and balances in organisational decision-making.
- All partners funded under the component received regular support, and coaching where necessary, from DanidaHUGOU's Finance Section. This support helped the partner organisations to build or refine their financial systems and policies, and provided a forum to share problems and work out collective solutions relating to the implementation of the projects.

**Cross-cutting themes.** Insufficient information, although youth is mentioned explicitly and the component in general has a focus on marginalised people.

**Connectedness.**

The component was deliberately designed to overcome the risk of falling into hands of an undemocratic monarchy, which could have been the case if it only focused on the election commission. By also including civil society organisations it was possible to promote broader discussions.

**Score:** 4

**Component 7: Local Governance**

**Overview.**

The component aimed to contribute to Immediate Objective 3 of the Programme: 'Empowerment, accountability and participation at local governance level enhanced'. It was built around the following activities.

- **Strengthen capacity of Local Government Associations, especially of the ADDCN and NAVIN:**
  - Collection and development of fiscal and sectoral database to be used for advocacy
  - Preparation of advocacy materials and issue of papers in favour of good local governance
  - Participation in various national level meeting in forums/meetings/seminars
- **Strengthen and disseminate issues and information regarding local governance:**
  - Train local-level facilitators to enable the people at the local level to claim their rights from local bodies
  - Collect information from local bodies and line agencies on the status of service delivery
  - Formation of local pressure groups to lobby for good local governance
  - Train local body officials and civil society representatives on good local governance
  - Monitor the performance of local bodies and line agencies on good local governance
  - Disseminate information regarding local service delivery through local print media and local
  - FM radio stations and public listening

<p><b>Immediate objective(s):</b></p> <ul style="list-style-type: none"> <li>The Component objective is: “The values and practices of good governance and democratic local bodies promoted by multiple actors.”</li> </ul> <p><b>Rationale.</b> Denmark has supported the decentralisation process in Nepal since the democratic revolution in 1990. The rationale for this is based on acknowledging casual linkages stemming from the establishment of democratically elected local government and the practice of good governance which together are seen as being conducive to establishing a climate of local accountability and transparency where rights for (all) people are respected which can in turn foster a platform for improving inclusive public service delivery. Developments on these fronts are seen as being able to significantly contribute to the ultimate goal of poverty alleviation.</p> <p><b>The situation before and after implementation.</b> <u>Before implementation</u>, the Decentralisation Programme had been adversely affected by the conflict and political crisis, which had hindered implementation and threatened continued relevance. <u>From May 2005 onwards</u>, Danida acknowledged these difficulties, but also recognised the strategic importance of democratic local government and the role it could play in a conflict transformation process. Notwithstanding, no local elections were held in the programme period (and in fact it is still unclear whether local elections in May 2017 will be carried out).</p> <p><b>Documents consulted:</b> See bibliography.</p> <p>Danida Programme Document (2002 and revised 2005), Component Description (2002), Review (2005), Project Completion Report (2008).</p>
<p><b>Relevance.</b></p> <p>The interventions are key both to Danish priorities of promoting activities, the Nepalese citizens and the government’s wish to promote an efficient decentralisation process. Notwithstanding, the insurgency during part of the period makes it less relevant to work in certain areas in the beginning of the period (2006) before the Comprehensive Peace Agreement is achieved.</p> <p><b>Score:</b> 5.</p>
<p><b>Efficiency.</b></p> <p>All the planned project activities went smoothly, and without deviations. The assigned budget was used as planned within the agreed timeframe. Where some activities were delayed because of political unrest, such as strikes and closures, the work plans and/or project duration of the related projects were revised to allow the partners to complete the activities. The Component support to ADDCN, NAVIN and other civil society organisations aimed to create a local capacity to make the functioning of local bodies and authorities accountable, transparent, participatory and responsive to local needs through capacity building measures (such as, trainings, interactive workshops and learning/sharing sessions), public awareness programmes (such as, public rallies, distribution of posters and pamphlets, and organised discussions) and publicity campaigns (such as, radio programmes and public hearings). These efforts have in general been carried out without major delays.</p> <p><b>Score:</b> 5.</p>
<p><b>Effectiveness.</b></p> <p><b>Output 1 (Capacity of local governance/government associations/groups strengthened).</b></p> <ul style="list-style-type: none"> <li>Capacity of local government associations like ADDCN and NAVIN were strengthened through the following activities: ADDCN prepared 6 advocacy materials; organised 9 workshops to frame lobby agenda for good local governance; and developed data-bases on fiscal &amp; sectoral matters, and human resources of DDCs and line agencies. 21 DDCs received orientation on enhancing transparency and accountability in local governments; a 7-day training in financial management was given to 20 internal auditors; Under the NAVIN project, VDC planning guidelines developed and used in Syangja; training manual on good governance in users' committees developed and ToTs conducted; Issue papers on state restructuring published.</li> </ul> <p><b>Output 2 (Local governance and local government issues and information qualitatively strengthened and disseminated).</b></p> <ul style="list-style-type: none"> <li>Local governance issues and information were qualitatively strengthened and disseminated through the following activities: Some 545 frontline community members were oriented on existing situation of local governance, and made aware of how to improve it; 18 issues of monthly newsletter on good governance printed and distributed; six coordination committees and six pressure groups were formed to perform watchdog role in 6 project districts; 60 district -level service providers trained in good governance; 23 people's councils were formed at the VDC level to promote local good governance, with around 50 people organised in each council; some 41 editions of a 30-minute radio programme were aired; and a good governance</li> </ul>

resource centre was established.

**General observations:**

- The Component, added to the HGD Phase II in 2006 after the Danida's decentralisation support closed at the end 2005, has supported local body associations (ADDCN and NAVIN) to lobby at the central level for good local governance. The contribution of the Component interventions resulted in constitutional provisions of local self governance, and local good governance and devolution in the Three-year Interim Plan. ADDCN and NAVIN prepared issue papers, six and four respectively, for policy advocacy, which they used during national level forums, meetings and seminars. ADDCN carried out orientation to its DDC constituents on information management in five districts, and on transparency and accountability in 21 districts. These were aimed at promoting the knowledge of good governance at the local level, and bettering local service delivery. Similarly, NAVIN provided orientation to 60 VDCs on participatory planning processes.
- The Component also supported NGOs and CBOs to enable local people to claim and lobby for their rights at the local level. The support also imparted technical skills to representatives/officials of local bodies on preparing and implementing plans in a broad-based and participatory way. The NGOs and CBOs were also oriented on the role they can play to make the workings of the local bodies democratic, inclusive and participatory.
- These activities and local preparations contributed to the achievement of the Component objective. In addition, the experience that was gained was also useful in the formulation of the multi-donor Local Governance and Community Development Programme (LGCDP), that has been implemented by the Ministry of Local Development from July 2008, and whose Inception Phase has been supported by DanidaHUGOU along with other donors. The LGCDP focuses on both supply and demand sides, and covers all local bodies.

**Score:** 6.

**Impact.**

While the outputs were reached, the documentation does not provide information about what happened regarding the impact in the local governments. While the local associations and the trained community members have fulfilled their tasks, final impact would be that these stakeholders are able to be change agents at local level. Notwithstanding, the participation in promoting a national programme, LGCDP, at national level, including mechanisms for capacity building and decentralisation, may in fact be a derived impact, since funds have been accumulated to support local governance at a broad scale.

**Score:** 5.

**Sustainability.**

The sustainability is not fully ensured; in fact the decentralisation process is stalled in 2006 and local elections were not held as planned. There is an increased donor dependency of partners, not least those in the civil society, to implement projects in pursuit of their organisational mission. Such dependency poses a threat to their organisational sustainability. A major challenge is to find a sustainable solution to this dependency. Another challenge centres around the level of capacity of the partners engaged in bettering good local governance. Public advocacy and campaign in favour of good local governance is a recent phenomenon in Nepal. As such, the number of agencies and organisations to engage in this area is very limited. Having said that, the legal framework (Local Self Governance Act) and a commitment from other stakeholders ensure that the process is continued.

**Score:** 4.

**Coherence.**

Until 2006, DASU and the Danida supported Natural Resource Management Sector Assistance Programme (NARMSAP) signed a Memorandum of Understanding on DASU co-operation with NARMSAP's forest user groups in relation to local development activities. However, this connection with another sector programme seems to have been finalised with the closure of DASU at the end of 2005.

The support to local good governance, through partnerships with local body associations like ADDCN and NAVIN, or other civil society organisations, was in alignment with the spirit of Local Self Governance Act, 1999 and the three-year Interim National Plan of the country. The Component helped partners develop or standardise their systems and policies, including institutional good governance policies and financial management systems. The design of projects under the Component was also informed by the national plan's overarching objective of "poverty reduction". During 2007 and 2008, the Component was closely engaged with the Ministry of Local Development and other development partners in concretising, through a

harmonised effort, a national programme on local governance. This Ministry-led exercise culminated in the formulation of Local Governance and Community Development Programme (LGCDP) to be funded by a range of donors including Danida. LGCDP, which constitutes the third component of the planned HGD Phase III (2009-2013), is since July 2008 in its Inception Phase, supported by Danida/HUGOU (under the Phase II) and other donors. Danida/HUGOU is supporting the Inception Phase both financially and through secondment in the latter part of 2008 of its Local Governance Advisers to the Programme Management Unit of LGCDP at the Ministry to enable the latter to prepare the groundwork for implementing the national programme.

Donor coordination increased during the component's implementation period, culminating with the joint formulation of the LGCDP in 2008.

**Score:** 5.

#### **Replicability.**

The support to establishment of associations for local bodies has been done in several countries, and it seems like in Nepal the support to the Local Bodies Fiscal Commission has been of special importance; and an experience that could be replicated.

**Score:** 5.

#### **Partner satisfaction.**

From email correspondence we know that there was particular satisfaction with the support, especially in relation to fiscal decentralisation and the Danish inputs related to this.

#### **Danish added value.**

The association of municipalities in Denmark supported their counterparts in Nepal. Likewise, several Danish consultants contributed with inputs including the Joint Assessment of the Local Governance and Community Development Programme in Nepal" (USD 225 Million Programme) (2008). Also, Danida/Danish consultants had contributed with a number of consultancies from 2003-2006 related to fiscal decentralization and the work of the Local Bodies Fiscal Commission.

#### **Cross-cutting themes.**

No information, although the focus of the component is to promote that all citizens (men, women, marginalised groups) can access public services. There is no gender disaggregated information regarding whether this was achieved or not.

**Connectedness.** The component was affected by the prevailing political unrest, but responded adaptively and well.

**Score:** 5.

### **Bibliography**

Danida (2005a) *Review of the Danish support to Human Rights, Good Governance and Decentralisation in Nepal*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2005b) *Revised version: Human Rights and Good Governance Programme in Nepal, Programme Document*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2002a) *Pre-appraisal of Proposed Continued Support to Election Commission*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2002b) *Review cum Program Formulation Mission - Danida Support for Independent Media in Nepal. Part I: Review of On-going Support*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2002c) *Human Rights and Good Governance Programme in Nepal, Programme Document*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2003a) *Component Description – Human Rights*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2003b) *Component Description – Social Inclusion*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2003c) *Component Description – Independent Media*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2003d) *Component Description – Justice*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2003e) *Component Description – Anticorruption*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2003f) *Component Description – Elections & Democratic Processes*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2006) *Component Description – Local Governance*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2008a) *Project Completion Report Component 1 - Human Rights*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2008b) *Project Completion Report Component 1 - Independent Media*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2008c) *Project Completion Report Component 1 - Elections & Democratic Processes*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2008d) *Project Completion Report Component 2 - Social Inclusion*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2008e) *Project Completion Report Component 2 - Justice*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2008f) *Project Completion Report Component 2 - Anticorruption*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2008g) *Project Completion Report Component 2 - Local Governance*. Danish Ministry of Foreign Affairs (Copenhagen).

Danida (2013) *Rights and governance*. Danish Ministry of Foreign Affairs (Copenhagen).

## Annex F.3 Human Rights and Good Governance Programme, 2009-2013

### Component 1: Inclusive Democracy

**Overview.** The component description indicates that despite the comprehensive peace accord, there is still an inability and unwillingness of the state to accommodate the interests of marginalised groups and address widespread poverty. Excluded groups had few political avenues to express dissent and access to justice was almost non-existent. The component therefore focuses on five major outputs; the first two focused on change within the political system and the last three on demand for democratic change:

- Culture and practice in political parties and sister organisations more democratic, inclusive and transparent. The Danida entity HUGOU supports political parties.
- Legal frameworks for elections and political parties and voter registration system improved. Partners include The Election Commission.
- Critical dialogues on political issues in Nepal, including questions of identity, diversity and social cohesion facilitated. Partners: Martin Chautari (MC), Association of Community Radio Broadcasters. Support is channelled through the joint donor fund Rights, Democracy and Inclusion Fund (RDIF) which is an initiative financed by DfID, Switzerland, Australia and Denmark.
- Capacity of young and emerging leaders, female and male, to participate in and influence democratic processes enhanced. Partners include Youth Initiative (YI), Alliance for Peace (AfP) and is financed by RDIF.

Marginalised groups assert their voices in political processes, including constitution-making. Partners include Nepal National Dalit Social Welfare Organisation (NNDSWO); NGO-Federation of Nepalese Indigenous Nationalities (NGO-FONIN); Women for Human Rights (WHR); a Madhesi organisation (still to be identified), and possibly, public bodies (Dalit Commission, Women's Commission, National Foundation for Indigenous Nationalities.) Funds will be channelled through the joint donor fund RDIF.

#### Immediate objective:

- The objective is “political actors, institutions and public dialogue strengthened for inclusive democratic change”.

**Rationale.** The component promotes the Comprehensive Peace Agreement (CPA) as the policy framework, including its emphasis on strengthening “multi-party democracy with constitutional checks and balances, transparency and accountability in the conduct of political parties”. Likewise, the promotion of people participation, press freedom and civil society involvement further reflects the appeal in the CPA and Interim Constitution for all of civil society, the media, professional groups, and the Nepali population. It also recognises the close link between deepening democracy and the promotion of peace and security, embedded in the Danish policy framework.

**The situation before and after implementation.** Before the component started, and just after the CPA in 2006, structural conditions that led to the conflict persist. The component description refers to “lack of accountability, exclusion of large sections of the population in political, economic and social development, subversion of the rule of law, weak institutions, and an unresponsive state. The political parties still have difficulty collaborating as they have little trust in one another. The Madhesi movement demonstrated that GoN only becomes willing to enter into real dialogue with opponents once the situation has deteriorated seriously.” In general youth, marginalised groups were not included in the democratic process. After the programme period (in 2013), the programme is said to have done “remarkable groundwork”, though not solving any of these structural conditions. The political parties maintained big differences but handled those without turning into a violent conflict. Youth groups and organisations had been involved in dialogue on democracy and empowerment, including voters' education school. The Election Commission updated the voters' register.

#### Documents consulted:

Danida (2008a) *Human Rights and Good Governance, Programme Document*. Ministry for Foreign Affairs of Denmark (Copenhagen).

Danida (2008b) *Human Rights and Good Governance Programme: Component Description – Inclusive Democracy*. Ministry for Foreign Affairs of Denmark (Copenhagen).

Danida (2012) *Review of Human Rights and Good Governance Programme*. Ministry for Foreign Affairs of Denmark (Copenhagen).

Danida (2016) *Human Rights and Good Governance, Programme Completion Report*. Ministry for Foreign Affairs of Denmark (Copenhagen).

**Relevance.**

Consistency with Danish priorities.

The political parties, the election commission, Dalit organisation, independent media (radio stations) are all stakeholders that have received support before and are all interventions in line with the Danish strategy for development cooperation. Denmark's strategy, *A World for All* (2007), identifies "stability and democracy" as one of three priority areas for the period 2008-2012. This phase has also added youth to the programme activities which may be less explicitly mentioned in the strategy, but nevertheless is considered a priority.

As part of the policy prioritisation of freedom and democracy, Denmark has decided to increase its efforts to stabilise fragile states. It does so in line with the OECD/DAC guidelines for operating in fragile states, which include:

- Take context as the starting point;
- Move from reaction to prevention;
- Focus on state-building as the central objective;
- Recognise the political-security-development nexus; and
- Do no harm.

Denmark's interim strategy for Nepal was adopted in 2006 and has since been extended until the end of 2008. Danish engagement in Nepal during this period has two medium-term strategic objectives:

- To facilitate and promote the development of a democratic political environment, respect for human rights and rule of law, and a peaceful resolution of the armed conflict; and
- To contribute to poverty reduction in a peace- and conflict-sensitive manner through economic growth and improvements of service delivery targeting the poorest segments of the population.

Consistency with Nepalese priorities.

The component is to a very high degree consistent with the needs outlined in the Comprehensive Peace Agreement. Issues including the "Adoption of a political system based on multiparty competitive democracy in compliance with fundamental human rights" and "Action to address discrimination of women and marginalised groups, and progressive restructuring of the state on the basis of inclusion and democracy" as well as "Creation of a common development concept for economic and social transformation and justice and to become a developed and economically prosperous nation" are highlighted." If the CPA should be seen as the maximum expression of demand, then the selected interventions are very well assigned with this.

Also, the three year interim plan (2007/08 and 2009/10) identifies "the inclusion of excluded groups, areas and gender" as a priority.

The target group's needs.

The target groups' needs are not written down explicitly anywhere. On the other hand, as seen in the citations from the CPA, there are clear references to the marginalised groups and the need for creating a more inclusive and more democratic state. This component is formulated with a very explicit focus on the target group's needs. Doubt that may remain from the programme document at to whether the design was too ambitious in seeking to promote an inclusive democracy by supporting many important stakeholders.

**Score:** 6.

**Efficiency.**

There is not much information about efficiency. The project completion report indicates that some of the numerical targets could not be met due to prolonging transition and the resultant delay in institutionalisation of democracy governance measures. The planned amount (DKK 34.7 million) was spent (DKK 34.6 million), while the time of implementation was only three months longer than planned. Just like all the rest of the components and programmes, we do not have information of the costs of the specific activities and it is very difficult to assess whether any of those could have been done with less costs.

**Score:** 5.



## Effectiveness.

The five component outputs are formulated in a manner where it is difficult to assess the degree of fulfilment (how much more democratic? How much critical dialogue?, etc.) because the targets are quite general. However, targets have been formulated for key indicators and the component has fulfilled the targets for the key indicators. For example, 205 initiatives were carried out to promote inclusive democratic change through public dialogue and advocacy (in 2013; the baseline was 158 and the target was 200).

**Output 1 (Culture and practice in political parties and sister organisations more democratic, inclusive and transparent).** The 2016 Danida Completion Report for the Human Rights and Good Governance Programme (finalised in 2014 and signed in 2016 by the Embassy) observed that in 2011, the political parties formed JOMPOPS – Joint Mechanism for Political Party Support (see further from the explanation in the review). They included the development of a guidebook on political party reform and input to sensitise leaders. The 2012 Danida Review of the Human Rights and Good Governance Programme observed that “A Joint Mechanism for Political Party Support (JOMPOPS) with representatives from six major political parties and from three donors Danida, CIDA and DfID (DfID has since pulled out) was established in early 2011. Under the guidance of the JOMPOPS steering committee, the Danish Institute for Party Democracy (DIPD) began implementing a pilot project in the first half of 2012 to strengthen local chapters of political parties. According to DIPD, the political parties are responsive, engaged and have found the initial exchange visits useful.” From interviews with DIPD the following information has been confirmed: In the early 2000s, several Danida reviews indicated the need to work with political parties in order to promote internal democracy and dialogue among them. A few attempts were made to support such a dialogue. However, it was not until 2009 that the advisory unit DanidaHUGOU and other donors such as DfID and USAID held talks concerning a comprehensive intervention. USAID drew up its own programme, with assistance from the National Democratic Institute, while DfID decided not to become involved. DanidaHUGOU linked the Danish Institute for Parties and Democracy (DIPD) to the process. A Joint Mechanism for Political Party Support (JOMPOPS) with representatives from six major political parties was established in early 2011 and promoted by Danida. Under the guidance of the JOMPOPS Steering Committee, DIPD began implementing a pilot project in the first half of 2012 to strengthen local chapters of political parties. Over the years there has been very close coordination between DIPD and the DanidaHUGOU programme, including a jointly financed conference in 2012-13 on female participation in political parties. While the process of change in political parties takes time, it is interesting to note that, for example, the Maoist Party has decided that one third of the members on all its committees must be female. According to our interviewees, Denmark is seen as a donor that does not impose but merely presents its ideas.

**Output 2 (Legal frameworks for elections and political parties and voter registration system improved).** The 2014 Completion Report observed that two youth organisations supported by the programme engaged over 3,100 youth in dialogues related to inclusive democracy. They managed to generate 12 million rupees to implement programmes promoting democratic exercise among youth groups. The 2012 Review observed that “Support to the Election Commission (ECN) remains relevant and in accordance with the objectives of the programme. The ECN is a respected and independent institution accepted by all parties. Its authority was demonstrated by its insistence that the Prime Minister withdraw his decision to transfer senior police officials after he called for elections. It developed a strategic plan for 2009 to 2013 which it is making progress in implementing – although according to a UNDP review (Nov 2011), an increased effort is needed to meet targets on time. Denmark has supported ECN through a multi-donor basket fund managed by UNDP that focuses on capacity building in relation to voter registration with photos and biometrics. This work is on track. According to ECN, it has already met its voter registration targets and it is now focusing on groups that are difficult to register, such as migrant workers. ECN has also received significant funds through the NPTF. Meanwhile, with the constitution yet to be promulgated, the intention to support the revision of election laws has not been initiated.”

**Output 3 (Critical dialogues on political issues in Nepal, including questions of identity, diversity and social cohesion facilitated).** The 2013 Completion Report observed that 95 community radios launched a series of media campaigns to make people aware of the basics of democratic transformation. The 2012 Review observed that “Critical dialogue on political issues in Nepal continues to be relevant in the Nepalese context – particular in relation to diversity and social cohesion. Association of Community Radio Broadcasters (ACORAB) - Nepal’s umbrella organisation for community radio - has promoted public discussion on national identity, social cohesion and diversity through its radio programmes that are broadcast by 180 community radio stations across Nepal. At the same time, Martin Chautari has organised public discussions around the country on the concept of national identity/nationalism and on the idea of human security in different parts of Nepal. Some of these discussions have been covered by the media, partly through collaboration with ACORAB.” ACORAB has also launched a campaign to ensure the right to information at the grassroots level and led a delegation to the CA Chair to submit a memorandum on the right to free expression and press freedom in the upcoming constitution.

**Output 4 (Capacity of young and emerging leaders, female and male, to participate in and influence democratic processes enhanced).**

- The 2016 Completion Report observed that:
  - More than 13,000 youth (almost half of them women) benefitted from youth resource centre with materials related to democracy and empowerment of youths.
  - More than 73,000 youths (32,000 women) participated in voters’ education schools and in voters’ awareness campaigns.

- 75,000 single women were organised and educated about social security schemes and were mobilised to benefit from these schemes.
- Partners' advocacy efforts was lifted and a policy to put in place to issue citizenship to single women's children in their mothers' name and hereby promote equity.
- In the remote Karnali region, 1641 women, more than 1000 Dalits and 337 Adibasi-Janajatis were able to reach decision-making positions in several institutions, such as school management committees.
- Regarding the election commission, it was funded and able to update the voters' list drawn up 20 years ago and include photos and biometrics. The second Constituent Assembly was elected on the basis of the updated list. This election was considered by observers to be more free and fair than previous elections.
- The 2012 Review observed that the Alliance for Peace (AfP) and Youth Initiative (YI) have worked to build capacity of young and emerging leaders to participate in and influence democratic processes, including:
  - Engaging with politically-aligned student organisations to make their policies, bylaws and statutes more inclusive, democratic, representative and transparent.
  - Improving youth participation in planning processes of development projects at District Development Committee (DDC) and Village Development Committee (VDC) levels in some districts, which in turn has resulted in more budget allocation for youth development programmes in some places.
  - Supporting the voter registration drive of the ECN by mobilising the youth through educational activities and discussions.
  - Organising an anti-corruption campaign that has been broadly supported by political organisations, the media and civil society activists.

**Output 5 (Marginalised groups assert their voices in political processes, including constitution-making).** The 2012 Review observed that by supporting four membership organisations for different marginalised groups, HGD-Phase II has made progress in supporting marginalised groups to assert their voices in political processes. Much of this effort has involved mobilising communities, advocacy initiatives and direct lobbying of politicians and CA members. Some results are already visible, for example:

- Federation of Nepalese Indigenous Nationalities (NGO-FONIN) engaged 2,900 indigenous peoples in 40 different types of capacity building activities, which enabled them to successfully lobby for increased participation in political decision-making in a number of districts.
- Nepal Madheshi Foundation (NEMAF) organised a series of discussions on issues of social inclusion in the Nepal Army and state restructuring that was widely covered in the media. In December 2011, the government decided to recruit around 3,000 army personnel from ethnic groups - including from Dalit and Madheshi communities.
- NGO-FONIN contributed to the broad-based civil society advocacy effort that resulted in the formation of the State Restructuring Commission.
- Nepal National Dalit Social Welfare Organisation (NNDSWO) was part of an advocacy campaign that resulted in a landmark case of cash compensation of NPR 1,000,000 to the family of a murdered Dalit who was a victim of caste-based hatred and humiliation. It also organised discussions in 10 districts on the provisions of the Caste-based Discrimination and Untouchability (Crime and Punishment) Act that had come into being in early 2011 after much lobbying for years by NNDSWO and other Dalit organisations.
- Women for Human Rights (WHR) successfully lobbied the government and filed a case at the Supreme Court to remove the age bar for widows to receive a monthly allowance. It has since organised campaigns to widely disseminate information on the allowances.

**The Rights, Democracy and Inclusion Fund (RDIF)**, a multi-donor programme (Australia, DfID, Switzerland and Denmark) to strengthen democratic governance, human rights and political inclusion in Nepal and is relevant to both components 1 and 2. Its projects, which are short-term, rapid and flexible, are appropriate in the fast changing post conflict political context of Nepal. In the past three years, RDIF has placed emphasis on reaching out to the local level organisations of the excluded communities through establishing four decentralised offices for project management. Since 2009, the RDIF Secretariat has received over 960 concept notes/proposals, mostly from regional and district NGOs. The total number of projects that has been funded is around 70, reaching an estimated 200,000 people directly. The 2014 Danida Programme Completion Report found that as of March 2012, the RDIF was making progressing, concluding that the Fund had strengthened the capacity of marginalised and excluded communities to claim their rights and access public services. The projects have been successful in reducing polarisation among political forces and the civil society on local issues. It has furthermore created space for political decision makers, civil society and rights holders to constructively engage with each other. However, most of the impact remains at the local level. HUGOU serves in RDIF's Steering Committee and sub-committees. In July 2011 a no-cost extension until December 2012 was formalised to make up for time lost in the first year (2009) due to delays in the finalisation and approval process, staff recruitment and establishing of decentralised units. DfID has decided to no longer provide the management support for the Fund. Instead, during 2013, DfID will focus on reflection and generation of lessons learnt. (In fact, DfID, Switzerland and Denmark has later established the Governance Facility).

**Conclusion.** Actions have been carried out related to all outputs. Achievements are quite impressive in some cases. It seems that less progress has been reached regarding reform of the

political parties, although it must recognise that this work will take a considerable time and that JOMPOPS has already made some progress. In fact, political party reform is very important to democratise Nepal's policy.

**Score:** 5.

**Impact.** While there are many outputs, there seems also to be interesting impact. For example, the issue mentioned regarding partners' advocacy efforts which promoted a policy to put in place to issue citizenship to single women's children in their mothers' name and hereby promote equity; the fact that more budget allocation was made for youth development programmes in some places and that the elections were more free and fair. Especially the last issue can be considered a very important impact, although as the review states, it should be considered an achievement from many donors.

**Score:** 5.

**Sustainability.** HGD phase III supported most of the non-state partners to implement their strategic and operational plans with a built-in sustainability plan which proposed to establish linkages among like-minded institutions, streamline organisational structures and operations and train human resources. However, it does not state to which extent the partners have in fact managed to sustain activities. Regarding the partners that are state institutions it is mentioned that this is 'not an issue' since they have got budget assigned from the national budget. Due to the unprecise information on non-state partners, and the fact that in other previous HGD phases sustainability is considered to be difficult, the score should be somewhat lower than maximum level.

**Score:** 4.

**Coherence.** In this phase it seems that HUGOU has tried to cooperate with other donors where possible and has even supported another joint donor fund (RDIF). The election commission has been supported through a multi-basket fund with UNDP. It is not clear why (or if) the support to media, Dalit and youth is only supported by Danida.

**Score:** 4.

**Replicability.** Support to most marginalised groups, to elections and maybe also to political parties are all issues that Danida supports in other parts of the world and, as in Nepal, this could/can be done in collaboration with other donors. The support to youth is likewise could be looked at as possible issue to be replicated. Likewise, the way partners are supported to promote sustainability and to implement strategic plans may be a good example to follow (although in fact the governance facility which comes after this programme abolishes this principle and only focus on short-term results; hence the principles for partner support may not be continued/replicated).

**Score:** 5.

**Partner satisfaction.** Insufficient information.

**Danish added value.** No specific information on this, although there is considerable information about the way the HUGOU operates (strategic partnership, support to good governance policies, gender policies of partners). Whether these are values related to the specific HUGOU programmes or to Denmark in general, can be discussed. They are not part of any specific guidelines from Danida.

**Cross-cutting themes.** The component seems to be very focused on promoting gender equity, involvement of marginalised groups and have very specific interventions which have provided specific outputs and even impact that promote gender equity as mentioned above.

**Connectedness.** The support to promote inclusive democracy with focus on political parties, youth, gender, marginalised groups seems to be very relevant to the identified key problems in Nepal, and therefore also a precondition for many other development interventions in Nepal. Therefore, although the component now and then may be affected by civil unrest it is also designed with the attempt to mitigate marginalisation.

**Score:** 6.

## Component 2: Human Rights & Justice

## Overview.

### Immediate objective(s).

- The component objective is “Impunity and human rights addressed and access to justice for poor and marginalised women and men enhanced.”

### Strategic choices in relation to sub-component A:

- Addressing Current Human Rights Violations. The component will provide support to state and non-state actors to monitor, report and advocate with regard to human rights violations, raise awareness and campaign to address important human rights issues. Activities in this area will particularly relate to civil and political rights.
- Focusing on Access to Land, Security of Tenure Rights, and Equitable Distribution of Land. The component will support state and non-state actors working on access to land, security of tenure and land reform in Nepal.

### Strategic choices in relation to sub-component B:

- Facilitating Access to Justice through Informal Justice Systems. Given the weaknesses of the formal justice system, the component will prioritise access to justice through informal justice systems, with particular emphasis on community-based mediation and a pilot programme on traditional dispute resolution (TDR).
- Enabling Access to Justice through Legal Services. The component will provide support to legal services involving legal assistance and advice for the formal justice system regarding problems that mediation does not address.
- Addressing Impunity, Including for Past Human Rights Violations. While impunity and lack of accountability is addressed throughout the entire component, the HRGPP will also support activities explicitly directed at combating impunity and promoting transitional justice.

## Rationale.

**The situation before and after implementation.** There is a deeply-embedded culture of impunity in Nepal. Impunity has existed throughout Nepal’s history, but was reinforced by the armed conflict and the close relationship between the Army and the political establishment. Four issues were addressed:

There is a limited Awareness and a Poor Human Rights Record. Levels of human rights awareness are very low, particularly so at grassroots level. This is exacerbated by the lack of capacity, understanding and incentive amongst public officials to respect rights.

Inequitable Land Rights. distribution of land is an underlying cause of the armed conflict and continues to be a destabilising factor. Arable land is unevenly distributed and the disparity in access to land (and other natural resources) overlaps with other political, economic, social and cultural inequalities. Caste, gender and ethnicity are powerful determinants to access. Men own nearly 92% of all land titles.

Lack of access to justice. In Nepal, access to justice through the formal justice system is severely limited particularly for vulnerable groups. High costs, excessive delays and a lack of knowledge and resources are major obstacles to equitable access to the formal justice system. Nepal’s geography also impacts on access; formal justice is only available in urban areas.

Strengthening of the National Human Rights Commission (NHRC). The NHRC’s independence remains a concern. The current Commissioners were appointed in September 2007, on the basis of political consensus rather than on merit. The NHRC’s relationship with civil society and OHCHR-Nepal has deteriorated. Staff turnover is high, and the institution has had difficulty positioning itself. Nonetheless the NHRC remains the principal statutory body with the potential to play an important role in human rights. Support is also provided to the OHCHR.

After implementation, some progress has taken place in all these areas, as can be seen under ‘effectiveness’. However, since each of the areas are major structural problems, they continue to be major problems also in 2014. Regarding land rights, 15,000 families got access to land; the National Human Rights Commission followed 1240 over human rights complaints and issues over 440 cases. 20,000 cases were mediated regarding land disputes.

### Documents consulted:

Danida: Human Rights and Good Governance Programme Document (2008)

Danida: Human Rights and Good Governance Programme; Component Description: Human Rights and Justice (2008)

Danida: Programme Completion Report, Human Rights and Good Governance Programme (2016)

**Relevance.** The interventions are relevant to Denmark’s strategy on “Democratisation and Human Rights – for the benefit of the people”, which recommends strengthening national human rights oversight (like the NHRC) and also suggest to support interventions that enable access to justice for the poor (by targeting the poor and disadvantaged, ensuring that informal systems of justice do not violate human rights, and supporting the demand side of justice). The interventions are also in accordance with the Three-Year Interim Plan (TYIP) as well as the Interim Constitution (at the time of formulation). First and foremost, all actions are closely related to the needs of the target groups for the component.

**Score:** 6.

**Efficiency.** The NHRC has been affected by some delays. In the case of the civil society organisations, DanidaHUGOU has been able to work in a flexible and efficient manner. The budget assigned was (almost) spent as planned and within the envisaged timeframe.

**Score:** 5.

### **Effectiveness.**

#### **Result 1 (Improved human rights environment through independent and coordinated human rights protection and promotion by NHRC and civil society):**

- The Danida 2016 Project Completion Report for the Human Rights and Good Governance Programme observed that in 2010-13, NHRC registered over 1240 against various types of human rights violations, related to both “civil” and “political” and “economic, social and cultural” categories, most of which related to the decade-long armed conflict and its consequences, investigated them and, on investigation made 441 recommendations to the government for interim relief and compensation to the victims, prosecution of alleged perpetrators, including further investigation as necessary and institutional reform. According to the indicators, the government has fully implemented 14% of the recommendations; and 48% have received partial implementation.

#### **Result 2 (Equitable land ownership, security of tenure and land rights of landless and land-poor women and men enhanced through actions by state and non-state actors):**

- The Danida 2016 Project Completion Report observed that As a result of the land rights campaign implemented by a DanidaHUGOU partner, some 9130 landless households received title to 1518 hectares of land. Another 5754 landless farming families were able to acquire 894 hectares of public land for long-term farming.
- The Danida 2012 Review of the Human Rights and Good Governance Programme observed that to ensure equitable land ownership, security of tenure and realise the rights of landless and land-poor women and men, Community Self Reliance Centre (CSRC) has made significant progress at the macro and micro levels. It facilitates the land rights campaign, implemented through the land rights forums of the landless and land poor people. Its “community-led land reform” process involves joint identification of landless problems among community members. Consultations are then held with political parties and the authorities on how to meet the needs of the landless. Among the several results are the following:
  - Since 2004, the campaign has secured the titled transfer of 3720 hectares (estimated worth over NPR \$2000 million) to landless people and protected hundreds of others from eviction.
  - 14 agricultural cooperatives, mainly with female members, have been established - many of which have initiated agro-based micro-businesses.
  - Communities have mobilised NPR 874,000 worth of local resources from VDCs and DDCs in order to improve their economic livelihood and development.
  - A total of NPR 1,061,351 has been generated by the grassroots level as a land rights movement fund.
  - Lobbying of the government has yielded publication of the reports of the High Level Land Reform Commissions (formed during 2008-2010) and the formation of a government committee that is responsible to provide a work plan to implement the recommendation offered by the reports. Furthermore, the Ministry of Land Reform and Management formed a steering committee to formulate a comprehensive national land policy, with CSRC as a member of the committee.

#### **Result 3 (Local disputes effectively and equitably mediated through Alternative Dispute Resolution (ADR) mechanisms in accordance with international human rights standards):**

- The Danida 2016 Project Completion Report observed that to enhance access to justice of the poor and marginalised people, a community mediation program was implemented through over 200 community-based mediation centres in 11 districts of western and far-western development regions. The centres mediated around 20,000 local cases related to land disputes, transaction cases, use of local resources, marital disputes and others directly benefitting around 40 thousand people. Women constituted 48% of beneficiaries, Dalits 19 percent and indigenous and other marginalised groups 58 per cent.
- The Danida 2012 Review of the Human Rights and Good Governance Programme observed that to realise that local disputes are effectively and equitably mediated through alternative

dispute resolution mechanisms, the review noted in 2012 that HGD-Phase 3 provided support to its strategic partner Centre for Legal Research and Resource Development (CeLRRd). To date, CeLRRd has provided training to community mediators at 131 locations in 12 districts. While there are other groups providing training, stakeholders report that CeLRRd's training is one of the more comprehensive. According to CeLRRd's reports, over 12,000 cases have been mediated so far. The rate of success, gauged in terms of the level of satisfaction with the service of the beneficiaries and non-repetition of dispute/violence, was estimated to be over 90 percent. The mediators themselves - and the cases that are addressed - involve a solid mix of women, Janajatis, Dalit and other marginalised communities. During the field visits, fairness, accessibility and low cost were mentioned as key advantages of community mediation. The predominant types of cases relate to family issues and land disputes. Mediation seems to be particularly important for women in the community. First, women mediators highly value their new-found status and the empowerment they have achieved. Second, the team was informed that the number of cases brought forth by aggrieved women was significant and increasing. According to the mediators interviewed, in the previous era of traditional dispute resolution, these women would not see a value in mediation and would have let conflicts fester. The RT found that communities and the VDCs are positive towards community mediation. In at least some VDCs, there is close collaboration with the mediators, who often work from or by the VDC offices. This is an encouraging development that bodes well for sustainability. The commitment of the mediators – who work on a voluntary basis - appears to be very high. There was a fear among the mediators that support to mediation would stop and there would be no funds for it at the local level until elections were held. As argued by one Dalit villager, the money saved and larger-scale conflicts avoided through cheap and effective mediation warranted funds (for stationary, documentation, etc.) to sustain the work.

**Result 4 (Increased access to legal services for poor and marginalised women and men):**

- The 2016 Project Completion Report observed that around 6000 indigent prisoners were provided with legal aid, including legal representation, in 28 districts of Nepal. The scope of legal aid covered 39 courts and 29 prisons. In addition, some 800 cases of violence against women and 140 juvenile delinquencies were also represented. Some 4000 individuals, 42% of them from Adibasi-Janajati communities, 16 % from Dalits and other marginalised groups and 40 % women got trained in community mediation processes and skills.

**Result 5 (Effective advocacy and legal action undertaken to address impunity and promote transitional justice):**

- The 2016 Project Completion Report observed that more than 500 social families, a kind of community based organisations, organised more than 75,000 individuals from the most marginalised communities of Terai-Madhesi and a few hill districts and engaged them in community-level human rights and justice promoting initiatives (also relevant to Outputs 1 & 4).

**Other observations.**

The 2016 Project Completion Report is not explicit regarding promotion of transitional justice. However, it highlights a number of other important achievements, including promotion of the State's compliance with NHRC recommendations. Although this is still quite low, it has been much lower before. Also, the establishment of the land rights forums are important to promotion of land reform at local level. Other, specific advocacy issues has been promotion of a draft comprehensive policy to deal with land issues and a State policy to provide allowances for single women.

The Danida 2012 Review of the Human Rights and Good Governance Programme makes observations on state institutions and civil society:

- **State institutions - NHRC.** During the time of the review (2012), the Strengthening the Capacity of NHRC (SCNHRC) project (which is implemented by UNDP with financial support from the UK, Switzerland, Finland and Denmark) was in a one-year no-cost extension after December 2011. The project supported NHRC to address both immediate and long-term needs such as the fielding of monitoring and investigation missions, development of tools and guidelines (HR Based Approach Manual and HR Audit Guidelines), technical assistance to formulate a new Strategic Plan (2011-2013) and monitoring the fulfilment of international human rights treaty obligations of the Government of Nepal. From mid-2011 to mid-2012, the NHRC investigated over 300 cases of human rights violations; provided training in human rights based approaches and human rights monitoring to government and non-governmental organisations; fielded the second phase of the exhumation at the burial site of five "disappeared" persons; and, secured a compensation package from the government to each family of these five disappeared victims. NHRC undertook a 'Universal Periodic Review' (i.e. an assessment for the CRC, ESCR and ILO 169<sup>1</sup>) of four state reports from a human rights perspective, organised consultations with concerned agencies and recommended areas of improvement. The review states, just as the Project Completion Report, that NHRC has seen an increased implementation by the Government of its recommendations addressing various human rights issues. The long awaited passage of the National Human Rights Act was achieved – the absence of which had been a serious impediment to everyday administration of the Commission. The review found that collaboration between the NHRC and CSOs seems to

<sup>1</sup> CRC: the UN Convention on the Rights of the Child. ESCR: International Covenant on Economic, Social and Cultural Rights (ICESCR). ILO-169: Indigenous and Tribal Peoples Convention.

function relatively well. Notwithstanding, the review also found that NHRC was hampered by differences among its five Commissioners. The differences were reported to undermine its effectiveness considerably. Over the first months of 2012, HUGOU and the Embassy of Denmark have increased their monitoring of and dialogue with NHRC officials. It is not clear from the Project Completion Report whether this issue have been overcome.

- **State institutions - Office of the Attorney General (OAG).** The review noted that this area of support not foreseen in the programme document was the support to OAG. From August 2011 until March 2012, HUGOU and the Embassy of Switzerland jointly supported the “Capacity Development of the Office of the Attorney General to Tackle Impunity through Advocacy on Legal Reform and Monitoring of Human Rights and Judgment Enforcement” project (NRs. 15,903,100.00). The support was channelled through the NGO – and partner of the Programme - CeLRRd. It aimed to tackle the culture of impunity which is a result of the lack of effective laws and awareness among justice sector institutions of evolving criminal justice jurisprudence. OAG sensitised 556 lawmakers, judges, government and defence attorneys and police officials on the need for law reform. It sought their support to pass into laws the three pending draft bills that could contribute significantly to check the culture of impunity. The support also allowed for increased monitoring of detention centres by the OAG and its sub-national offices, the human rights situation of women and the status of enforcement of court judgments. Hardware and reference materials were provided to the appellate and district courts. OAG published a compilation of Standard Operating Procedures (explaining how the bills should be implemented), a report on the findings of the prison monitoring, and a compilation of comments and suggestions from the 17 workshops on the bills that were organised under the project. These publications are expected to be a useful reference for the work of OAG.
- **Civil Society Organisations.** Among the CSOs, the review in 2012 found that the Informal Sector Service Centre (INSEC) has been the leading human rights monitoring partner with its nationwide coverage and capacity-building effort. INSEC has also functioned as a secretariat for the Nepal Coalition for the UPR. The Coalition raised critical areas of concern during the UPR process and played a constructive role. INSEC also published Profile of Disappeared Persons with details of 930 people “disappeared” during the armed conflict. The publication is expected to serve as an important reference for establishing the truth about the missing persons once the transitional justice process gains a momentum. Collating information on the overall human rights situation in the country, INSEC publishes the Nepal Human Rights Yearbook which receives wide press coverage every year. The yearbook is considered a flagship. Containing useful and detailed facts for every district, the statistics resemble a national crime reporting document with some atypical categorisations - rather than only human rights violations. The records on violence against women appear lower than the level of violence claimed by monitors and activists interviewed by the team. A peer review from an equivalent human rights organisation in the region would be useful to further enhance the publication. INSEC, Holistic Development Service Centre (SAMAGRA) and Karnali Integrated Rural Development and Research Centre (KIRDARC) have worked to monitor and raise human rights awareness and promote peace and democracy at community levels. Issues addressed have included fair and equal remuneration, child labour, violence against women, and discrimination. All three organisations have in different ways also concretely promoted the right to education. With their holistic approaches to human rights, SAMAGRA and KIRDARC appear to have been successful in promoting economic, social and cultural rights. For instance, SAMAGRA has educated communities so that they have been able to claim and exercise their rights in relation to available services and resources. Results so far have been impressive and include securing scholarships for Dalit and Adibasi-Janajati children; allowances for the elderly people and widows; significant cash and materials to build local infrastructure; and birth, marriage and citizen registrations for over a thousand individuals.

The 2014 UNDP/ National Human Rights Commission evaluation of the Strengthening the Capacity of NHRC (SCNHRC) project 2009-2014 found the following.

- That it had supported the drafting of the National Human Rights Commission Act (passed by Parliament in 2012 to increase the NHRC’s legitimacy and authority) and a Human Rights Service Bill (pending introduction to the Parliament as of 2014).
- That it had been instrumental in improving NHRC’s abilities to monitor Nepal’s compliance with its international treaty obligations.
- That it had supported high-level and urgent monitoring missions at the regional level on the right to education, prisoner’s rights, labour rights and the right to food.
- That it had been instrumental in facilitating cooperation between the NHRC and the National Women’s Commission and National Dalit Commission to generate a report for Nepal’s UPR submission, and to advise the GoN on its reports under the ICCPR and ICESR.
- That it had supported NHRC to engage Special Rapporteurs on ESCR, CERD<sup>2</sup>, and child rights, women’s rights and human rights defenders.
- That by mid-2011, largely as a result of the crucial assistance of the Project, Nepal had regained its ‘A’ accreditation status by the International Criminal Court and made successful submissions regarding the Universal Periodic Review (UPR). Additionally, a ‘UPR Road Map’ prepared with project support outlined the way forward for GoN implementation of the

<sup>2</sup> CERD: Committee on the Elimination of Racial Discrimination, which monitors implementation of the International Convention on the Elimination of All Forms of Racial Discrimination.

<p>UPR Recommendations. The Project also supported NHRC's 2013 Mid-Term Report on implementation of the UPR Recommendations.</p> <ul style="list-style-type: none"> <li>• That cooperation between NHRC and civil society had not become institutionalised at a strategic level.</li> <li>• That there had been little progress by 2014 on reform of discriminatory legislation in Nepal or on correcting deficits in legislation that continue to impede prosecutions on the basis of NHRC Recommendations.</li> </ul> <p><b>Score:</b> 6.</p>
<p><b>Impact.</b></p> <p>There are long-term effects related to access to land rights and access to justice and legal aid as well as impact of conflict resolution at local level. The numbers related to persons benefitted by access to land titles, legal aid and conflict resolution has been listed, which already gives an idea of how comprehensive the interventions have been. There are few indicators about the depth of impact, in the sense that for each family the benefit could be measured in better living conditions, savings from not had to go to prison or savings (and maybe losses for some) from the conflict resolution. The magazine Rights and Governance (2013) illustrates some stories, but it is less clear whether a system has been in place to track impact. Based on the illustrative stories and the number, the component must be considered satisfactory.</p> <p><b>Score:</b> 4.</p>
<p><b>Sustainability.</b></p> <p>The project completion report states that “capacity of NHRC to function independently remains an issue.” There are delays in appointing commissioners and to hire human resources as necessary. Such issues should be continued to be monitored. The civil society organisations that work with human rights should protect themselves from allegations of being partisan (apparently this was the case with the advocacy forum). HUGOU has promoted principles of institutional good governance; which they are advised to apply to ensure sustainability. Since HUGOU works with strategic partnership, they are able to monitor progress. There is no direct information about economic sustainability in the material provided.</p> <p><b>Score:</b> 4.</p>
<p><b>Coherence.</b></p> <p>There are a number of areas, where Danida works with other donors regarding the support. Since 2003, 11 donors have jointly supported a capacity-development project for the National Human Rights Commission through a basket fund arrangement hosted by UNDP. It was noted by the OECD DAC review, Denmark plays an active role in donor coordination and in promoting donor harmonisation in Nepal. From 2008 onwards, Denmark has also taken the lead in opening discussions on joint funding possibilities to leading CSOs on the basis of the organisations' strategic plans.</p> <p>DanidaHUGOU participates in the Social Inclusion Action Group (SIAG), a multi-donor coordinated forum on social inclusion, initiated by the World Bank and UNDP in 2005. A Dalit Support Coordination Forum, initiated by DanidaHUGOU in 2003, gathers donors and Dalit organisations for regular discussion on Dalit issues. Since 2005, Denmark has been the representative for the donor group in the project's Steering Committee. DanidaHUGOU further takes part in a donor-led Rule of Law coordination forum, which has working groups on court management, legal aid, and alternative dispute resolution (chaired respectively by the European Commission, the Norwegian Refugee Council, and DanidaHUGOU). Together with EoD, Danida HUGOU participates in discussions coordinated by OHCHR-Nepal on impunity and transitional justice.</p> <p>Such technical and policy discussions are important. However, what may be missing is more coordinated work regarding to partners.</p> <p><b>Score:</b> 4.</p>
<p><b>Replicability.</b></p> <p>The support to human rights using the ‘features of strategic partnership’ could – and is – being used by donors and Danida. The evaluation team has noted that other donors focus more on short-term results. In fact, there are basket funds in other countries where both modalities are used: i) short-term projects; ii) strategic partnership with different degree of core funding.</p> <p><b>Score:</b> 6.</p>
<p><b>Partner satisfaction.</b> Insufficient information.</p>



<p><b>Danish added value.</b> The added value from HUGOU and use of institutional good governance principles could be considered an added value – although not part of any official Danida papers.</p>
<p><b>Cross-cutting themes.</b></p> <p>There is a strong focus on gender equity and marginalised groups in all the interventions, and information is in most cases also gender disaggregated.</p>
<p><b>Connectedness.</b></p> <p>The component is designed to attend some of the structural causes of conflict related to marginalisation and exclusion from access to justice, access to land, among others. The work with civil society organisations means that the component can operate in a very flexible manner. However, regarding the NHRC, the intervention is affected by its dependence on the political dependence – and specifically the delays and discussion about the appointments of commissioners.</p> <p><b>Score:</b> 5.</p>
<p style="text-align: center;"><b>Component 3: Local Governance</b></p>
<p><b>Overview.</b></p> <p>A basket fund was established to support the Local Governance and Community Development (LGCD) Programme of the Ministry of Local Development (MLD [later the Ministry of Federal Affairs and Local Development]):</p> <ul style="list-style-type: none"> <li>• <u>Bilateral donors</u> comprised Denmark (Danida), Canada (CIDA), the UK (DfID), Norway, Switzerland (SDC) and Finland, while Germany (GTZ/GIZ) and Japan (JICA) aligned their activities to the LGCD without contributing to the basket fund.</li> <li>• <u>Multilateral donors</u> and international organisations included the Asian Development Bank (ADB), the UN System (UNDP, UNICEF, UNCDF, UNFPA, UNV), and the World Bank.</li> <li>• <u>Financial resources</u> totalled US\$ 260.8 million from the Government of Nepal in the form of ‘Block Grant Allocation to Local Bodies’, and US\$ 161.5 million from donors (including DKK 70 million or about 9 percent from Denmark).</li> <li>• <u>The first phase</u> was carried out from July 2008 to July 2012.</li> <li>• <u>The implementing agencies</u> were the District Development Committees (DDCs), Municipalities and Village Development Committees (MVDCs) through Community Organisations and NGOs. It covers all 75 districts (DDCs) and 3,915 VDCs, as well as 58 municipalities.</li> </ul> <p>The Programme Components of the LGCDP II are:</p> <ul style="list-style-type: none"> <li>• Empowerment of citizens and communities for active engagement with local governments and strengthening downward accountability.</li> <li>• Local bodies (DDCs, municipalities and VDCs enriched with block grants for community lead development).</li> <li>• Capacity development of local governments for effective service delivery.</li> <li>• Policy Support for decentralisation and Local Governance (Devolution, fiscal decentralisation, human resource development, action research)</li> <li>• Gender and social inclusion.</li> </ul> <p>The outputs were the following:</p> <ul style="list-style-type: none"> <li>• Output 1. Communities and community organisations participate actively in local governance processes.</li> <li>• Output 2. Increased capacity of citizens, communities and marginalised groups to assert their rights and hold local governments accountable</li> <li>• Output 3. Local governments gain access to greater fiscal resources in equitable and appropriate ways</li> <li>• Output 4. Appropriate capacity building services passed on to all levels of the local government service delivery system</li> <li>• Output 5. Local governments service delivery mechanisms and processes fine-tuned.....36</li> </ul> <p>Component 3: Strengthened policy and national institutional framework for devolution and local self-governance</p>

- Output 6. Policy framework for decentralisation promoted a more enabling environment for effective, transparent and accountable local governance
- Output 7. Capacity of central government and national non-government institutions strengthened to provide appropriate support to local governments is enhanced
- Output 8. Support provided for programme implementation

The LGCDP program document states that the 8 outputs will lead to 3 outcomes:

- citizens and communities empowered; (a) to exercise their voice to a large degree than currently exist (b) to engage actively with local governments and local government resource allocation, decision making and (c) Accounting processes structured to enable greater citizen-community input and oversight;
- Increased capacity of local governments to manage resources and deliver basic services in an inclusive and equitable manner; and
- Strengthened policy and national institutional framework for decentralisation, devolution and community development.

**Immediate objective(s):**

- Poverty reduction enhanced through inclusive, responsive and accountable local governance and participatory community-level development that will ensure increased involvement of women, Dalits, Adibasi Janajatis, Muslims, Madhesi and disadvantaged groups in the local governance process.

**Rationale.**

Before LGCDP Nepal had many different donors supporting us through a wide range of projects and programmes. This made it difficult for the government to manage at central and local level. Therefore, the Ministry of Local Government made an attempt to promote effectiveness and efficiency by putting the various donors' funds for local development in a joint basket to reduce transaction costs and avoid duplication.

**The situation before and after implementation.**

Before implementation: LGCDP was relevant in Nepal's post-conflict environment, which was characterised by inaccessible and inequitable public services, skewed planning and project selection dominated by elite interests, and weak downward accountability by local governance bodies to the people they were supposed to serve. After implementation: service delivery is reported to have improved. Likewise, ward citizens forums and citizen awareness centres were set up to provide input to the "demand side" of the citizens.

**Documents consulted:** see bibliography.

**Relevance.**

The targets of the programme are fully consistent with Danida's strategies (both overall and in relation to Denmark's strategy on *Effective and Accountable Public-Sector Management* of August 2007), which has local service delivery and governance as one of three core areas. Likewise, the programme is government-led and the component description is identical with the Ministry of Local Development's document for the LGCDP. The component description/the government programme states that "LGCDP will be the basis for the implementation of the Three-year Interim Plan (2007/08 – 2009/10) as a GON programme in support of decentralisation and local governance, to which MLD and development partners recently committed. In addition, MLD concept paper (July 2007) which set the future direction of MLD on devolution, local governance and community development activities. It will be designed and implemented in compliance with the present Constitution and the LSGA and related regulations (until new policy & legislation are in place)." In addition, the programme is formulated in a manner where it emphasises the need for "inclusiveness and gender equity", "community-led development", "rights-based participatory approach", "transparency" and the objective has as its centre the poverty reduction. However, the joint appraisal in 2008 noted that – despite a number of strong elements - there: "is a lack of clarity regarding the processes will be used by the programme to ensure inclusion and representation by citizens, communities and community organisations in the planning and allocation of resources at the village and municipality levels in particular." The appraisal also noted the need to clarify other issues (flow of funds, etc.) that would ensure that services were in fact provided. However, despite these shortcomings, the strengths of a joint donor-government programmes are very clear and should result in a high score.

**Score:** 6.

**Efficiency.**

The Programme Completion Report does not have specific reference to efficiency.

The Focused Evaluation (MFALD, 2012) states:

“In spite of efforts by LGCDP to provide more funds to local bodies, in fact, fiscal transfers to local bodies comprise only a small percentage of the national budget and expenditure respectively. There is a significant vertical imbalance between budgets of the central and local governments with the result that there are several unfunded mandates. The situation is worsened by the fact that when transfers are made, there are delays and these delays often lead to difficulties in planning and realizing the benefits of local level initiatives.”

The mid-term review in Nov 2010 (Ferrazzi *et al.*, 2010) has no specific chapter on efficiency but indicates that:

- “MLD has not produced proper annual reports showing progress against program outputs and outcomes, in part due to the unsatisfactory formulation of the requirements in the JFA. In moving forward, the GoN/DPs should come to an agreement on what constitutes satisfactory progress reporting toward program outputs and outcomes.”
- “Achievement of the outputs, and progress toward outcomes for the program, was difficult to ascertain. This was due to the early stage of some activities, the late preparation of a baseline and the incomplete Monitoring and Evaluation Framework for LGCDP, and the incomplete and late financial reporting.”
- “To some extent, the slow pace of demand side activities can be attributed to complexity, and the novelty of some concepts (the transformational aspect of SM and the semi-independent nature of the LGAF in particular). However, the missed opportunity to link the supply and demand sides in a timely way may also have to do with a lack of urgency, reflecting insufficient appreciation of the importance of the demand side of the LGCDP. As a general recommendation, the MTR team encourages the MLD to “rediscover” the uniqueness and strength of the original LGCDP concept, and if again convinced of its merits, to redouble its efforts to execute the demand side activities of the program.”
- “The use of program funds is difficult to ascertain with precision and reliability due to the financial planning and reporting weaknesses in LGCDP. This is not to say that there is great fiduciary risk throughout the program’s flow of funds. The MTR team believes that most of the risk is found at the LB/project level (see following sections) – but this risk is high.”

The Danida 2016 Project Completion Report for Human Rights and Good Governance also mentions that the Office of the Auditor General conducted performance audits of 5 DDCs and 50 VDCs in 2011, which were effective in identifying structural issues related to poor performance and financial mismanagement. Delay in auditing and poor follow-up on audit observations were found at all levels. Assessment of fund flow to local bodies showed that, on average only 30% of funds were transferred in the first 8 months, 70% in the last 4 months and 40% in the last 2 months. These delays are challenging for local bodies.

Score: 3.

### Effectiveness.

Phase 1 of the LGCDP was assessed as effective overall, since local bodies provided better services and reduced inequality.

The mid-term review (Ferrazzi *et al.*, 2010) found the following.

- **Output 1** (with a focus on social mobilization and the local planning process) and **Output 2** (information, education, and communication activities, and the Local Governance and Accountability Facility) are particularly lagging, with most activities still in the preparation stage. The demand side activities are crucial to the eventual success of the program and the MTR team urges the LGCDP to make these activities a priority.
- **Output 3** is most advanced, consisting of the performance based grants to Local Bodies, and annual assessments of minimum conditions/performance measures (MC/PM). The group managing the grants in the Local Bodies Fiscal Commission (LBFC) is vibrant and continues to improve the MC/PM system. The group includes a leading international expert in performance based granting. In a review (Dege Consultant, 2010) he stated that District Development Committees (DDCs) in particular have improved in planning and programming, public financial management, good governance, and transparency. This claim appears justified in some respects. The MC/PM has certainly been a positive influence in the local governance scene.
- As a result of the block grants, there is considerable service oriented project activity at local level. Spending patterns are complex; there is a preponderance of roads and education projects, with health projects notably few. Fiduciary risk is high at the local level, in part because of the lagging demand side, delayed release of funds and insufficient capacity development measures.
- **Output 4** (capacity development for all actors, from local to national), has started but it is not evident that the focus has been on the VDC, as stated in the LGCDP CD Strategy. Moreover, the bulk of the effort appears to be short term and one off orientations, training, or study tours. Organizational/system issues are neglected. The rush of guidelines, poorly harmonised, has lead to some frustrations at local level, and to deviations from the norms they contain. Several measures will be needed for LGCDP to make its CD approach more

robust, including developing guidelines with greater involvement of stakeholders, ensuring the guidelines are more accessible to ordinary people, and following up on the CD interventions to note application success and further support needed.

- **Output 5** activities are not very advanced, particularly in terms of the financial management interventions. Only the sector conditional grant (SCG) has seen a full year of implementation, and its inadequate preparation and narrow coverage of five districts strongly suggests that its influence has been minimal to this point.
- **Outputs 6 and 7** relate to policy oriented studies and strengthening of the policy process and other aspects of key national institutions concerned with Local Bodies. Some initiatives are underway, but their combined effect to date does not appreciably contribute to the outputs. It has to be said however that if the narrowly focused activity level indicators found in the M&E Framework are used as guides, then there is some achievement. However, meaningful progress toward output achievement is hampered by the low quality of the preparation for the many learning/exploration activities under these two outputs. The MTR team acknowledges that many of the planned and implemented studies have relevance to LGCDP, but believes that some could be dropped, others integrated, and most need to be made more relevant to the specific challenges met in the field and the state restructuring challenges that lie ahead.
- In terms of program structures (**Output 8**), much progress has been seen in the “machinery” of the LGCDP, and learning is taking place in how it should best operate. At the local level however, the District Facilitator and assistants in the DDC and municipalities are struggling – suffering from a mismatch between the formal/other tasks thrusts upon them, and their background and experience.

Score: 4.

#### Impact.

The 2016 Danida Project Completion Report on Human Rights and Good Governance mentions a status for indicators:

- 35% (the target was 33%) of capital expenditure grants provided to local bodies are spent on project prioritised by women and disadvantaged groups.
- 100% VDCs an 86% of municipalities are covered by Social Mobilisation Programme under LGCDP I (the target was 100% of VDCs and 50% of municipalities)
- 50% of DDCs, 50% of municipalities and 10% have institutionalised accountability tools. (target of DDCs 75% of municipalities and 40% of VDCs institutionalise institutionalised tools). The indicator is about “use of public hearings, public and social audits, and citizen report card institutionalised).

The Focused Evaluation (MFALD, 2012) states that:

- Regarding Outcome 1 of the LGCDP, which is how citizens and communities of the VDC or municipality have engaged actively with local governments and held them accountable, there has been relatively little change: few changes in the social hierarchies which characterise villages and towns; there are few cases where there is more equitable access to services and where authorities are held more accountable. However, the evaluation also recognises that this is not surprising since holding local authorities to account in Nepalese villages is a particularly difficult matter. Altering entrenched hierarchies in the space of one or two years relying mainly on the intervention of young, local social activists is particularly challenging. Modest progress has been realised in the achievement of outcome one.
- Regarding Outcome 2 of the LGCDP, which deals with the extent to which local governments have increased their capacity to manage resources and deliver basic services in an inclusive and equitable fashion. There has been a change in the extent to which local governments have increased their capacity to manage resources and deliver basic services in an inclusive and equitable fashion. Services are in fact delivered in what appears to be a more equitable fashion in many local bodies compared to baselines, recollections and expert opinions.
- Regarding service delivery, “It is perhaps to be anticipated that changes in delivery of services proceeds more quickly than changes in social relations. The former can be programmed with resources, just as LGCDP has done. LGCDP actors have created new institutions that allow for greater popular participation in decision-making resulting in greater access for the socially excluded. Changing the latter, on the other hand, means changing patterns of inequality in a country where inequalities are known to be rigid and, in recent years, becoming more pronounced. LGCDP has made significantly less progress in this area.” The change witnessed in the delivery of services constitutes a positive development and it is also a step toward altering the traditional patterns of inequalities by changing how local governance actors and their constituencies assume their responsibilities. What is clear is that improving the delivery of services – progress in Outcome 2 – does seem to be a viable strategy for achieving the more difficult objectives of Outcome 1. The obvious conclusion is that efforts undertaken as part of Outcome 2, continuing to allocate more resources to disadvantaged groups and doing so more effectively, is likely to result in both the alleviation of poverty and in alleviating the conditions that have contributed to persistent poverty in the first place.”
- Regarding the Local Governance Accountability Facility, “Progress has been made in establishing the administrative apparatus and the procedures for the LGAF programme to facilitate citizen engagement in holding local governments and contractors accountable. An operational manual has been prepared as have guidelines for training trainers in three critical social

accountability tools. A first round of grants was given to civil society organizations to implement activities. This has involved activities that promote community involvement in expenditure reviews of local body grants, community monitoring and evaluation, social audits, public hearings, support to local media for critical and informed coverage of local governance issues and provision of information to communities on corruption problems.”

- That: “Large numbers of projects have been undertaken (12,500 between LGCDP inception and 2011) and a significant proportion of these have served the purpose of providing public services and empowering disadvantaged members of communities. But the management of these projects – meeting environmental standards, ensuring efficient implementation and contributing to their sustainability with maintenance funds – has not been sufficient.”
- LGCDP has encouraged greater attention to environment protection. “A *Social and Environmental Safeguards Framework* has been drafted and distributed by the programme. There is greater awareness of environment protection issues presently than in previous years and this has resulted, in some instances, in environment protection measures being incorporated into project preparation. As a rule, however, the Local Development Officers have shown little interest in implementing environmental safeguards; where there is greater attention paid to environmental protection it is because of the interest of less influential, temporary officers such as Municipal and District Facilitators.”

The ADB Project Completion Report (ADB, 2014) concluded the following.

- ADB support to governance including their support to LGCDP is considered very positive.
- Regarding poverty reduction, the report refers to the LGCDP objective “Contribution through the LGCDP to poverty reduction through socially inclusive, gender-responsive, strong, and accountable local governance and participatory community-led development.” Some conclusions are presented and either indirectly or directly related to the LGCDP:
- The percentage of people below poverty line gradually decreased from 43% in FY 1996 to 25% in FY 2011, according to the Nepal living standard survey carried out by the government. Although the period is very different to the project, the report finds that the LGCDP may contribute to this situation.
- The report noted, that the Carter Center reported on 24 February 2014 that public perception of local governance in Nepal had improved and that many citizens were satisfied with the performance of local governance bodies at both the district headquarters and at the village development committee level. Focused evaluation and field consultation also confirmed the improvements in local public service delivery.
- Per the focused evaluation, 72% WCF members and 90% of CAC participants interviewed participated in the VDC decision-making process in 2012, compared with only 33% of WCF members and 24% of CAC participants in 2011.
- A previous report by the Carter Center noted that disadvantaged groups reportedly participated during the planning and implementation of local projects, although the impact of this participation remains in doubt. Furthermore, many bureaucratic mechanisms designed to increase the role of women, marginalised group representatives, and citizens in general appear to have been relatively successful in boosting local-level participation. The proportion of capital grants allocated in favor of disadvantaged groups, including women, increased to 25% in FY 2012 from 10% in FY 2010. All districts reported that they have disbursed the funds, and this can therefore be taken as a proxy for utilization. Additionally, according to the Carter Center report, the perception of local people that money was spent on local governance projects needed in the local area has increased. As of mid-FY 2013, roughly 40% of proposed projects via WCFs in FY 2013 were financed by local bodies, according the annual progress report of the LGCDP of 2013.

The same ADB Project Completion Report refers to an assessment in 2012 by the Local Governance Accountability Facility showing that 61% of CBOs affirm that their complaints were heard by the local bodies, although only 38% felt that the complaints were acted upon.

The Focused Evaluation (MFALD, 2012) stated that 40 % of the citizens reported that the attitude and behaviour of local body staff changed positively towards women and disadvantaged groups from previous years. The GESI section at MFALD also asserted that the attitudes of local body staff members toward women and DAGs have improved.

While not all the mentioned changes represent a change over a long time, and not all may be directly related to the LGCDP the fact that many sources (ADB; Carter Centre, independent evaluations) provides some evidence that the decentralisation process has contributed to a positive impact with regards to i) more services to disadvantaged groups; ii) public participation.

It appears from the documentation the LGCDP may only be responsible for some of the progress noted by the ADB. However, the focused evaluation’s evidence shows considerable progress, with some areas that still need more attention. A relatively high score may be given.

**Score:** 5.

**Sustainability.**

The 2016 Danida Project Completion Report on Human Rights and Good Governance states that the sustainability of LGCDP is rated likely. The policy reforms achieved with LGCDP Phase 1 support have been effectively institutionalised in the Ministry of Federal Affairs and Local Development and will be continued to be supported by several partners, including Denmark.

These reforms included the mandatory allocation of 35% of capital grants for projects prioritised by women, children and disadvantaged groups; the formula an performance based grant allocation system; the MCPM assessment and the development and implementation of the PEFA-FRRAP to improve public financial management at the local level. The introduction of Phase 2 of the LGCDP in 2014 soon after the completion of Phase 1 demonstrated the government's strong ownership and commitment to reform local governance policies and strengthen local institution. The focused evaluation of LGCDP in 2012 as well as different reviews by LGCDP development partners showed that more and more people are participating in local governance processes and that local bodies and political parties are beginning to give due recognition to Ward Citizen Forums and Citizen Awareness Centres.

The fact that LGCDP Phase 1 has been followed by a second phase suggests that government machinery will continue to use the introduced mechanisms for transfer of funds, although this may be modified with the introduction of a federal system.

**Score:** 6.

#### **Coherence.**

The LGCDP is, despite its minor shortcomings, considered by the Ministry of Federal Affairs and Local Development to be a pioneer effort and a new aid modality bringing donors together. All major partners in decentralisation participate in this effort.

**Score:** 7.

#### **Replicability.**

The way of working with other development partners is known from other countries but it is still an example to follow: using the government's own programme as a common base for development partners and trying to streamline and align their cooperation as much as possible could be done in as many countries as possible where Denmark work with decentralisation (as well as in other sectors).

**Score:** 6.

#### **Partner satisfaction.**

No direct information apart from the Danida (2013) *Rights and Governance Magazine*, where Denmark is singled out to have "played a pro-active role in Nepal's local governance for decades".

#### **Danish added value.**

In the material, it is said that Danida "played a key role" in bringing several donors together, using the premises of Danida HUGOU to hold meetings for partners.

Apart from promoting the cooperation with donors, several Danish consultants financed by Danida has contributed, for example as team leader on the: "Review of the Local Governance Support Programme" – a Multi-Donor Support Programme. (Financed by Danida) in 2010. The same consultants have been used by other donors (like UNCDF) and are estimated to have contributed very much, although mostly in the early phase of LGCDP (and before that).

#### **Cross-cutting themes.**

The Focused Evaluation (MFALD, 2012) is positive in its assessment of 'Gender and Social Inclusion':

- LGCDP has successfully increased the representation of women, children and other disadvantaged groups in local bodies and used their participation to increase the services that local bodies provide them. Citizen Awareness Centres (CACs) which are designed to bring disadvantaged groups into the political process have expanded rapidly. There are now over 3,500 CACs in almost every VDC in the country with almost 95,000 members. There are more than 31,200 Ward Citizen Forums established throughout the country in which more than 285,000 members participate of which 44 per cent are women. The number of projects providing public services for women, children and disadvantaged groups has increased markedly between 2009 and 2011.
- Further achievements are impeded, however, by the low capacity of target groups. Strengthening the capacity of target groups to make their participation more effective is a major challenge. This requires more focused support for an extended period of time. The pace of empowerment for target groups is largely contingent on the skill, capacity and commitment of

the social mobilisers and the Local Service Providers, and these need to be strengthened.

- The allocation of a specific quota (target fund) for women, children and other disadvantaged groups is a positive feature of MFALD's LGCDP programme. This innovative strategy has directed local governments to allocate a significant proportion of the block grant funds for projects benefiting target groups. Currently, allocation of funds for target groups has been able to ignite the interest of women and excluded groups to find ways to utilise this fund for their benefit. However, this target fund is not being implemented well.
- MFALD maintains a separate unit dedicated to gender and social inclusion. Strategies and guidelines are produced within this unit and these are informative for programming. This separate section will not be able to influence policy, however, unless it has a voice within MFALD's planning section.

The ADB Project Completion Report (ADB, 2014) states about the gender issue in the LGCDP: GSI policy and local body resource management and mobilization procedures have made the provision of 33% representation of women in all committees mandatory. This includes one woman in a leadership position formed by MFALD and local bodies, while 60% of Ward Centre Forums (WCF) and Citizen Awareness Centres (CAC) members are women.

The Focused Evaluation, GESI assessment reports, and field visits confirmed increased leadership role of women and DAG in community-based organizations (WCFs, CACs, and users committees), through which they participate in local governance processes.

#### **Connectedness.**

The decentralisation is considered by many observers to be key for addressing the inequalities in the Nepali society, and which are the root causes for the conflict. Although no quick changes can be expected, the transfer of resources to the local level, including to disadvantaged group is a first step towards delivering services and involving citizens. The lack of local elections may have affected the local bodies' legitimacy. Also, this system will be considerably changed with the structural changes of the administration as a result of the constitution. Whether the decentralisation process will continue as now after the restructuring is an open question but the design where the government speaks with several development partners is a very important attempt to try to have a continuity in the decentralisation process.

**Score:** 6.

#### **Bibliography**

- ADB (2014) *Project Completion Report - Nepal: Governance Support Program (Subprogram I)*. Asian Development Bank (Manila).
- Danida (2008a) *Board Notice - Human Rights and Good Governance 2009-2013*. Danish Ministry of Foreign Affairs (Danida, Copenhagen), in Danish.
- Danida (2008b) *Board minutes - Human Rights and Good Governance 2009-2013*. Danish Ministry of Foreign Affairs (Danida, Copenhagen), in Danish.
- Danida (2008c) *Programme Document - Human Rights and Good Governance Programme, Phase III (2009-2013)*. Danish Ministry of Foreign Affairs (Danida, Copenhagen).
- Danida (2008d) *Component Description - Inclusive Democracy*. Danish Ministry of Foreign Affairs (Danida, Copenhagen).
- Danida (2008e) *Component Description - Local Governance*. Danish Ministry of Foreign Affairs (Danida, Copenhagen).
- Danida (2008f) *Component Description - Human Rights*. Danish Ministry of Foreign Affairs (Danida, Copenhagen).
- Danida (2012) *Review: Nepal Peace Support Programme Human Rights and Good Governance Programme in Nepal*. Danish Ministry of Foreign Affairs (Danida, Copenhagen).
- Sandia (2013) *Rights and Governance Magazine*.
- Danida (2016) *Programme Completion Report, Human Rights and Good Governance 2009 - 2013, Nepal*. Danish Ministry of Foreign Affairs (Danida, Copenhagen).
- DEGE Consult (2010) *Analysis of the Minimum Conditions and Performance Measurement (MC/PM System) in Nepal*. Ministry of Local Development (Kathmandu).
- DFID (2010) *Review of the UNDP Electoral Support Project*. Department for International Development (London).
- Ferrazzi et al. (2010) *Local Governance and Community Development Programme – Mid-term Review*. November 2010.
- MFALD (2010) *Local Governance & Community Development Programme (LGCDP)*. Ministry of Federal Affairs and Local Government (Kathmandu).
- MFALD (2012) *Focused Evaluation: Local Governance & Community Development Programme (LGCDP)*. Ministry of Federal Affairs and Local Government (Kathmandu).

MLG (2008) *Programme Document - Local Governance and Community Development Programme (LGCDP)*. Ministry of Local Government (Kathmandu).

UNDP (2011) *Mid-term Evaluation of Five Year Strategic Plan (2009-2013) of Election Commission, Nepal (ECN)*. UN Development Programme (Kathmandu).

UNDP (2014) *Evaluation of Strengthening the Capacity of the National Human Rights Commission (SCNHRC) Project*. UN Development Programme (Kathmandu).

World Bank et al. (2008) *Joint Donor Appraisal of Local Government and Community Development Programme (LGCDP)*. The World Bank and others (Washington DC, November 2008).



## Annex F.4 Peace Support Programme, 2006-2013

### Overview.

#### Immediate objective:

The development objective varies slightly from phase to phase, but the second phase captures the content of all three phases, i.e. to ‘contribute to building a peaceful, democratic, socially just and economically prosperous Nepal, through an inclusive peace process’.

#### Rationale.

#### The situation before and after implementation.

The Programme attends the situation just after the Peace agreement in 2006 and until 2012. The evaluation describes the development of the context regarding peace from 2006 in the following manner. The Danish programmes have continuously reflected on Nepal’s place on its transition path. The interim strategy, in mid-2006, noted that Nepal was then not yet a post-conflict environment (*Danida: Danish Development Assistance to Nepal: Interim Strategy, 2006*). Two years later, the extension to the interim strategy refers to the need for strategic flexibility in a post-conflict setting, suggesting that Nepal was a post-conflict setting. The January 2008 PSP Phase I review then stated that “Nepal is currently in a process of post-conflict transition”. However, by September 2009, the review of the PSP’s second phase stated that: “It therefore seems that Nepal has not yet entered into a post-conflict situation, but only a post-peace agreement phase”. The programme document for the third phase of the PSP noted that “Nepal has not yet entered a fully stable, post- conflict phase of development”. The evaluation notes that any post-conflict definition is fluid, and the key question is whether this label signifies strategic or operational changes in the programme. It appears that the PSP programme documents reflect the understanding of the context at the time in which they were written. They pay attention to the particular nature of the post-conflict settings, with a focus on the need for flexibility – one of the principles for engagement in fragile states (OECD/DAC, 2007b)

**Documents consulted:** see bibliography.

Board Notice for PSP I, II and III, Programme Documents for PSP II and III as well as Joint Evaluation of the international support to the peace process in Nepal 2006-2012.

### Relevance.

Denmark’s assistance has broadly aimed to support the CPA objectives. The HRGGP objectives and indicators have generally been aligned with those defined in the Government’s 10th Plan/PRSP, and the majority of focus areas relate to the elements in the CPA. The PSP has similarly broadly supported the implementation of those aspects of the CPA on which the Nepali political structures have focused. However, support for the implementation of the CPA is broader than the PSP programme documents suggest. While the NPTF funding is very specifically in support of the implementation of the CPA, the funding via the UN and civil society has enabled and supported other aspects of the process including broader and greater community engagement. In particular, funding through the UNPFN has supported elements of the CPA that were politically difficult for the NPTF to address (such as the issues around registration of ex-combatants, discharge and rehabilitation of VMLRs, monitoring under UNSCR 1612 for child soldiers), where there needed to be an injection and building-up of national capacities that did not yet exist (such as action on clearing landmines) or where specialised UN technical and advocacy expertise could catalyse the opening up of new and innovative government responses to peace-building (such as on the NAP for UNSCR 1325, NPA for CAAC).

Denmark’s programmes rely heavily on their partners. For HRGGP, the design was aimed precisely at building the capacity of the strategic partners, and it was up to them to develop capacity to consult with beneficiaries. Preparing for the third phase included intense participation by strategic partners, but not comprehensive consultations with the beneficiaries. Previous phases were less participatory. As for PSP, stakeholder input into the programme design was effectively limited to the input collected by the two review missions for Phase I (January 2008) and Phase II (September 2009). The projects themselves were developed by the partners, rather than by PSP staff.

The Danish *Interim Strategy* and the *Extension to the Interim Strategy* for Nepal are in line with broader Danida development policy. They are also broadly in accordance with the fragile states principles. For example, the *Interim Strategy* states that, for support to the peace process, “the key must be to what extent the Nepalese actors see the need for and request the support of the international community or parts thereof”. This also aligns with the broader Danish commitment to the Paris Declaration (OECD, 2005) and the Busan Partnership document (ICG, 2011b).

The emphasis in the PSP on supporting the NPTF aligns with the policy set out in the Interim Strategy. While broader Danish development programmes in Nepal also are coherent with the Interim Strategy and overall Danida policies, programmes are generally managed in their individual silos, with little inter-linkage between them. The greatest integration has been between the HRGGP and PSP, with HUGOU staff sitting on the peace support task force that advised the PSP

Score: 6.

#### Efficiency.

The efficiency of the different elements of support for the Comprehensive Peace Agreement varied considerably for diverse reasons.

- **Election timetable.** The initial timetable for the Constituent Assembly elections was not realistic in the Nepalese context, given the need not only for voter registration and enabling legislation, but also the need to register undocumented citizens, and preparations for the elections might have been done more efficiently against a longer timetable. Donors tended to be averse to advocating any particular schedule.
- **Parliament size.** The Assembly that resulted from the elections was very large relative to the country's total population, having been increased above the size specified in the Interim Constitution by agreement among political parties (e.g. Seven Party Alliance, 2007). While small parliaments find it hard to maintain all the necessary communication pathways (committees, hearings, correspondence, etc.), large ones delegate more decisions to the executive or, as in this case, to political party leaders (*Joint Evaluation of the International Support to the Peace Process in Nepal*). Large, new parliaments are also prone to unproductive debates that delay complex decisions such as those to do with the agreement of a national Constitution. Donors tended to be averse to advocating any particular level of representation.
- **Corruption.** The clandestine nature of corruption makes it hard to assess its effect on efficiency. A Norwegian study (Alina Mungiu-Pippidi et al., 2011, p. 81) compared four aspects of 'good governance': adherence to the UN Convention against Corruption (UNODC, 2004); passage of a Freedom of Information Act (FOIA); establishing an anti-corruption agency; and appointing an ombudsman. It found that only the passage of a FOIA had a statistically significant impact on corruption, suggesting that interventions focused on transparency and information (including community radio, promoting inclusion, and giving a voice to communities), and which the key donors supported, may have been efficient approaches.
- **Joint funds.** The use of joint funds, such as the NPTF, or the transitional justice basket fund, is more efficient (for the development partners, at least) than separate funding would have been.
- **Promoting inclusion.** Efforts to promote inclusion are likely to require at least a generation to change the underlying cultural norms in Nepalese society, making it hard to assess their efficiency.
- **Cantonments.** As temporary holding facilities for armed combatants, the fact that cantonments were used for an extended period due to delayed implementation of the CPA and therefore demobilisation meant that they were expensive in financial terms, although far less so economically than prolonged conflict would have been.
- **Cash grants.** Giving people cash is an inherently efficient way to facilitate their adaptation to new circumstances, since alternatives (such as offering prescribed training packages) lack flexibility and offer fewer ways to encourage enterprise and creativity. The main problems are to do with fraud by the ineligible and exclusion of the eligible, and some such instances were reported although varied greatly from place to place and depended on the quality of the Local Peace Councils (LPCs) in each locality.
- **Truth & reconciliation.** The development partners provided technical support for the drafting of a Truth and Reconciliation Commission (TRC) bill, as well as encouraging and enabling victims' groups to articulate their concerns. This meant that the issue remained Nepali-owned, while the donors had the opportunity to add expertise to the drafting of the TRC bill.
- **Human rights.** Donor programming consistently promoted human rights, and enabled target groups to defend their rights better. This approach to addressing abuses has been efficient, as it has created the tools by which the people guilty of committing such abuses will eventually be called to account.
- **Financial transparency.** Unlike the UNDP Multi-Donor Trust Fund (MDTF) Gateway, a data sharing 'transparency-project' that provided financial data in real time to stakeholders and the public for the funds managed by UNDP, the Department of Political Affairs does not provide a similarly transparent long-term view of its funding, and only the Annual Reports for the most recent years are directly available on its website. Similarly, the 2009 evaluation report on the DPA, cited in the 2010 DPA annual report, is not available on the DPA website. Without even the most basic cost data (and similar comparative data for other missions) it is not possible to make any grounded assessment of the efficiency of the UNMIN mission.
- **Duration of the peace process.** The peace process was slow, being characterised by a pattern of political deadlock punctuated by 11th-hour agreements, and this meant that key donors ended up paying more than they had expected for many of its elements. The lesson to be learned, however, is that it is unwise to plan and budget inflexibly for necessary goals in *sui generis* circumstances that depend on collective learning and uncertain political events, interactions, and stages.

- **Distribution of costs of the peace process.** Since most of the costs of the peace process were borne by the Nepalese exchequer, the ability of donors to influence its agenda was limited.

Score: 4.

#### Effectiveness.

Support for some elements of the peace process was more effective than for others.

- **The elections.** The elections were in themselves effective, even if the resulting Constituent Assembly that they elected did not achieve the main task set for it – the elaboration of a new constitution. The success of the elections depended not only on the support of the development partners for the electoral processes or for the Comprehensive Peace Agreement, but also on longer-term support in areas such as education and civil society.
- **The Constitution.** The Constituent Assembly took a long time to draft a constitution. The reasons for this are complex, and are rooted in political competition between the parties, and the fact that the Constitution dealt with some issues in great detail, rather than just establishing a framework that could later be negotiated between the parties (Taagepera, 1999).
- **Role of parliament.** Heiniger (2011, p. 55) notes that there was a conflict between the function of the Constituent Assembly as a parliament, where the normal mode is competition between the parties, and as a Constituent Assembly, where the normal operating mode should be one of consensus.
- **Influence of donors.** The scope for development partners to influence the constitutional process was quite limited, but was further reduced by the lack of a common advocacy platform and strategic approach across the donors. Advocacy has been most effective where the development partners have been in agreement with each other. It should be noted that development partners had been addressing governance issues in Nepal prior to the CPA, and these efforts have continued, but during the CPA implementation process (2006–2016) Nepal was perceived as becoming more corrupt (according to the information provided in the *Joint Evaluation of the International Support to the Peace Process in Nepal*), despite some gains in some VDCs.
- **Cantonments.** The cantonment of the PLA was effective in reducing the level of intimidation overall. Interviewees reported that the Maoists had relied on intimidation and extortion to fund their struggle. Intimidation ceased as a significant factor after the first few years after cantonment began. However, in Gorkha, where there was no cantonment, increasing levels of Maoist intimidation were reported in 2012. This was mostly from the hard-core ‘rogue’ factions of the party, and may have been related to the then incipient UCPN-M/CPN-M split.
- **The ‘disappeared’.** The establishment of the MoPR was an important process in expediting cases of the ‘disappeared’ and providing financial compensation for the families. However, the impact of compensation has been less effective due to the variable performance of Local Peace Councils (LPCs). Additionally, some key groups of victims (such as victims of torture and sexual violence) have been excluded to date.
- **Truth & reconciliation.** Development partner support was effective in assisting the development of a draft TRC bill, which, while not perfect, at least conformed with international norms. However, this bill was derailed by political concerns, which is hardly surprising, given that some senior party figures and their clients were involved in serious rights abuses.
- **Human rights.** The development partners’ support for human rights protection has been greatest in the area of women’s rights and for the promotion of civil, political and socio-economic rights. Although the reality may not have changed much for many women, their legal position is now significantly different, and their actual position is slowly changing. Similarly, support for the reporting and recording of human rights abuses has also been effective, as has been the recording of continuing ill-treatment of detainees by the Advocacy Forum-Nepal. The least effective support has been in the area of transitional justice, because the parties to the CPA have not honoured their commitments in the agreement.
- **The United Nations Mission in Nepal (UNMIN).** UNMIN’s mandate to monitor arms and armies was a vital part of the peace process, making it possible for two sides with little trust in each other to remain in the cantonments and barracks, and to follow the CPA commitment on the military side through to completion. The UN reported few breaches, and these were mostly minor. It is notable that while the military process advanced rapidly with UNMIN mediation, the political and constitutional process occurred at a much slower pace.
- **Convergent and divergent interests.** All the political parties to the CPA were keen to demonstrate that Nepal was once again a democracy and to gain international legitimacy, all three main parties expected to do well in the elections, and all the development partners were keen that the elections should be held sooner or later. Thus, the convergent interests of all parties indeed resulted in elections being held. By contrast, the priority given to truth and reconciliation varied greatly among the different parties, including the donors who in effect represented patchy international interest in the matter, and progress was therefore less certain. Because many politicians and their supporters had committed abuses in the past, political motivations tended to be deployed more in favour of amnesty than of justice.

Score: 4.

#### Impact.

The key donors supported various actors in the time since the CPA was signed in 2006, and differences in pace, scale and kind of impact can be observed.

- **Elections.** The elections were repeatedly cited by interviewees in Nepal as one of the most successful elements of the peace process. Even though the elections were not perfect, they were broadly free and fair, and the results – although very disappointing for the former main political parties – were accepted by all. The success of the elections facilitated the implementation of other elements of the CPA. This has had a major impact on the whole process, including, however, changing what had been consensus politics into competitive politics (Markus Heiniger, 2011, pp. 54-55). Such changes may have been inevitable, as the first meeting of the CA formally marked the end of the monarchy as a political power in Nepal. The removal of this common threat to the parties may have paved the way for them to move to a more competitive stance.
- **The Constitution.** The delays in drafting the constitution have become an excuse for not implementing other key elements of the CPA, including those around land reform and the economy. This has had a significant negative impact on the scale of the peace dividend in Nepal. The other impact of the slow constitution process has been the continued fracturing of the Nepali political landscape. This is particularly dangerous in that it is happening in a constitutional vacuum. For example, CPN-M is clamouring for attention and is using low levels of violence to push its agenda, with the abduction of election workers and the sacking of electoral offices. The slow process may also have encouraged an increasing focus on “identity politics” that focus on the concerns of specific social groups (in that identity-based parties, instead of having to negotiate for their share of the cake, instead try to argue for rules – such as a particular federal structure – that guarantee them a set share of the cake).
- **Corruption.** Despite unprecedented donor investment in anti-corruption in the last 15 years, progress has been seen in only a few countries (Mungiu-Pippidi et al., 2011, p. 9). Nepal is not among the success stories.
- **Social change.** Some aspects of the development partner interventions will probably take much longer for any impact to be apparent. This is particularly the case with interventions that focus on societal change, such as changing the position of marginalised groups. Thus, only very limited impact can yet be seen for work that promoted inclusion. There are some headline successes, but deep-rooted problems remain. Other initiatives have as yet found expression only on paper. Thus, the work on developing the National Action Plans on UNSCR 1325 and 1820 and support for their implementation was appropriate, but they have not yet been implemented in any substantive way. This means that it will be some time before it will be possible to assess if this support has had any impact.
- **Demobilisation.** Overall, the demobilisation process was a success, as the PLA was disbanded and most former combatants were removed from the military environment. Civilians generally credited the presence of the cantonments for increasing their security significantly, due to almost complete suppression of criminal activity as a result of the military presence at the sites. Many interviewees regarded the demobilisation and disbanding of the PLA as one of the most significant impacts of the peace process.
- **Demining.** As part of the overall management and cantonment programme, Nepal was also cleared of its minefields, and is now free of landmines and improvised explosive devices. This is another extremely welcome impact.
- **Financial compensation.** The impact of financial compensation for victims and their families has varied, depending on the circumstances of the family and the amount received. For some, while the money was welcome, the main issue was that the people guilty of human rights abuses have still not been called to account, plus the fact that the fate of some of the families’ loved ones has not been clearly established.
- **Discrimination.** The support of focal development partners to end discrimination has had an impact, in that inequality and exclusion are now recognised as key issues to be addressed by all in all their activities. The ongoing support to civil society organisations (CSOs) has enabled them to continue raising their voice about issues affecting women, and poor and excluded groups, and to influence policy-makers.
- **Truth & reconciliation.** Nepal now has a TRC and Disappeared Law. However, this law does not comply with international norms, and nor, according to Nepali rights organisations, does it comply with Nepali law or with previous Supreme Court decisions. It is impossible for the evaluation to state what the impact will be, as it is not even certain that the current TRC law will withstand challenge in the Supreme Court.
- **Human rights.** Support from the focal development partners has had a significant impact on the monitoring of human rights in Nepal. Through their support, the data on the human rights situation is made available to the public, and all stakeholders use this as evidence. The education of women and men about their rights has also had a significant impact, in that their increased understanding and awareness of their rights has enabled them to speak out. There has been less impact on areas such as continued violence against women, and the structural violence implicit in the continuing discriminatory practices towards Dalits and other marginalised groups. The strengthening of NHRC – the key institution for human rights protection, promotion and monitoring – was not very effective, but the fact that, against the odds, NHRC could survive and continue to work is an achievement.
- **UNMIN.** Despite some flaws, UNMIN played a critical role in the peace process in Nepal and had significant impact, particularly in the demobilisation and disarmament process. The

work of UNMIN was coherent with the political efforts of development partners and complemented the financial and technical assistance that development partners provided for the peace process. While some argue that most of the work around the demobilisation and disarmament was done by the Nepali actors themselves, there can be little doubt that UNMIN contributed to sustaining the peace. The progress of the parts of the CPA that were mediated by UNMIN is in marked contrast to the elements of the CPA, such as the development of a new constitution, which benefited from no such support.

Overall, while some impact is already apparent, the longer-term impact of many of CPA elements supported by development partners has yet to unfold. Even impacts that look reasonably favourable now, such as demobilisation, may change if the demobilised find that they are marginalised and left without livelihoods. Thus, any of the favourable impacts identified here need to be considered in the light of a peace process that is still a long way from completion, and that there are major gaps in all four of the Utstein Peacebuilding Palette areas – the largest gap being in the socio-economic foundations.

Score: 4.

#### Sustainability.

The CPA was intended to deliver a sustainable peace in Nepal. Only some elements of the CPA have been implemented, however, while others have been held up by politics and some have been completely ignored. But it is possible to examine the extent to which different elements of the CPA were themselves sustainable.

- **Voting system.** The voting system used in the 2008 elections included parallel ‘proportional representation’ (PR) and ‘first-past-the-post’ mechanisms to ensure minority representation and the dominance of large parties respectively. The large parties have since agitated to reduce the PR component, through: (a) an agreement by the four main parties (which together won 82% of the PR vote and 86% of the first-past-the-post vote) to reduce the number of PR seats from 335 to 240 in the next CA elections (Republica, 2013c); and (b) a proposal to limit the award of PR seats to parties achieving more than 1% of the total poll, which would remove 13 of the current 25 parties (assuming the same pattern of voting and nominations as in 2008). This proposal has not been agreed by all of the government parties (Republica, 2013b). Press comment during the negotiations on the number of PR seats suggested that the four parties thought that one of the reasons for the failure of the CA to deliver a Constitution was that too many different groups were represented in the CA, making it impossible to reach agreement on any proposed federal structure. The majority of PR list voting systems incorporate a threshold for representation, ranging from 0.67% in the Netherlands to 10% in Turkey (Reynolds et al., 2005, p. 83). Some interviewees also commented that the costs of such a large assembly are not sustainable for Nepal in the long term. Such legal thresholds are intended to exclude from parliament extremists or those with very little popular support. The Parliamentary Assembly of the Council of Europe recommended in 2007 that such thresholds be no more than 3% (Parliamentary Assembly of the Council of Europe, 2007). However, the European Parliament is subject to a threshold of 5% if a list PR system is used (Reynolds et al., 2005, p. 142). The issue of the size of the CA is discussed further under ‘efficiency’.
- **Constitutional approach.** The constitutional approach taken in Nepal does not appear to be sustainable. The same pattern of political deadlock punctuated by last minute agreements has been continually repeated. Pledges to complete the constitution in three months (UCPN-M et al., 2011b) or in three weeks (CPN (UML) et al., 2012b) have not been fulfilled. The whole process is held up repeatedly by parties jockeying for political advantage.
- **Corruption.** A 2011 Norad report on corruption and anti-corruption in Nepal (Dix, S. 2011, *Corruption and Anti Corruption in Nepal: Lessons Learned and Possible Future Initiatives*, p. 3) makes the point that development partners will not be able to effect much change in the area of corruption without a change in governance regimes (from closed/particular to open/universal). Thus, sustainable change needs deep-rooted changes in the way that people do things. While donor-supported oversight projects can achieve temporary improvements, they face the problem of sustainability.
- **Discrimination.** There is complete consensus among the different groups of Nepalese society, Government and development partners about the necessity to address discrimination and respond to the priorities of women and poor and excluded groups. This is something that has become a sustainable part of the discourse in Nepal, and the support of development partners to this agenda has contributed to this.
- **Demilitarisation.** While the cantonment process very effectively dealt with the threat posed to the peace process by the PLA, it had no significant effect on the threat to the peace process posed by the new conflicts that emerged into the open with the signing of the CPA. The Maoists withdrew key fighters to the Young Communist League (YCL) (Carter Center study, *The Role of Political Party Youth Wings in Nepal*, 2011), presumably to maintain the possibility of direct action outside of the cantonments. However, the long peace process, and the disgruntlement of YCL fighters at their situation compared with that of those who stayed in cantonments and retired, has degraded their potential to act as an armed wing. The other threat to sustainability is the question of whether the ex-combatants will be able to achieve sustainable livelihoods or will be tempted to return to living by the gun. Two years after the departure

of UNMIN, it appears that the contribution on security, thus far, has been sustainable. There has been little, if any, violence related to the cantonments, and the arms have not fallen into the hands of violent groups. The CA elections, however, have not produced sustainable results as the CA was dissolved and new elections must be held.

- **Compensation.** In some instances, the packages have provided an important platform for family members to enhance their livelihoods. Interviewees reported that grant recipients did not use the initial grant of NPR 100,000 in a strategic way, but were more likely to use it for consumption than for trying to establish a livelihood. However, even those who acknowledged that their use of the first NPR 100,000 was not strategic, indicated that they intended to use the second tranche of NPR 200,000 more strategically.
- **Truth & reconciliation.** There are still outstanding cases that need to be processed and compensated, and significant progress has not been made towards the establishment of and accepted truth and reconciliation process. The overall progress has been marred by political posturing within the LPCs and the presence in the prevailing political systems of parties recently engaged in violent conflict. Clearly, TRC legislation that is not in compliance with international norms isolates Nepal, and is unsustainable in the long term.
- **Human rights.** The agenda of human rights has become a visible and core agenda in Nepal – a contribution of the intense work done by the development partners on these issues. The increased voice and capacity of human rights defenders is also a sustainable contribution of the development partners.

In conclusion, the fact that the peace has been sustained thus far is due in part to the support offered by the development partners. However, the slow pace of the peace programme, and the failure to provide a significant peace dividend and address such drivers of conflict as poverty, raise some questions about the long-term sustainability of the peace process.

**Score:** 4.

#### **Coherence.**

The *Joint Evaluation of the International Support to the Peace Process in Nepal 2006-2012* analyses how the intervention from Denmark correspond to agreed guidelines for assistance in fragile settings (i.e. *The Principles for Good International Engagement in Fragile States*, OECD/DAC 2007). While this definition of ‘coherence’ is slightly different to the Joint Evaluation Team’s use of the terms, it may be used as a proxy indicator of how the support to peace are linked with other development activities. Below the comments are made regarding each of the points in the guidelines for assistance in fragile settings.

#### **Take the context as the starting point.**

- Both HRGGP and PSP programme documents are based on the context in Nepal, and the reviews have found these to be adequate. The programmes have changed in response to the changing context.

#### **Do no harm.**

- Danish-supported programmes strengthened the voice of groups such as Dalits, which in turn challenged previously favoured groups. The broader development programme was not subject to any rigorous conflict analysis for do-no-harm, although the programme staff have highlighted conflict analysis took place in the programme design phase of HRGGP III and, to some extent, prior to PSP III. The embassy staff also participate in the BOGs (UN et al., 2010) working group, which provides guidelines on programming

#### **Focus on state building as the central objective.**

- Denmark has made a contribution to state building. In partnership with DFID, it has supported the LGCDP. This is a Joint Programme that aims to support local governance and community-led development in Nepal through a sector-wide approach. The planned police support project in the third phase is also an example of state building.

#### **Prioritise conflict prevention.**

- Denmark’s commitment to this principle is emphasised by the employment of a Conflict Adviser in HRGGP. The embassy has also supported a number of conflict-prevention and peacebuilding initiatives through work with partners such as Search for Common Ground and International Alert

#### **Recognise the links between political, security and development objectives.**

- While the PSP programme documents recognise these links, it is not clear that the owners of the peace process do so. The development elements are the least discussed or implemented elements of the CPA. National ownership constrains attention to these issues within the PSP, but other Danish projects address some of the development issue

#### **Promote non-discrimination as a basis for inclusive and stable societies.**

- The PSP has promoted non-discrimination to a limited extent, while the HRGGP programme has paid a lot more attention to these aspects, with specific projects addressing inclusion and the voice of excluded group

**Align with local priorities in different ways in different contexts.**

- Danish development assistance makes significant use of SWAps, thus ensuring alignment. The PSP provides strong support to the MoPR and the NPTF, again ensuring alignment with local priorities. HRGGP ensures local priorities are followed by engaging extensively with “strategic” local partners who have demonstrated their local influence in previous phases.

**Agree on practical coordination mechanisms between international actors.**

- Denmark, Switzerland and Finland all participate in the NPTF, where coordination has been good.
  - Switzerland is the NPTF DG Chair, and therefore at the heart of the donor coordination process for this fund. b. Switzerland and Denmark have coordinated with other development partners around support for a new pooled fund for transitional justice.
  - All three development partners have coordinated around the UNPFN. Denmark is the donor representative member of the Executive Committee of UNPFN, and so is deeply involved in the coordination of this fund.
  - Swiss and Danish support to the RDIF has been coordinated through a Steering Committee (with Danish, Swiss, AusAID and DFID representatives). This mechanism has sometimes found it a difficult challenge to play a strategic role because of time constraints on some of the representatives and inputs by the RDIF Secretariat.
  - Finland is leading on cooperation mechanisms among GoN, the development partners and INGOs in the field of UNSCR 1325.
  - The development partners (UN agencies, bilateral aid agencies, international financial institutions, and non-governmental organisations) developed a Peace and Development Strategy (2010-15). The strategy articulates how development partners could assist Nepal in the years ahead to realise the development agenda embedded in the CPA. The process was considered useful in terms of developing a shared analysis and informing NPTF clusters but the PDS was not subsequently used by the bilateral aid agencies.

**Act fast ... but stay engaged long enough to give success a chance.**

- The PSP programme was designed to act fast, leading to large amounts of unallocated funds in the first two phases. Flexibility greatly reduced in Phase III due to demands from headquarters and an increasingly unmanageable portfolio of many minor interventions. Fast action has at times been constrained by capacity limits within Government. Denmark has remained engaged with the peace process, and the current phase is due to continue to the end of 2013.

**Avoid pockets of exclusion.**

- Danish assistance has reached every part of the country. PSP and HRGGP have provided some limited support for groups that were previously discriminated against. In Phase II, the PSP funded Support Nepal to ensure the inclusion of minority rights provisions in the constitution, and provided funding support to the NGO Federation to move towards an inclusive and democratic Nepal.

Score: 5.

**Replicability.**

Many of the activities are the same as in ‘normal development’, including support to the most marginalised groups (Dalit, etc.), and this is highly replicable. Likewise, some of the successful peace support efforts, such as demobilisation programme, can be used in other conflicts.

Score: 5.

**Partner satisfaction.** No comment.

Score: -.

**Danish added value.**

The focus on marginalised groups is particular for Denmark, although in this report it seems that also Switzerland and Finland have activities. “Denmark, Switzerland and Finland individually, jointly and through various initiatives have supported Clause 3.5 of the CPA, which aims to “address the problems related to women, Dalit, indigenous people, Janajatis, Madheshi, oppressed,

neglected, minorities [communities] and the backward [regions] by ending discrimination based on class, caste, language, sex, culture, religion, and region and to restructure the state on the basis of inclusiveness, democracy and progression by ending present centralised and unitary structure of the state” (information provided in the *Evaluation of the International Support to the Peace Process in Nepal*). However, from other sources it is known that the Danish support to Dalit has a longer history (*Danida: Human Rights and Good Governance Phase I, Project Completion Report, Dalit 2003*).

**Cross-cutting themes.**

All three focal development partners (Switzerland, Finland and Denmark) have succeeded to a large extent in ensuring a conscious focus on gender and inclusion issues in their programme activities. This support has seen some successes – for example, the increased representation of women and people from different social groups in the CA enabled a more representative voice to be present in the policy-making processes.

**Connectedness.**

By default all activities were closely linked to the conflict situation in Nepal, and were therefore influenced by – and influenced – the situation. Due to its broad, flexible design interventions took place in most areas related to the conflict.

**Score:** 5.

**Bibliography**

Danida (2003) *Human Rights and Good Governance, Dalit Project Completion Report, 2003*. Ministry for Foreign Affairs of Denmark (Copenhagen).

MFA (2007) *Peace Support Programme, Phase I. 104.Nepal.56.KTM*. Ministry for Foreign Affairs of Denmark (Copenhagen).

MFA (2008) *Peace Support Programme, Phase II 104.Nepal.56-200.KTM*. Ministry for Foreign Affairs of Denmark (Copenhagen).

MFA (2010) *Peace Support Programme, Phase III 104.56.300*. Ministry for Foreign Affairs of Denmark (Copenhagen).

MFA (2013) *Joint Evaluation of the International Support to the Peace Process in Nepal 2006-12*. Ministry for Foreign Affairs of Denmark (Copenhagen).



## Annex F.5 Peace, Rights & Governance Programme, 2014-2018

### Component 1: Peace Building and Democratic Development

#### Overview.

#### The component has the following outputs and partners:

- Output 1.A.1: State institutions and non-state actors contribute to the peace process (partner: Nepal Peace Trust Fund);
- Output 1.A.2: Capacities and institutional practices for building sustainable peace are fostered and strengthened at the national and local level of society (partner: Governance Facility);
- Output 1.B.1: Enhanced institutional capacity of ECN as a basis for legitimate elections (partner: Election Commission Nepal supported by UNDP); and
- Output 1.B.2: Citizens, including marginalised groups, assume their roles, rights and responsibilities in relation to democratic participation (partner: Governance Facility).

#### Immediate objective:

- Strengthening sustainable peace and deepening democracy.

#### Rationale.

- Peace Trust Fund. The NPTF was recognised by the “Joint evaluation of international support to the peace process in Nepal” as the most promising mechanism to promote harmonised approaches to peace-building in Nepal and dialogue with relevant state institutions. While the NPTF still faces challenges, it has managed to produce significant results and has at the same time developed into a relatively effective and unique platform in a post conflict setting, for development partners to engage with the government and its different line ministries on peace-related issues.
- Elections. Holding free, fair and credible general elections is a pre-requisite for maintaining peace and stability in Nepal. It is also an important foundation for the on-going democratisation process. The Election Commission Nepal (ECN) is the permanent body legally entrusted by the Interim Constitution of Nepal with the mandate of preparing, conducting and supervising elections to the CA, parliament and local bodies. It also prepares and updates the voters’ roll, registers and monitors political parties during the election process. Assisting the government and legislature to improve the legal and regulatory framework governing elections is another key role.
- Governance Facility. Citizen participation in a democratic society must be based on informed, critical reflection, and on the understanding and acceptance of the rights and responsibilities of citizens. It also requires having an understanding of democratic processes, the structures, duties and obligations of state actors.
- Constitution building. Unallocated funds were set aside to continue to support the constitutional process which was not fully completed when the project started. Most informants agree that the promotion of the Constitution was a necessary step in order for Nepal to move forwards in building democracy, although it is debated whether the implementation of the Constitution will in fact lead to addressing the root causes of the conflict (1996-2006), or whether future adjustments of the Constitution are needed.

#### The situation before implementation of this on-going programme.

- Nepal Peace Trust Fund. Until 2014, the Fund has focused support on the repair of physical infrastructure, closure of cantonments, rehabilitation and integration of former Maoist combatants, and conduct of the CA elections. This has been widely viewed as a major success. However, comparatively little attention has been paid to softer aspects of the peace process and support to non-state/civil society actors has been very limited. Furthermore concerns remain regarding transaction costs, slow disbursement of funds, PFM and fiduciary risk (although work has been done in this area) and little planning for future projects. With the extension of the NPTF to January 2016, and completion of some of the core areas to date, there exists more opportunity to re-direct focus to these areas, and to promote the completion of outstanding CPA agreements.
- Elections. The ECN is a respected and independent institution accepted by all parties that enjoys considerable credibility among Nepali citizens. Denmark has supported ECN for nearly two decades - most recently through a multi-donor basket fund managed by UNDP and through projects funded by the NPTF. Since 2009, ECN has conducted a national drive on voter registration with photos and biometrics which has led to the registration of over 12 million eligible voters. It has also launched a special campaign to ensure that women and men from highly marginalised segments of the population obtain citizenship certificate, which would allow them to register as voters. Still, voter registration needs to be further expanded.

- Civil society. During the last five years, there is a much greater awareness among Nepal's population of human rights, particularly in relation to civil and political rights. Meanwhile, efforts to enhance people's knowledge of democratic citizenship in a broader sense has been fragmented, unsystematic and of varying quality.

#### Updates (half-way through the programme period).

- **NPTF.** In 2015 most of the donors withdrew from the NPTF, leaving only USAID and EU in the NPTF. The donors did not agree with, among other things, the law related to the mandate of Truth Commission which is not in accordance with international standards. A report dated 23 April 2015 stated that: "The Nepal Peace Trust Fund (NPTF) made an inauspicious start to its second phase on Wednesday, with five of its prominent donors—Denmark, Finland, Norway, Switzerland and UK's Department for International Development (DFID)—deciding to cease their financial support to the fund. The withdrawal of support from the five donors, who have been funding millions of dollars for reconstruction and rehabilitation since the beginning of peace process, meant the NPTF now has only European Union and USAID as its major donors. The two signed a new Joint Financing Agreement with the Government of Nepal on Wednesday. Germany, one of the initial donors, had pulled the plug on its funding after the integration and rehabilitation of former Maoist combatants in 2012. Government officials and diplomatic sources see the government's failure to address the transitional justice mechanism as per the international standards, delay in holding local bodies' elections, differences between the government agencies and donors over priorities and lack of transparency in financial dealings as the reasons behind the donors' move. 'Internal management of the fund like channelling over millions of rupees to Nepal TV and Radio Nepal to run peace related programmes in a very opaque manner has irked the donor agencies', said a diplomatic source. (<http://kathmandupost.ekantipur.com/news/2015-04-23/5-donors-pull-plug-on-support-to-nptf.html>). Regarding Elections, local elections have been held in 2017 in a satisfactory manner, although elections had to be split in two phases.
- **Elections.** Local elections were held in May and June 2017. The ECN is considered to have played an adequate role in ensuring that elections were free, fair and reliable. Political issues meant that the elections had to be held in two phases. The first phase had been successfully concluded with only minor incidents that did not affect the overall process.
- **Civil Society.** Early results have been achieved by the Governance Facility from its 27 lead partners and 36 consortium members, covering the period from late 2015 through December 2016, including initiatives relevant for peace-building (after an initial pilot-phase). For example, the Human Rights Protection and Legal Service Centre (HRPLSC) is one among several organisations attempting to break the isolation of conflict-era victims and to enable their participation in the Transitional Justice process. Other Governance Facility partners promote local community mediation, contributing to peace-building. At a general level, it should be mentioned that civil society organisations continue to play an important role in peace-building efforts. Other civil society organisation speak about the government institutions being more critical against CSOs. In 2017, the space for civil society organisations is still adequate, but some informants fear that the government will use new legislation to further control the content of the work of the civil society organisations and observe a danger for a shrinking of the space for civil society.
- **Constitution Building.** In 2015, a new Constitution was approved in Nepal, after almost a decade of debate. While the Constitution addresses demands for a new federal structure, many issues and root causes to the conflict are being touched upon, but how to solve these will depend on how the Constitution is being implemented. Some ethnic communities continue to be unhappy because of the boundaries of the new provinces, especially in the Terai - Nepal's long southern lowland strip bordering India, where recent years have seen tensions between lowlanders and highlanders who have migrated there over recent decades. Conflicts may continue to arise in these areas. Still, many Nepalis are relieved that the country has a new constitution after seven years of discussion and uncertainty.

**Documents consulted:** Programme Document (Sept 2013), UNDP (2015) Completion Report SPCBN; UNDP (2015) Mid-term Review of the Electoral Support Project to Nepal (2015), interviews with stakeholders and draft annual reports from the Governance Facility.

#### Relevance.

- The Peace, Rights and Governance Programme (PRGP) in general, and this part in particular, is aligned with the Comprehensive Peace Accord (CPA) and the Interim Development Plan in its overall design. Key priorities were reconfirmed by the National Planning Commission in 2011 as: i) strengthening economic stability and mainstreaming trade in development; ii) employment and poverty reduction through growth; iii) physical infrastructure to support any new federal structure and regional economic development; iv) sustainable peace and equitable growth; v) socio economic transformation through strengthening economic and social services; and vi) results oriented development through good governance and effective service delivery.
- The PRGP has also been designed to fit with the GoN's Good Governance and Human Rights Action Plans through its aims to mainstream human rights perspectives and to mobilise the promotion and protection of human rights.

- Furthermore, the design and overall objective of the PRGP are based on Denmark's overarching Strategy for Development Cooperation, *The Right to a Better Life*, in particular with regards to human rights, democracy, stability and protection. The Programme is also aligned with the Country Policy Paper for Nepal 2013-2017. The strategic approach of the Danish engagement in Nepal follows the Human Rights Based Approach (HRBA), with twin objectives of poverty reduction and the promotion of human rights. In the PRGP, the HRBA includes the principles of participation, non-discrimination, accountability and transparency.

**Score:** 5.

#### **Efficiency.**

The efficiency of the NPTF had clearly been reduced after 2012, and donors have criticised the management. The reporting of the use of the funds has not been adequate.

Support to the UNDP-ECN (Election Commission). The management of the project is efficient and has been able to deal well with the changing political landscape. Nevertheless due to an overly ambitious ProDoc, many key activities were not realised. The lack of a definite monitoring and evaluation framework at the beginning of the project was an issue that affected the project, which did not use indicators and targets.

The Governance Facility issued its first call for proposals in 2015. Efficiency has been affected by changes in modality and staff. An annual final report from 2016 was not yet ready in June 2017, but a draft report has been prepared which will be adjusted according to donors' comments. However, during its first year of implementation it managed to carry out the mentioned call for proposal as planned and enter into agreement with a number of CSOs as well as a few State organisations. Projects are therefore being implemented as planned. The Advisory Board of the GF has not met for a year (May 2017). Discussions have taken place between the three donors, Switzerland, Denmark and DFID especially in relation to Denmark's departure from Nepal, which have created doubts about the set-up.

**Score:** 3.

#### **Effectiveness.**

**Support to NPTF.** Since December 2013, there had been disagreements about the continued support to the NPTF, due to the discussion mentioned in the update above. As indicated, Denmark therefore withdraws from this support together with other donors. The unspent funds were instead committed to the support of the LGCDP II (component 2).

**Support to the Election Commission of Nepal (ECN).** The Mid-term Review of the UNDP-managed Election Commission support (Gomez *et al.*, 2015) highlighted: (a) that the project has developed a permanent voters register, although this should be reviewed in light of the earthquake; (b) that development of a district-level Geographic Information system has had a positive impact in many contexts (e.g. infrastructure, security); (c) public outreach needs to be strengthened to inform more people of the need to register as voters (in fact, the number of voters had fallen between 2013 and 2008 although voter turnout had increased); (d) In line with ensuring institutional memory, ECN, should be provided with more research skills and archiving skills, whereby the legal section is supported in creating a database for all of the complaints received in the prior elections. Interviews in May 2017 confirm that the ECN in the recent years have managed to introduce a gender policy so the ECN has more women among the staff. In 2013, 52% of the voters were women. Denmark has also promoted been vocal in introducing a focus on gender.

**Support to Participatory Constitution Building in Nepal (SPCBN).** The Completion Report of the UNDP-managed Support to Participatory Constitution Building (UNDP, 2015) concluded that the project has been highly effective in promoting social inclusion, in adapting to new political circumstances, in promoting revival of the constitution-making process, and in encouraging the Constitution to be prepared in line with the Comprehensive Peace Agreement. These initiatives were considered to be very influential and their impacts highly sustainable, not least because a new Constitution has indeed been formulated by the Constituent Assembly. Key outcomes were as follows.

- Support to the Constituent Assembly (CA). The SPCBN provided essential support to the functionality of the CA with substantive and logistic support. Since 2008, which is the year where the support started (and ended in 2015), SPCBN provided infrastructural assistance in particular for the setting up of the CA and its committees in the beginning and technical support to the constitution writing process through more than 10,000 dialogues, workshops, and interactions, more than 70 knowledge products at national and local level. The purpose was to help increase the knowledge of the CA members to have informed debates and negotiate with evidence.
- Citizens' participation in the constitution-making process. More than 600,000 people across the country were consulted and around 15,500 comments over the draft were collected through Facebook campaign and civil society outreach. A consolidated feedback in the draft constitution was submitted to the CA by the project. Capacity-Building for Stakeholders on Constitutional Issues: SPCBN broadened understanding of key constitutional issues among CA members, political leaders, civil society representatives, and Nepali citizens. Most notable

among SPCBN's achievements was the establishment of the Centre for Constitutional Dialogue (CCD) - an open, democratic, and neutral space to foster dialogue and supply stakeholders with critical resources on constitution making.

- Collaboration with civil society to promote inclusion. The project sponsored workshops, special events, and support to 'constitutional information centres' (CICs), while also facilitating coordination among international development agencies with the objective of identifying gaps, avoiding duplication, and maximising the impact of available resources.
- Political dialogue on constitutional issues. The SPCBN facilitated a number of dialogues among political leaders and their constitutional advisors on contentious constitutional issues, engagement with international experts to consider international and comparative best practice and assisted in the development of compromise options on key constitutional issues.
- Resource Development. The SPCBN generated extensive training material, civic education material and books for information about the constitution.

**Output on Governance Facility.** Several NGO initiatives were supported through a call for proposal mechanism, contributing to conflict resolution and mediation at local level. Early indications suggest that some of the results include:

- The Facility's support to partners (e.g. CeLLRd) has led to the establishment of community mediation centres, the resolution of many cases brought by members of communities, ownership of these processes by government actors nationally and locally, the referral of increasing numbers of cases to Nepal Police and legal aid providers, and a growing demand by communities for these services.
- The Human Rights Protection and Legal Service Centre (HRPLSC) is one of several organisations attempting to break the isolation of conflict-era victims and to enable their participation in the Truth & Justice process. One aspect of this work is the strengthening or creation of mechanisms that enable this engagement. This includes the Local Peace Committees as well as more infrequent facilitation of interaction as requested by victims with the Truth & Justice commissions.

**Score:** 5.

#### **Impact.**

Insufficient information on the impact of this particular component of the PRG, although regarding most interventions (NPTF, civil society, constitution building, ECN) any impact may be said to build on previous peace and human rights/governance programmes (see impact of these).

**Score:** -.

#### **Sustainability.**

**NPTF.** An evaluation is being carried out in July 2017 by USAID that is expected to include considerations on the sustainability, and the EU will likewise make an evaluation. Both donors have continued supporting the NPTF after Denmark and other donors withdrew. The sustainability of the overall peace process seems to be well on track. However, some informants have indicated that there is still a lot of grievance in the population; for example from the victims of the human rights violations during the conflict 1996-2006 and from Madheshi population. The needs of those groups – and the continued inequality in the country – means that the continued peace cannot be taken for granted.

**ECN.** Interviews in May 2017 confirm that financial sustainability of the ECN is good: the Government has been willing to assign more funds to the ECN and there are also a considerable number of donors which will continue supporting the ECN. The credibility of the ECN also seems to be high.

**Civil society.** The sustainability of the civil society organisations which receive funds from the Governance Facility may be affected of the fact that Denmark is leaving Nepal earlier than envisaged. This has created discussions with the two other donors, of which only one seems interested in continuing this effort.

**Constitution.** The implementation of the new Constitution seems to be on track since the local elections were carried out as planned as a first step towards establishing the federal structure in Nepal.

Overall, while the programme is still under implementation, apart from the civil society organisations that depend on the Governance Facility, most of the processes supported seem to be sustainable.

**Score:** 5.

**Coherence.** Based on the available information, all the component's implemented actions are connected, including with other components and Danida programmes. The peace process, the constitution building and strengthening of civil society are considered to contribute to more stability and democracy, which is also necessary for other components (e.g. on local governance) as

<p>well as for the promotion of the Danida supported inclusive growth programme (Unnati IGP).</p> <p><b>Score:</b> 5.</p>
<p><b>Replicability.</b></p> <p>Nepal is a unique case, but, while the support to NPTF from 2006-2012 were considered highly successful and replicable to other post-conflict situations, the NPTF's recent history is much less so. Support to constitution building may be done in other countries in a similar situation, although the process was quite prolonged in the case of Nepal (and it may be that constitution-building is a process that cannot and should not be rushed). It is yet not clear whether the Governance Facility set-up will be successful and to what extent it will be replicable. The model of GF's 'predecessor', DanidaHUGOU, is already being used in other parts of the world, indicating the need for an independent advisory unit in countries with a sensitive governance situation. The strengthening of the ECN has, overall, been successful; and an area which Denmark may continue to support in other countries as well as a good instrument to promote stability and democracy.</p> <p><b>Score:</b> 5.</p>
<p><b>Partner satisfaction.</b></p> <p>According to interviews in May 2017, the former staff in the ECN has praised Denmark for being a 'special donor', which is easy to work with and does not impose own agendas. Also, Denmark has been flexible and quick to act. In the case of the Governance Facility, some partners find that the new approach with a 'results-based framework' already affects them: the focus on specific projects has made them give up basket fund arrangements or long-term activities which may have had a bigger impact.</p>
<p><b>Danish added value.</b></p> <p>Regarding the Governance Facility, some – but far from all – of the characteristics of the DanidaHUGOU set-up has been included. In fact, some partners state that the change from strategic partnerships to shorter projects based on a results-based framework will not improve the work, since the strategic partnership helped the partners create a strategic, long-term vision and also included capacity building efforts regarding internal strengthening on good governance within the organisation as well as improved financial management procedures. In the ECN, the interviews from May 2017 indicate that Denmark has promoted a gender policy within the ECN. Likewise, Denmark had the characteristics of being flexible, non-imposing and open donor. Within the NPTF, Denmark had – until 2013 – focused on "soft values", including gender issues. For example, ensuring that new police stations constructed would include both female and male police staff, and detention centres a place for female prisoners.</p>
<p><b>Cross-cutting themes.</b></p> <p>The UNDP-managed SPCBN project dedicated special effort to the issue of inclusion, with emphasis on enabling the meaningful participation of women and excluded groups in the constitution-making process. It promoted widespread, balanced, and meaningful public engagement in Nepal's constitution-making process by facilitating political and civic dialogue programs throughout the country. Likewise, both the ECN and the Governance Facility include explicit reference to gender equity in activities.</p>
<p><b>Connectedness.</b> Support to the NPTF and the implementation of the new Constitution should help address the needs of marginalised groups, and head off potential conflicts related to them. Strategic neutralisation of diverse but unpredictable threats to sustainability, prosperity and success clearly addresses connectedness issues.</p> <p><b>Score:</b> 5.</p>
<p><b>Component 2: Local Governance</b></p>
<p><b>Overview.</b></p> <p>The component covers 75 Districts, 58 Municipalities and 3,915 Village Development Committees (after several changes, there are 744 Local Bodies in 2017). It was approved in 2013, so there is some overlap between LGCDP phases I and II. It has the following outputs and partners:</p> <ul style="list-style-type: none"> <li>Output 2.1: Management capacity and institutional framework strengthened for improved efficiency and effectiveness of service delivery (partner: Ministry of Federal Affairs and Local Development, MFALD).</li> </ul>

- Output 2.2: Citizens and communities actively engaged with local governments and holding them to account (partner: MFALD).

#### **Immediate objective(s).**

- The MoFALD Programme Document for LGCDP II (August 2013), states the immediate objective as being “to improve local governance for effective service delivery and citizen empowerment”; the Danida Programme Document for the Peace, Rights and Governance Programme, 2014-2018 (September 2013) says instead: “responsive and accountable local governance for effective service delivery and citizen empowerment”, which places an increased emphasis on accountability.

#### **Rationale.**

The LGCDP II is GoN’s flagship programme for bringing together actors in support of improved local governance and community development. The LGCDP Phase I support trialled a number of measures to establish a model SWAp in the local governance sector, for example by incorporating project structures (the PCU and CCUs) into the Ministry, integrating donor funds into the blended block grant system, improving the management of fiduciary risks and other similar changes. The Mid-term Review and Focused Evaluation of LGCDP Phase I support acknowledged many achievements in building and extending the Ministry’s service delivery capacities at both national and local levels. Meanwhile, international experience suggests that building capacity for devolved local government and new relationships between local agencies and local people is a slow process. Thus, as LGCDP Phase I support drew to a close, many of its approaches, structures (e.g. community groups, CACs and WCFs) and practices could be seen to have potential but were not yet fully consolidated or institutionalised. LGCDP Phase II support is intended to correct this through continued investment.

#### **The situation before this on-going programme.**

The Programme document for LGCDP II describes the following situation in 2013, at the beginning of the programme:

- The most significant achievements of LGCDP I have been the re-establishment of links between state and citizens in the aftermath of the conflict, the reinforcement of participatory planning process in the absence of elected officials and the creation of citizens’ institutions across the country. The programme has promoted inclusive and participatory development and built government partnerships with Civil Society Organizations (CSOs) and Non-Government Organizations (NGOs) for citizens’ empowerment. The allocation of fiscal transfers has been rationalised and a performance culture has been introduced at the local level. LGCDP I has also promoted social accountability processes like public audit, public hearings and social audit throughout the country. As well, the programme has been highly successful in mainstreaming disadvantaged groups into the development process by taking a rights-based approach to local governance.
- More specifically, LGCDP I has: (i) involved more than 770,000 citizens in WCFs in 3,817 VDCs and 387 Municipal wards in local level planning processes using 741 local service providers to facilitate that engagement; (ii) implemented a GESI strategy to ensure that the social mobilization process was inclusive of women, children and DAGs; (iii) established a Local Governance Accountability Facility for promoting downward accountability in the local governance system; (iv) increased the level of unconditional capital grant funding to LBs three-fold; (v) developed and implemented a system of performance-based intergovernmental fiscal transfer system known as the minimum conditions and performance measures (MCPM) system; and, (vi) implemented a system of capacity development grants to LBs that allows them to manage their own capacity development agendas. These achievements are discussed in detail below.

**Demand Side Activities.** The LGCDP has followed a transformative approach to social mobilization which uses local service providers to organise communities into Ward Citizens’ Forums and Citizen Awareness Centres in order to engage citizens in local governance processes and to ensure that the country’s most disadvantaged groups are informed about their rights and that their demands are included in LB planning processes. By 2011/12 WCFs were functioning in 97.5% of all wards and in 85% of all municipalities nation-wide - 45% of the membership of these bodies were women (MoFALD, 2012). 35% of WCF members had participated in VDC or Municipality council meetings. In that single year over 33,000 WCFs proposed 106,280 community infrastructure projects, of which 36,900 were approved. By that same year, 4,082 CACs had been formed, involving nearly 110,000 persons, of whom 73% were women. Concurrently, the Local Governance Accountability Facility (LGAF) established under the LGCDP had contracted 75 civil society organizations to conduct expenditure reviews, expenditure tracking exercises and public hearings of local bodies for holding them to account. On another front, the LGCDP’s gender equality and social inclusion programme has piloted a project to train men and women citizens, a cross-section of local body secretaries, line agency officials, gender equality watch group members, women members of NGO, and members and social service providers in 10 districts in the GESI mainstreaming of planning processes and in GESI responsive budgeting and auditing.

**Supply Side Activities.** The LGCDP has organised local body staff orientation and training programmes in the areas accounting and financial management, poverty monitoring and analysis and child friendly local governance and information and education and communication messaging. Using their own capacity development grants, District Development Committees (DDCs)

and municipalities have installed computer software related to bookkeeping, vital registration and social security programming and organised various training programmes on policy guidelines, local level planning, accounting and financial management, leadership development and GESI and CFLG strategy implementation. Up to the end of 2011/12, a total of 58,073 community infrastructure projects worth Rs 13.28 billion had been provided to citizens by local bodies from blended unconditional and top-up grants of which 39.6% were road projects, 13.0% were education sector projects, 11.1% were clean drinking water projects and 36.3% were social sector projects (health, economic activities, environment, irrigation, etc.). Over 152,000 households are now benefiting from the irrigation of 19,109 hectares of land.

**Performance-Based Grant System (PBGs).** This was likewise introduced during LGCDP I. Guidelines that were prepared early in the programme are now being reviewed and updated and MoFALD is in the process of introducing a results-based management system in the local bodies. The system evaluates the annual performance of Local Bodies according to indicators such as planning and budgeting, financial management, fiscal resource mobilisation, transparency budget releases, and programme contribution. Performance is measured using ‘Minimum Conditions’ and ‘Performance Measures’. The first takes the basic functions of Local Bodies into account, so if a Local Body fails to meet any of the Minimum Conditions, it will not be eligible for PBGs but only for ‘minimum secured grants’ and ‘capacity development grants’. The second covers additional functions that determine how much more or less a Local Body will receive if it meets all the Minimum Conditions.. In 2011/12, 85% of DDCs, 87% of VDCs and 91% of municipalities were in compliance with its minimum conditions and had received a top-up grant. In terms of public financial management and fiduciary risk management, auditing guidelines that prescribe standard methods for carrying out audits and preparing audit reports have recently been prepared. In 2011/12, the Office of the Auditor General (OAG) conducted performance audits in 5 districts, covering 70 VDCs and 4 municipalities. The OAG report made 36 observations requiring attention. MoFALD has also prepared a Public Expenditure and Financial Accountability and Fiduciary Risk Reduction Action Plan (PEFA-FRRAP) which amalgamates public financial management and related fiduciary risk management programming into a single action plan to improve LB transparency and accountability in their financial transactions. Finally, MoFALD has signed a number of Memoranda of Understanding with International NGOs aimed at harmonizing the Ministry’s social mobilization programming with theirs.

#### **Updates (half-way through the programme period).**

- LGCDP II has made an important contribution to further improve the relation between citizens and the state through its support for the WCFs and the CACs, in which an estimated 4-5% of the total population is engaged.
- However, as indicated in the LGCDP Mid-Term Review in 2016, the amounts allocated to each project grant at local level are small compared to the demands of the population In other areas. As can be seen below, the same review indicates that too much emphasis may have been put on the demand side – an issue that should be addressed in future phases of the programme.
- Below the status for the outputs reflect the most recent progress.
- After the LGCDP II, a new programme will be formulated which will focus on consolidating the new federal structure. Many of the present structures supported within the LGCDP II may not necessarily exist any more (e.g. Ward Citizen Forum, Local Governance Accountability Facility), since the 744 Local Bodies will have elected representatives who will fulfil many of the roles that the WCF fulfilled.

**Documents consulted:** LGCDP II (Programme Document); LGCDP Mid-term evaluation (Dege Consult, 2016).

#### **Relevance.**

The Programme is indicated to be the flagship programme for the government on local governance. Most donors are committed to supporting it, and it is understood to enjoy high levels of public approval. The 2016 Mid-term Review states that: “in assessing the continued relevance of the programme the crux is in the relation of the three components as mentioned in the objective of the programme: citizen empowerment, local development and service delivery, as well as in the right balance of attention for each of these three components. The rationale of the programme must be understood in that by empowering people, they know what services to ask for and assure a better spending of public money, hence leading to improved public service delivery, which in turn is expected to contribute to local economic development, whereby in the end the latter two start reinforcing each other as more local economic development increases the LB’s own revenues leading to larger budgets for service delivery, etc. Hence the rationale starts with creating the demand side, to put pressure on the supply side, which also will be supported to become more effective and efficient. The explicit mission for LGCDP-II was to pay attention to the supply side. So far, and in part because of the circumstances of a prolonged transition period in the country, the emphasis within the programme has been heavily lopsided towards the demand side (outputs 1 and 2).”

**Score:** 6.

### **Efficiency.**

The 2016 Mid-term Review questioned whether the use of many small investments at local level may be the most efficient way to carry out a programme. Successes in social mobilisation and creating voice and demand may contribute to a lower value for money, as the available resources are fragmented into many small projects, with higher overhead costs and low quality. In order to satisfy as many demands as possible (amongst others from the Ward Citizen Forums), many small projects are awarded or bigger projects are awarded in stages, which means that the construction of even a classroom may take three years. This spreading of funding over several years has a serious implication for the annual planning exercises, which become redundant as in year-1 the Local Bodies had already committed a serious part of the budget for the next year (or years) or pay the price of only partly completed projects.

The huge number of small projects, the implementation of which may be stretched out over years, poses a serious challenge for proper technical guidance. The set-up is bound to be inefficient and there are serious concerns about the effective use of the capital development grants. This as much as people appreciate them - and this is probably the issue: small capital development grants were initially needed to (re)build the relation between citizens and the state. But as this happens on a learning-by-doing basis, the arrangements need to evolve. This type of policy development has not been LGCDP-II's strongest point also as the Technical Assistance arrangements were not conducive in picking such issues up. In part this goes back to the fact that the focus was on other things - but it highlights the need to take a step back and look at the more structural/institutional issues around Local Bodies and service delivery. Efficiency of grant use can be improved by certain relatively simple measure (of imposing a minimum project size, introducing the requirement that projects need to be completed in 1 (or 2) year. It will make the planning more difficult because 'hard' choices have to be made - but that is what prioritising and planning is all about. Proper planning for efficient resource allocation of public funds is certainly not about 'keeping everybody happy with an empty shell'. That may work for a short while, but for the longer term there is need to strategize about the next steps. Which brings the discussion back to the point as raised in the previous paragraphs, highlighting the need to also start paying attention to the supply side of local service delivery.

For the aspects of technical assistance and capacity development programme management i.e. output managers and staff in MFALD seem to be overloaded with regular MFALD duties. Despite the fact that LGCDP-II appears totally integrated in the MFALD structure, according to themselves, they have to perform their LGCDP assignments over and above their regular duties making it difficult to find time and energy for these assignments. It can be questioned if the current set up is the ultimate organisation solution for programme management. Programme implementation for capacity development is slow and few seem to have an overview of the programme and its activities. The LGCDP programme managers only meet ad hoc and there is no real regular interaction and/or communication between the units.

At an overall level, the Mid-term Review indicated that it had been difficult to assess the relation between input and output, since the exact expenditure per output was not clear. However, the same review states that most focus have been given to the outputs 1, 5 and 7 of the nine outputs.

**Score: 3.**

### **Effectiveness.**

As outlined in the Programme Document (MoFALD, 2013), LGCDP-II is composed of four outcomes, nine outputs and, as described in the Strategic Implementation Plan (SIP), seventy different activities. The outputs are as follows.

#### **Output 1 (Citizens and community organizations are empowered to actively participate and assert their rights in local governance).**

- There are three main activities:
  - Placement of over 4,500 social mobilisers, one for each Village Development Committee (VDC), employed through a local service provider;
  - hiring of over 500 Local Service Providers each providing (next to the VDC mobilisers) one person to oversee these VDC level social mobilisers (around 10 person on average); and
  - Provision of a flat annual grant of NRP 30,000 to each of the over 4,500 Citizen Awareness Centres (CACs), that reach out to mobilise the ultra poor and provision of one-off community livelihood grants (the livelihood improvement programme and community infrastructure grant).
- Output 1 also deals with the establishment and institutionalisation of the Ward Citizen Forums (WCFs), which are sub-VDC level groups of some 27 people representing different walks of the community, that, in the absence of the elected councils, serve both as 'transitional substitute' for elected councils enabling structured citizen participation in local public sector decision making as well as play a watchdog/oversight function. In general, the WCFs have five functions as follows:
  - to support local bodies in planning and enable ward level needs to be expressed;
  - to monitor actions and involvement in project implementation;



- to provide civic oversight of line ministries (an activity that is yet to materialise);
- to help reduce social malpractices; and
- to support the national government in the execution of national programmes

**Output 2 (Accountability mechanism for local governance are in place).**

- This deals with the Local Governance Accountability Facility, application of accountability tools by the WCFs and civil society led compliance assessments. The establishment of a grievance handling system, that initially fell under output 6, is now also under this output.

**Output 3 (Local bodies' access to resources increased).**

- This deals with expanding the Local Bodies' tax base and own revenue generation. At the same time, in the LGCDP-II budget (see below) this component deals with all the conditional and unconditional grants that the Ministry (MFALD) sends to the local bodies (DDCs, municipalities and VDCs respectively). In terms of volume, there appears to be a huge imbalance between the grants (USD 1.2 billion for the grants) and the local revenue.

**Output 4 (Public financial management system improved).**

- This is concerned with the fiscal management that mainly comprises of activities to improve the accounting systems, procurement, financial reporting, fiduciary risk mitigation and audit.

**Output 5 (Institutional and human resource capacities of local bodies and central agencies involved in local governance strengthened).**

- This is directed to achieve "Institutional and human resource capacities of LBs and central level", embraces mainly three elements:
  - implementing generic capacity development programmes for LB staff;
  - improve LB capacity for LB service; and
  - strengthen the Local Development Training Academy (LDTA) at the central level.

**Output 6 (Access to and quality of local infrastructure and other socio-economic services administered by local bodies are improved).**

- This deals with service delivery by Local Bodies, which in the present context is focussed on (limited to) vital registration, registration for and payment of social security benefits, community mediation and small scale VDC level infrastructure, for which output 6 seeks to introduce technical standards.

**Output 7 (Strengthened integrated planning, budgeting, monitoring and evaluation and coordination amongst local governance actors).**

- This covers the planning for 'service delivery', and is the custodian of the 14-step planning model that is presently being revised (to make it more simple).

**Output 8 (Refined policy on local governance and improved inter-agency cooperation).**

- This focuses on improving the existing governance system at the sub-national level in the transition period, through preparatory work such a reviewing decentralisation, preparing a fiscal decentralisation road map, re-activating the long-dormant Decentralisation Implementation and Monitoring Committee, rationalising the jurisdiction of local bodies, and developing/codifying relevant guidelines and manuals.

**Output 9 (Policies developed for devolution and federalism).**

- This targets policy development for local bodies under the new dispensation, such as by facilitating preparation of necessary documents by MFALD's Federal Affairs Unit and the Local Government Restructuring Commission.

**Overview of performance.**

Reviewers have the impression that donor basket funds have been used primarily in Output 1 and secondarily in Outputs 5 and 7. "There is no doubt that the results of social mobilisation are impressive, as is the scale of the operation with over 4,500 social mobilisers all over the country. WCFs are appreciated by those involved and have been well established as was shown in them taking up their roles with the earthquake relief operations. The link up to the VDC level IPFCs which, after the all-party mechanism, play a role in resource allocation (as otherwise an elected council would do) and in some instances seen, these IPFCs had a positive impact on social cohesion. Through the Citizen Awareness Centres, the LGCDP played a role in the 'silent revolution' that is taking place in the country. As per the original budget, some 42% of the total assigned budget was earmarked for Output 1 and although the exact share of expenditure cannot be

calculated, it is probably more than all other outputs combined. Obviously, some outputs (such as output 8 and 9 around policy development) require by their nature less (financial) resources as compared to others; but even though, as discussed in Chapter 5, it appears that relatively little was done for the important topic of capacity development of LB staff. The general observation is that, over the years, social mobilisation ‘got a life of its own’, thereby overshadowing the other outputs that were supposed to deal with policy and institutional issues around the supply side. As much as the CACs can be seen as the lowest level of a vocal citizenry, the way the activities shaped up, notably with regards to the project grants (the community infrastructure grants and livelihoods improvement grants), drew the attention further away from the structural and institutional issues around LBs. Chapter 2 showed that ‘project grants’ (which are fundamentally different from the institutionalised intergovernmental fiscal grants) constitute only a small part of the total grants - yet they receive most attention of the entire ‘project machinery’. Effectiveness is influenced by context. In the first years of the LGCDP a focus on social mobilisation made perfect sense.” (DEGE Consult, 2016).

LGCDP has made a tremendous contribution to improving relations between citizens and the state through its support for the WCFs and the CACs, in which an estimated 4-5% of the total population is directly engaged. These institutions have instilled a sense of ownership in development planning, and there is a general perception that because information as well as resources are more widely shared, accountability for the use of those funds has improved. Visits to projects funded with grants, however, showed that the LGCDP risks becoming a victim of its own success. Because of the enormous and increasingly-expressed demand for public goods and services, the amounts allocated to each project are extremely small - and sometimes the total project costs (of e.g. one classroom) is spread out over three years, thereby reducing the need for annual plans (as one plan binds the budgets for three years or otherwise results in all kinds of unfinished projects).

Regarding the specific issue of the PBGS, which Denmark and other donors had been promoting in earlier phases, it is important to note that only a minor part of the central government’s fund are transferred to Local Bodies. The Review in 2016 notes that: “Only about NPR 2.43 billion is directly linked to MCPMs or in other words only about 16% of the entire LB’s grants are linked with the MCPMs system. Therefore, despite the high degree of GoN ownership for the performance based grant system the actual allocation for the system is covering a smaller share of the total allocations with a high level of entitlement. International experience would suggest that the more coverage of the MCPMs the more effective the “carrot and stick” approach becomes in trying to leverage change and reform at local government level. Discussions around these topics, however, do not seem to have been very high on the agenda during implementation of LGCDP-II”

**Score:** 4.

#### **Impact.**

LGCDP-II is considered a flagship programme, not least because of its sheer scale, with MFALD staff as well as social mobilisers in all VDCs and all urban wards in the country. As such, the Programme has made a great contribution to mobilising people and giving them a 'voice' (through IPFC, WCF and CACs), and such has been achieved at a national scale and there is no other social mobilisation programme that can make such a claim. Managing such a programme (even for output 1 alone) is a monumental task that cannot be easily overestimated. The ministry and the concerned staff should be credited for that. Through the IPFCs, WCFs and CACs, the programme would have interacted, and in most cases changed the mind-set, of well over a million people (at least 4-5% of the total population, maybe more). Whereas, on the demand side good progress is made (and impact to show for) the supply side remains wanting. Even in the absence of a new constitution the mid-term review would likely have come to the same conclusion, that more attention is needed for the supply side. The adoption of the new constitution last year is only an extra reason, which at the same time provides a fantastic opportunity to re-arrange the focus of the Programme; not because what was done was not good but because something else is also needed. The second phase of LGCDP was by and large a mere extension of the first phase, in part because the context had not yet changed enough to make a clearer move to the supply, even though the latter was the underlying assumption.

**Score:** -.

#### **Sustainability.**

Such achievements as the changed mind-set, even though not always easy to pinpoint or measure, are real and will be sustained as empowerment and enhanced capacity in all those individuals. The activities to provide people with voice were part and parcel of a wider picture where also supply of local service delivery would be addressed, and in a way that in the end, the ‘voice’ would find its institutional home in a ‘representative and responsive locally elected council’. As mentioned above, it has been a concern that the grants provided may be very small and not able to satisfy demands properly. Regarding the Performance Based Grant System, this has in general been very useful and important. However, in 2015/16 it is only a minor part of the funds that Local Bodies receive which are transferred using the PBGS. Also, after 2017, the new federal structure will imply that the PBGS will have to be adjusted so that new performance criteria are defined. In May 2017, this – and other issues of the new federal structure – were still being discussed. It was noted by some informants that it is yet to be seen how strong the political will to

decentralisation is in Nepal: although Local Bodies will receive considerable budgets; a big share of those grants from central government may be conditional. <b>Score:</b> 5.
<b>Coherence.</b> The very comprehensive programme is in fact contributing to involvement of the citizens, and has also been of importance for other Danida interventions, first and foremost the support to the Governance Facility. NGOs like SAMAGRA, Community Self Reliance Centre and the Dalit organisations have benefitted from the Ward Citizen Forums and the Citizen Awareness Centre. <b>Score:</b> 5.
<b>Replicability.</b> The Programme will be continued, and despite all its problems, it is an important example of how donors can harmonise around a national programme. <b>Score:</b> 5.
<b>Partner satisfaction.</b> Those who formulated the programme and the present governmental unit in charge of the LGCDP are very satisfied with the programme. In general, the same goes for the citizens involved in Ward Citizen Forums and Citizen Awareness Centres. Some of the donors and informants observed that more could have been done to ensure that the programme grants were of an adequate size in order to satisfy the citizens' demands. One of the participating donors also stated that too little policy dialogue between the Government and Development Partners had been carried out. Dialogue had mainly focused on specific outputs without discussing the overall picture for decentralisation.
<b>Danish added value.</b> Denmark seems to keep relatively low profile during the second phase of LGCDP, and did not contribute with own, written contributions to the mid-term review in 2016, despite many other bilateral donors doing so. However, main focus areas for Denmark, such as the Social Mobilisation, Local Governance Accountability Fund and the PBGS are still important part of the programme.
<b>Cross-cutting themes.</b> Attention to Dalit interests is maintained through the Citizen Awareness Centres. The Mid-term review (Dege Consult, 2016) "noted, with few exceptions, the absence of women among the employees of MoFALD, in DDC's, municipalities, VDCs and RCUs. It is peculiar to find so few women in a programme that aims to contribute to gender equality." As for GESI, positive achievements were noticed, in particular through the Citizen Awareness Centres, many of which have successfully taken up issues of gender and caste discrimination. On field visits in the Far-West female CAC members voiced a clear refusal of the chaupadi practice, while they spoke about their right to register for citizenship (which important as the basis for accessing a number of other public services). These are all commendable achievements that have brought some fundamental changes to peoples lives, although it should also be noted that LGCDP is not the only change agent in the field.
<b>Connectedness.</b> The LGCDP II will be completely changed as a result of the new federal structure. Many of the interventions that the Programme deals with, e.g. support to Ward Citizens Forum will be changed, since new local authorities will be elected. The performance based management system will be adjusted, since the size of the local bodies will be changed. However, all parties have known this and a one-year bridge has been agreed so that the programme is expected to continue with a third phase. <b>Score:</b> 4.
<b>Component 3: Access to Justice and Human Rights</b>
<b>Overview.</b> The component contributes to the following <ul style="list-style-type: none"> <li>Output 3.A.1: The capacity of the national justice sector to realise people's rights and constitutional guarantees improved (partners: Supreme Court and MoLJCAPA supported by UNDP through the Strengthening the Rule of Law and Human Rights Protection System in Nepal Programme, RoLHR).</li> <li>Output 3.A.2: Improved national legal aid system with revised policy, legal framework and more effective legal aid centres (partners: Supreme Court and MoLJCAPA supported by UNDP/ RoLHR).</li> <li>Output 3.A.3: Increased number of poor and marginalised women and men have increased access to legal aid and community-based mediation services in accordance with international human rights standards (partner: Governance Facility).</li> </ul>

- Output 3.B.1: The National Human Rights Institutions and government institutions are better able to fulfil their human rights mandates and treaty obligations in a coordinated manner (partners: NHRC and other national HR organisations supported by UNDP).
- Output 3.B.2: Capacity of civil society organisations and communities to monitor and promote human rights strengthened (partner: Governance Facility).

**Immediate objective(s):**

- Access to justice and human rights enhanced for all.
- Note that the underlying documents exist for the different interventions (e.g. the RoLHR Programme with UNDP, the support through UNDP to the National Human Rights Commission and for the Governance Facility) which all have specific objectives, outputs and activities. In addition, unallocated funds have been provided to other stakeholders, such as the Danish Institute for Human Rights (under ‘Enhancing Human Rights Protection in Law Enforcement and security agencies in Nepal’), and to the Office of the Prime Minister and Council of Ministers in relation to the Universal Periodic Review.

**Rationale.**

The Danida Programme Document for Peace, Rights and Governance (2014-2018) indicates a number of reasons for supporting human rights and strengthening access to justice. The protection and promotion of human rights in Nepal is the foundation for maintaining peace and is critical to the conflict transformation process. Some of the human rights issues that are key to building peace and a harmonious society include social inclusion, addressing crimes committed during the conflict, land rights and gender equality. Access to justice, and in general, the development of the rule of law in Nepal, faces several constraints, including:

- an inability to bring offenders to justice;
- limited access to justice, especially for disadvantaged groups;
- institutions responsible for the administration of justice have constraints on resources, hardware, staffing and capacity which causing substantial delays and worsening trend in backlogs and make it difficult to administer justice efficiently and effectively;
- there is a lack of coordination and communication among the many institutions of the justice sector;
- the absence of a Constituent Assembly hampers progress by, inter alia, preventing the passage of new or updated legislation; and
- Nepal has yet to establish a credible system of transitional justice to address crimes committed during the Maoist insurgency and there have been few attempted prosecutions in the civilian courts for conflict-time abuses.

**The situation before implementation.**

Up to 2013, development efforts were narrowly focussed on specific institutions and projects, but opportunities are slowly emerging to promote systemic change across the justice sector. Previous Danish support to justice sector institutions presumably reflect needs and included the following:

- Office of the Attorney General: Tackling impunity by strengthening prosecutorial capacity; baseline survey; crime trend research and analysis centre, manuals on human rights and related training of OAG and justice sector staff to monitor rights at district level;
- Police: Initially a broader modernisation programme undertaken jointly with DFID but procurement difficulties prevented implementation. Support was provided to assist with criminal investigation and forensics. During implementation support to exchange between the Danish and Nepalese Police was introduced.
- Office of the Prime Minister: Denmark supported preparation of GoN’s response to Universal Periodic Review of human rights and a project to strengthen development of a new NHRAP, implementation of UPR recommendations, as well as implementation and monitoring of treaty body observations.
- International Commission of Jurists: Denmark supported a justice sector reform project to address the barriers, at local and central levels, to access to justice faced by vulnerable women affected by gender violence.
- International Center for Transitional Justice and International Commission of Jurists: Denmark has taken lead in establishing a basket fund on transitional justice with donors.
- CeLRRd: Denmark has for several years supported the strategic plan of CeLRRd including its work on community mediation, trafficking, and legal aid in prisons.
- Advocacy Forum: Together with Switzerland, Denmark has supported the work of AF to among other things provide legal aid for detainees, reporting human rights violations and filing

cases with national and international bodies, and supporting victim groups on transitional justice issues.

**Updates (half-way through the programme period).**

Opportunities are slowly emerging to promote systemic change across the justice sector and especially in the following fields; the Police (modernisation, human rights training through the Danish Institute for Human Rights); the continued support to the Office of the Prime Minister (resulting in slightly better preparation of the 2015 Universal Periodic Review of human rights) the CeLRRd (continued to consolidate a model for community mediation, legal aid in prisons); the Rule of Law Programme, supported through UNDP (had a specific focus on socio-legal aid to marginalised groups and women and adjustments of legal framework in accordance with the new Constitution); National Human Rights Commission (is gradually increasing capacity to influence national human rights discussion while also ensuring higher degree of sustainability and managing to reduce backlog of cases). Issues related to transitional justice and human rights violations during the conflict not yet resolved

**Documents consulted:** Danida: Programme Document: Peace, Rights and Governance (2014-2018), interviews in Nepal during 2017. Progress reports from components of the Peace, Rights and Governance Programme.

**Relevance.**

Support to the first two outputs is channelled through the UNDP programme management in a co-financing arrangement with other donors. The first output includes UNDP management of the RoLHR programme, with focus on socio-legal aid to marginalised groups and includes support to national justice sector dialogue and strategy development. Piloting and monitoring of new low-cost initiatives to improve access to justice and administration of justice in ten districts means that the target group's needs are being prioritised. The interventions are to a very high degree in accordance with the overall Danida value statement that people have 'a right to a better life'. The issue of non-discrimination and gender is particularly strong in this component, although Denmark depends on UNDP for implementation. Support to CSOs that provide legal aid and carry out advocacy (e.g. the Advocacy Forum on torture), supplements assistance to the State institutions, and highlights another dimension of Danida's strategy: participation (in advocacy). UNDP also manages support to the NHRC in a co-financing agreement with Switzerland, which is completely aligned with the Danida strategy. Support to the Governance Facility is a logical continuation of the previous support to DanidaHUGOU: Denmark regards a strong civil society as an end in itself and as an important prerequisite for long-term poverty reduction and promotion of democratisation as well as creating both inclusiveness and cohesion in society. Supporting CSOs that can provide legal aid, mediation at local level and other alternative ways to resolve conflicts supplements the support to duty bearers' promotion of access to justice. In many areas, there are simply no state institutions, or else they are unable to tackle conflicts at local level, so CSOs play an important role.

**Score:** 5.

**Efficiency.** Very different partners participate in this component. Regarding the UNDP Programme, donors have not been satisfied due to frequent changes in staff and periods without a national programme coordinator. Also, in the case of the support to the National Human Rights Commissions, donors have also found that the coordinating donor UNDP could have been more efficient. Finally, in the case of the Governance Facility, some delays have taken place during the change of coordinator and staff. The annual report from 2016 is only available in a draft version (June 2017). The project to support Nepal law enforcement agencies, including the Nepalese Police, is on track and is considered to be efficient. All the mentioned information is based on interviews.

**Score:** 3.

**Effectiveness.**

- The UNDP Programme has had important progress in the field regarding socio-legal support to marginalised groups (a total of 15,600 vulnerable persons have been reached). Likewise, 30 bills have been passed which will adapt legislation to the Constitution.
- The National Human Rights Commission is slightly off-track, also due to delays in other part of the governmental system. However, it informs that it has responded to complaints and responded to more than half the backlog of 11,000 conflict-era cases (only a bit more than 4,000 are left).
- It is not yet possible to fully assess the progress of the governance facility. A draft annual report for 2016 has been prepared but does not explicitly refer to the original outputs in the programme document. In general, it has carried out activities as planned, a call for proposal has been made and described early results of its 27 lead partners and 36 consortium members which has an agreement with the Governance Facility. An example of a case related to access to justice is Community Self Reliance Centre (CSRC)'s *Work on Land Rights – The Challenge of Policy Reform and Implementation*: For over 20 years, CSRC has been advocating for pro-poor legal frameworks and provisions that ensure full and better protection of land rights holders and

their entitlements. Joint lobbying by CSRC and National Land Rights Forum (NLRF) ultimately led to an amendment of the 1964 Land Reform Act on Tenancy in August 2016, providing landless tenants with land security. Registered tenants now have the right to claim ownership of 50% of their land while the other 50% remains with the landlord. By the end of 2016, 231 tenants acquired land under the new law out of 2,220 tenancy claim applications that have been filed at the District Land Reform Offices. The CSRC leadership is supporting continuing dialogue among public institutions, landlords and tenants in four districts (Rupandehi, Sarlahi, Bardiya and Sindhupalchowk) in order to ensure effective and equitable implementation of the new legislation and to address implementation issues that have started to emerge in some places. In the process, CSRC is also generating evidence that provides support to its continuing advocacy role.

- The DIHR-anti-torture project seems to be on track and has satisfactory results, as can be seen from the relevant Case Story. An independent mid-term evaluation indicates that it already seems to have an impact of police behaviour (May 2017); more information is presented in the case story.
- As mentioned, the component is still being implemented.

**Score:** 4.

**Impact.** Cannot be determined yet after 2 years of implementation.

**Score:** -.

**Sustainability.**

The rule of law/UNDP programme may not be sustainable in itself, since donors are not sure to continue supporting the programme. However, the government has increased budget to legal aid. Likewise, the support to adjustment of more than 30 laws so that they are in accordance with the 2015 Constitution gives an element of sustainability to the activities. Sustainability is likely for: the National Human Rights Commission (since in addition to a doubling in staff numbers, from 149 in 2010 to 309 expected in 2018, it also has more recognition, such as its report being tabled for discussion in Parliament); the Election Commission (from the state budget); Phase II of the LGCDP SWAp; activities of the Rule of Law Programme (from donors and government, the latter having increased the budget for legal aid); and for most partner NGOs (from increased fund-raising capacity). Sustainability is also expected for the whole system of governance based on the 2015 Constitution and the 2017 local elections, but there is a continuing risk of shocks and reversals, especially at smaller scales but also with the potential for major upsets surrounding the future of the 'Madhesi' parts of the Terai. Sustainability is questionable for NGOs dependent on the support from to the Governance Facility, since its future is still unclear; and most Danida-dependent CSOs after Danida's departure. The activities supported by the Governance Facility are not assured sustainability either, although one of the donors (DfID) seems to want to continue the set-up. The DIHR project will need additional funds to continue its activities, but the already supported activities seem to continue: Most of the small projects carried out by police staff are assessed to continue, and some standard operating procedures have been approved regarding how the police should behave in certain situations (when they relate with detainees).

**Score:** 4.

**Coherence.**

On paper, the activities are well-connected and coherent, since the Governance Facility supports NGOs providing legal aid, and the UNDP Programme supports state institutions that provide socio-legal aid or collaborate with NGOs. However, until now there have been few direct links. Some donors that support the Governance Facility have expressed doubts about its coherence, since its activities seem diverse and scattered. A review may look into this later in 2017.

**Score:** -.

**Replicability.**

The DIHR-anti-torture project may well contain elements that can be replicated elsewhere.

**Score:** 4.

**Partner satisfaction.**

Most partners are satisfied with the collaboration. Some of the Governance Facility partners are worried that the project focus will make it more difficult to create synergy between activities.

**Danish added value.**

The UNDP staff indicated that Denmark had promoted a clear focus on gender issues and the rights of the marginalised people, and ensured that all outputs and results of the Programme have explicit focus on these issues. In this sense, Denmark has managed to influence a joint donor financed programme and make sure that key priorities from Danida's strategy are integrated adequately. Under this component, the Embassy has entered into an agreement with the Danish Institute for Human Rights which is providing assistance to the Nepal Police, the Armed Police Force (APF), and Forest Officials and Security Guard, involving also research through the Kathmandu Law School and advice from the Danish Police.

**Cross-cutting themes.**

Gender and support to marginalised groups are explicitly mentioned in practically all activities.

**Connectedness.** Rule of Law/UNDP Programme is affected by the context, since it cannot provide advice on legislation if the political will to change is not present. The same goes for the support to the National Human Rights Commission.

**Score:** 4.

**Bibliography**

DEGE Consult (2016) LGCDP II Mid-term evaluation. MoFALD (Kathmandu).

Gomez, C.S., Malla, U.N., & Finlay, S. (2015) *Mid-Term Review of the Electoral Support Project (ESP) to Nepal*. UNDP (Kathmandu).

Hossain, M.Z. (2017) *Mid-Term Evaluation Report on Enhancing Good Governance, Human Rights Protection and Law Enforcement Situation in Security Agencies and Criminal Justice Actors in Nepal*. University of Chittagong (Chittagong, Bangladesh).

MFA (2014a) *Danida Programme Document: Peace, Rights and Governance Programme 2014-2018*. Ministry for Foreign Affairs of Denmark (Copenhagen).

MFA (2014b) *Enhancing Human Rights Protection in Law Enforcement and Security Agencies in Nepal*. Ministry for Foreign Affairs of Denmark (Copenhagen).

MoFALD (2012) *LGCDP Annual Progress Report: 2011/12*. Ministry of Federal Affairs and Local Development (Kathmandu).

MoFALD (2013) *LGCDP II Programme Document*. Ministry of Federal Affairs and Local Development (Kathmandu).

UNDP (2016a) *Annual Progress Report 2016: Strengthening the Rule of Law and Human Rights Protection System in Nepal Programme (ROLHR)*. United Nations Development Programme (Kathmandu).

UNDP (2016b) *Annual Progress Report 2016: Strengthening the Capacity of National Human Rights Commission Project*. United Nations Development Programme (Kathmandu).

UNDP (2016c) *Completion Report for Support to Participatory Constitution Building in 2015*. United Nations Development Programme (Kathmandu).

UNDP (2016d) *Annual Report 2016*. Governance Facility (Kathmandu).

## Annex F.6 Tax Reform (VAT) Programme, 1997-2015

Support for Administrative Reforms within the Revenue Administration, Nepal (based on the Programme Document for 2001-2004)
<p><b>Overview.</b></p> <p>The development objective of the Project is to establish an efficient and effective organisation, which would: (a) support the process of the establishment of a single effective and efficient revenue authority, which is organised by the major functions of taxes rather than by specific tax; and (b) support the macroeconomic stabilisation effort and national funding of development activities by improving the fiscal position of HMG/N.</p> <p><b>Immediate objective:</b></p> <ul style="list-style-type: none"> <li>• To enable the Inland Revenue Department to generate increased tax revenues from income tax and VAT with a minimum of evasion and leakage. This would be achieved by: <ul style="list-style-type: none"> <li>○ merger of the VAT Department and Tax Department as well as merger of the local district offices under these departments;</li> <li>○ an Inland Revenue Department capable of collecting revenue in an efficient, effective and fair way;</li> <li>○ improved knowledge of economics, commerce, e-commerce, and law in the Inland Revenue Department;</li> <li>○ increasing the transparency of public revenue collection and reducing the level of tax evasion and fraud; and</li> <li>○ ensuring efficient collection of Income Tax and VAT.</li> </ul> </li> </ul> <p><b>Rationale.</b></p> <p>Around the world there have been established a practice to merge various revenue units into one department in order to make tax administration more simple, transparent and effective. Under this system, the taxpayers have to visit only one tax office for all taxes and they receive better services at lower compliance costs. The programme therefore supported the unification of the Tax and VAT Departments as a priority, and expecting that the customs administration may be joined at a later stage.</p> <p><b>The situation before and after implementation.</b> <u>Before implementation (1990s).</u> Attempts were being made to collect a multiplicity of taxes on goods and services, non-compliance, evasion and corruption in the fiscal system were rampant, and government revenues were weak and unpredictable. <u>After implementation (2010s).</u> Collection of the unified VAT seems to be going well, and government revenues from all sources including VAT have expanded dramatically and sustainably in absolute and real terms, while remaining at a fairly constant share of (a massively increased) GDP.</p> <p><b>Documents consulted:</b> see bibliography.  Danida (2001, 2004, 2010, 2015), Acharya (2016).</p>
<p><b>Relevance.</b></p> <p>The intervention must be considered highly relevant in attending problems within the administration of Nepal. All available documentation indicate it is consistent with partner government policies as well as with Danida policies.</p> <p><b>Score:</b> 6.</p>
<p><b>Efficiency.</b></p> <p>A Danida informant states that the introduction of VAT through the Danida-supported project is remarkable, since in a short period of time Danida successfully introduced a VAT system that has become a highly valued source of government revenue. However, from the 'spot observations' provided by Danida (2004, 2010a, 2010b), there are no indications that Danida for its part should have financed other activities than they did. The programme completion report goes as far as indicating that "no major external (political etc.) as well as internal (attitude of staff etc.) issues were confronted during the implementation of the Project". This is surprising since the front page indicates a five-year delay from envisaged implementation period to "actual programme</p>



period”. The 2004 review concluded that growth in revenue was well above what would have been expected from GDP growth alone. Revenue growth of this magnitude exceeds the cost of the project by more than a factor of 10. It was the opinion of the review mission that the project in general is cost conscious buying goods and services locally when possible and relevant. The budget cuts in the Danida contribution have also necessitated a careful expenditure policy. Efficiency is severely hampered by the fact that all envisaged outputs were delayed because of the suspension of the project in 2005 – and thus more costly – than originally envisaged. However, this low efficiency is mainly due to external factors; first and foremost the conflict. This may be summarised as follows: “During the implementation of the Project, it faced the already forecasted risks of political instability, frequent changes of government averaging one government per year, violence, transfer of trained employees, frequent changes in tax related policy and provisions, lethargic working style of the tax administration, traditional working styles of the employees, lacking of sufficient staff, smuggling problem caused by the open border with India and China, the pressure from business community, non-issuance of bill by business community and so on.” (Impact Assessment Study; Dec 2005). The delays after 2005 would give a low score in efficiency; however until 2005 the project has worked very efficiently.

**Score: 5.**

### **Effectiveness.**

Suspension of the programme in 2005-2006 means that there are gaps in reporting. The last available report indicates that the project was only partly resumed in 2007 in order to spend the unused funds of the second phase of the project. A progress report (not available) covers 2008-2009, and the last report the period 2009-2010. However, in the last report there is no overall presentation of outputs. The most comprehensive assessment is made in the impact study from 2005. Effectiveness is reported in terms of highlights from 1997-2005

#### **Result 1 (training and infrastructure).**

- Training was one of the major components of the Project. As per the objective, the Project also spent large amount in training within and outside the country. The trainings organised within the country trained 3112 officials whereas foreign training benefited to 37 officials. The impact of training was found positive in increasing efficiency and productivity.
- The whole VAT system and parts of the income tax system were computerised. Several modules were developed covering registration, returns, payments, refunds, accounting system, assessment system, selection of taxpayers for audit etc.

#### **Result 2 (tax policy and law).**

- One technical advisor and one national advisor were provided by the Project, whose one of the duties was to provide tax advice to IRD and government as a whole regularly. It is found from the study that their advices relating to taxation were very useful to introduce new policy and to restrain government from going back from current policy.
- During the project period, Income Tax Act, 2002 and their Rules, and VAT Act, 1995 and their Rules were published regularly by IRD incorporating all the amendments brought by the finance ordinances/amendment bills, in support of the Project, which were very useful to tax administrators, taxpayers and judiciary. This practice of IRD did not take place sufficiently after the suspension of the Project, which is causing very inconvenience, especially, to tax administrators outside Kathmandu Valley.
- The respondents' views relating to new Income Tax Act were mixed. Basically, they opposed the Act on ground of its language complexities. In implementation side, advance ruling and administrative review system were said to be less useful. They opined that the advance ruling was not given on time and in case of administrative review, IRD used to take longer period than prescribed by Act.

#### **Result 3 (tax administration and management).**

- The tax administration in Nepal was traditional before the introduction of the DANIDA assisted Project. The Project helped in changing it to modern tax administration.
- Although the efforts were not sufficient, the corruption was reported to be decreasing, the efficiency and transparency in tax administration increasing, and the tax-payers were treated as responsible citizens. In summing up, the cost of tax collection to tax-payers, government and economy as a whole seemed successful in reducing to some extent.
- Most respondents reported that the simplicity and convenience to taxpayers was increased to some extent due to unification of Departments and Offices, division of work on functional basis and computerization of the system. Establishment of a large taxpayer unit was also positive move towards this direction.
- Due to training opportunities, exposure visit and extension of educating materials, most of the tax officer's level of knowledge, especially, the young one's was found to have increased. They seemed to be motivated and committed to reform.
- Staff turnover was found to be a major problem of tax administration. The training data revealed that not only every staff had participated to the training but given a number of trainings to the same staff on different subjects. However, 27 percent of the tax collectors were found still without any training. After the project suspension, the training could no longer continue and

if the existing turnover kept on, there might be a situation where IRD and IROs would have no trained staff.

**Result 4 (tax-payer awareness).**

- Public awareness campaigns sought to educate tax-payers on VAT and related issues. Brochures, handbooks, manuals, pamphlets, documents, street theatres etc. were produced and disseminated to IROs. The public awareness programs were found very useful to change the attitude of the taxpayers towards the tax administration.
- Most respondents considered that the tax-payer education programme was weak and bureaucratic. There was no tax-payer participation in developing materials and organising the campaign. It was felt during the field visit outside Kathmandu Valley that such programmes were ineffective.
- The numbers of tax-payers and the volume of tax revenue were found to be increasing both in income tax and VAT. But the non-filers in income tax, probably in considerable extent and increasing trend of taxpayers filing credit return, zero return, and non-filers in VAT created alarming situation for coming years. The administration should think seriously in this respect.

**Result 5 (macroeconomic stabilisation and decentralised financing).**

- The main goal was to strengthen the macroeconomic situation in Nepal through increased revenue mobilisation, and in turn to strengthen decentralised governance through the transfer of revenue to local bodies. Since the project period was exceptionally violent, these goals could not be achieved in full. The programme was found to have contributed to macroeconomic stabilisation, however, even though the average annual rate of GDP growth declined from 4.9% before implementation to 3.6% during it.
- Over this period:
  - the average revenue:GDP ratio increased from 10.6% to 12.3%;
  - the average tax:GDP ratio increased from 8.3% to 9.5%;
  - GDP:tax ratios in VAT and income tax increased;
  - the unit cost of collecting taxes declined, especially in sectors where the programme assisted - GDP:land revenue ratios declined while GDP:excise and GDP:customs ratios increased marginally, and GDP:income and GDP:VAT ratios increased significantly;
  - development expenditure did not increase, probably because of increased security and other expenditure;
  - the average annual fiscal deficit declined from 8.2% to 6.8%; and
  - the overall investment rate and public expenditure be increased during the project period.

**Score:** 5.

**Impact.**

The 2004 review concluded that increased security costs had prevented government from spending its increased revenues on poverty reduction, education and infrastructure, although investment levels were probably maintained at a higher level than would otherwise have been the case. Other points include the following.

- On capacity building, the project has had a significant impact on the structure of the IRD leading to a smaller administration and more cost effective administration - doing more with less people and less offices as indicated in the section. Also, IRD management has the potential to benefit greatly from the different management planning tools and training that they are exposed to.
- With the assistance of the project, the IRD has been able to set up a computerised system for tax collection and enforcement. This includes reviewing work processes, developing genuine Nepalese software based on this review, and training operators for using it. As a visible impact, some core processes are now performed automatically. The implementation of the Income Tax software (ProTax) that will include more than tax payer registration will be a significant step forward.
- According to the impact study, there is evidence that the amount of tax collected has increased and some evidence that the Danish support has contributed to this.
- The impact study also states that the Project was successful to increase taxpayers both in case of income tax and value added tax. These increased tax bases were instrumental to increase government revenue despite the political instability in the country. In case of income tax, the number of taxpayers was 3728 in 1990/91 and increased to 12501 in 1996/97 with an annual growth of 20.4 percent while it increased to 188768 in 2004/05 during the project period. The average annual growth constituted 22033 taxpayers indicating 43.5 percent during the project period. The total taxpayer for three months of 2005/06 reached to 191047. As in case of income tax, the number of VAT registrant increased from 4664 in 1997/98 to 40711 in 2004/05 crossing the 40000 target of the Tenth Plan

- As one of the development objectives of the Project was to support macro economic stabilization effort and national funding of development activities by improving fiscal position of HMG/N, the Project is successful to support macro economic stabilization to some extent despite the political instability in the country. The verifiable indicator as specified in the logical framework of the project document is higher revenue growth rate than GDP growth rate.
- From the analysis of macroeconomic data it was found that real revenue growth is higher than real GDP growth in all fiscal years under the project period. The average annual growth of real revenue constituted 5.9 percent as against 3.6 percent real GDP growth (Table no. 4.8). However, it is lagging behind the desired level of growth. This clearly shows the accomplishment of the development goal of the Project.

The 2005 impact study makes the following observations.

- The tax reform process assisted by DANIDA in Nepal was concentrated on VAT/income tax administration. It did not cover sufficient assistance to other departments under MOF like Revenue Investigation Department, Customs Department, RATA, Revenue Tribunal, judiciary and private sector. Since, they are strongly linked to each other, the reform process in isolation cannot work effectively. The slow progress of reform in DANIDA assisted program too is the result of this piecemeal arrangement.
- The replacement of sales tax, hotel tax, amusement tax and contract tax by VAT was appropriate decision for the improvement of tax system in Nepal. But, the preparation especially related to educating the taxpayers and getting cooperation from them was insufficient, which are still causing difficulties in implementation. As a matter of fact, it is still not getting support from some corners of the business community. The reasons do not relate to VAT itself and billing enforcement but also relates to traditional customs administration, lack of proper monitoring from tax administration, open border with India, high rate of customs, and lack of strong commitment from the government and so forth.
- The replacement of Income Tax Act 1974 by the Income Tax Act 2002 was a positive step towards improvement of tax system in Nepal. The later Act is very much more comprehensive and compatible to modern tax system, and the Nepalese economy as well. However, due to complex language and some other ambiguities in the later Act, and inefficiency of IRD on advance ruling and administrative review, it has still been lagging behind to receive support and confidence of taxpayers.
- The joint management approach used by the government and donor partners proved to be very effective, with a very transparent and flexible working modality.
- With little efforts like orientation on e-filing, not only the work-load of officials is reduced to a great extent but also the time and other resources of taxpayers is saved.
- The experience shows that even a project managed by a small team of members and with little resources can really have positive impact for capacity building of an organization like IRD (maximum output with minimum input).
- The use of officials as resource persons in training programmes is effective, since discussion on live cases/ practical problems can be held in the training sessions, and this helps the participants to understand and resolve the issues facing them in their day-to-day work.
- Intervening in the administrative reform of government revenue arrangements is a long term task, in which only slow progress can be expected.

The 2010 Completion Report attributes the following changes at least in part to implementation of the programme:

- tax legislation is more transparent;
- tax collection increased faster than GDP growth;
- the unit cost of tax collection decreased;
- procedures were redefined and became more reliable;
- the capacity of the IRD and IROs was increased, particularly through information and communication technology;
- tax documents were prepared, printed and circulated;
- capability of revenue staff increased; and
- public awareness on tax administration increased.

**Score: 5.**

#### **Sustainability.**

The 2004 review addressed sustainability comprehensively, including an assessment of the need for follow-up on human resources development. It observes that “a preliminary assessment whereby 75% of staff is placed on the first two levels of a competency ladder. It indicates to the mission that there is now a need for focusing on a long term Human Resource Development

Policy / Plan to improve organizational performance. Focus must be kept on a continued and increased number of training activities in functional oriented tax issues, as this training is an imperative to achieve the competent level and to lay the basis for increased taxpayer compliance.” Neither the 2005 impact assessment nor the 2010 completion report mention the issue of sustainability, but it is stated that Nepalese government institutions are hoping for additional funding in order to continue the reform process. For example, the IRD had already initiated a digital ‘e-tax’ programme and was expecting further support in this area (which being part of the overall governance system was a priority area of the government). At a larger scale, Danida support was considered strategic in terms of promoting overall sustainability. It was unclear if the Ministry of Finance had sufficient budget to continue all the activities started under the programme, but improvements in capacity should have been considered to be self-financing and ought to be sustainable.

**Score:** 5.

#### **Coherence.**

The programme seems to have been well integrated into Ministry of Finance (MoF) priorities for this area. Likewise, at least during part of the implementation period, it was well coordinated with other main donors, such as through the co-financing arrangement with GTZ. A limitation of the support was that it was only able to focus on one specific department in the MoF, implying that the support though well coordinated with MoF tended to be somewhat isolated. The 2004 review states that “Throughout the project implementation there continue to be regular contact and co-ordination with projects in the Ministry of Finance or HMG/N funded by other donors. ADB has been supporting a Nepal Civil Service Reform Project since early 1990-ties. The project is part of a string of efforts to implement Civil Service Sector Reforms starting with the Administrative Reform Commission's recommendations in 1992 and 1999. This reform programme started to be implemented at the end of the fiscal year 2003. ADB is also involved in a Financial Sector Reform Program. Only potential overlap with work by Danida/GTZ in the revenue collection sector is possible support for improving the export procedures in the Department of Customs.”

**Score:** 5.

#### **Replicability.**

In the sense that the programme has contributed to establishing a system with the potential to grow by incorporating more tax-payers, the system is already being replicated with Nepal. From the point of view that lessons learned can be used in other programmes within Nepal or elsewhere, the lack of surviving documentation is a problem, although it can be assumed that the donor community in Nepal would have observed the process and technical advisers and diplomats would have contributed to spreading key ideas and practices worldwide thereafter. The fact that Danida's efforts on tax administration reform in Nepal began in 1997 would put Denmark at or near the front of global attention to this issue, which was prioritised by the World Bank during the 2010s and endorsed by the G8 in 2013 and subsequently by the G20, and is still leading to proposals such as the UK's for developing a Tax Administration Diagnostic Assessment Tool (TADAT) with the IMF, “as part of wider international efforts to strengthen developing country tax systems so that domestic revenues are better mobilised to fund public services and investment. TADAT will help to facilitate and effectively deliver increased tax capacity building in the developing world” (DFID, 2014).

**Score:** 6.

#### **Partner satisfaction.**

All sources indicate high levels of partner satisfaction with the programme, and the IRD is on record explicitly stating its appreciation to Danida. On the other hand, the need for continued support is also clearly stated, and the termination of the programme was doubtless a disappointment.

**Score:** 6.

#### **Danish added value.**

The Programme Document states that the initiative is well suited to the Danish resource base, in view of the strong capacity and experience in Denmark of providing technical assistance to the implementation of tax reforms in developing countries. The principle of promoting a more efficient tax system can be said to be part of the Danish values that ensures a society with more equity and more resources to investing in solving problems for the most vulnerable groups, although an issue which only has become more explicit in later Danida strategies.. However, improvement of VAT (which is normally not a progressive tax system) is supported by many other donors, including USAID and GTZ. In fact, GTZ and Danida worked jointly on part of the project. During the project implementation, Danida contributed with several advisers, including an International Senior Taxation and Organisational Specialist.

#### **Cross-cutting themes.**

Programme documents list attention to the cross-cutting themes as ‘not applicable’, on the grounds that all citizens are to be treated equally for fiscal purposes. This is, of course, completely illogical, since tax burdens should ordinarily be distributed according to ability to pay, and those who pay less tax will benefit from government revenues and therefore services. In any case, no potential increase in the tax burden for deprived groups (as is inevitable with VAT) was either described or off-set by any design feature in the programme documents, so the initiative cannot be described as fiscally neutral with regard to such groups (although, in practice, it may have done little harm).

**Connectedness.**

The programme was affected by the armed insurgency in 1996-2006, and suspended in 2005-2006 following the Palace Coup in early 2005.

**Score:** 4.

**Bibliography**

Acharya, S. (2016) Reforming Value Added Tax System in Developing World: the Case of Nepal. *Business and Management Studies*, 2(2) ([www.opml.co.uk/sites/default/files/Reforming\\_Value\\_Added\\_Tax\\_System\\_in\\_Developing\\_World.pdf](http://www.opml.co.uk/sites/default/files/Reforming_Value_Added_Tax_System_in_Developing_World.pdf)).

DFID (2014) *Business Case for Support for the Tax Administration Diagnostic Assessment Tool (TADAT)*. Department for International Development (London).

Danida (2001) *Support for Administrative Reform within the Revenue Administration, Project Document*. Ministry for Foreign Affairs of Denmark (Copenhagen).

Danida (2004) *Review of the Joint Danida/GTZ: Revenue Administration Support project, Nepal*. Ministry for Foreign Affairs of Denmark (Copenhagen).

Danida (2010a) *Support for Administrative Reform within the Revenue Administration, Progress Report*. Ministry for Foreign Affairs of Denmark (Copenhagen).

Danida (2010b) *Impact Assessment Study on Danish Support to Revenue Reform*. Ministry for Foreign Affairs of Denmark (Copenhagen).

## Annex F.7 Education Sector Reform & Development, 1992-2012

### Component 1: Improving Access

#### Overview

In line with successive GoN policies this component focused on improving access to education, in particular by girls and other excluded groups. Initially Danida supported only access to basic and primary education, and then gradually moved to the whole education system, starting with the Secondary Education Development Programme (SEDP) in 2002, in recognition of the fact that the increasing access to primary was creating bottlenecks at secondary level and also affecting demand for primary education.

Over the period, key reforms in support of access, quality and capacity development intersected. The reforms included: (i) devolution of decision making powers to communities, strengthening school management and developing School Improvement Plans (SIPs); (ii) the expansion of demand-side intervention schemes to bring children from marginalised groups to the schooling process including per child financing and scholarships; (iii) the decentralization of teacher hiring through the provision of teacher salary grants; (iv) opening up of the textbook printing and distribution system to private sector players in select regions of the country, and (v) harmonizing support from across many Development Partners (DPs) behind a set of coherent and common objectives in education.

#### Main activities in improving access included:

- Supply-side (i.e. based on what people are being offered) interventions, in terms of selected construction and rehabilitation activities to improve conditions in schools (particularly in the earlier period) and teacher training and teacher management improvement, including to increase the proportion of female teachers and teachers from minority groups.
- Social mobilization and communications (including the annual welcome to school campaign) around importance of schooling, and involvement of parents and communities and of NGOs and Civil Society Organisations (CSOs) in decision making around priorities (particularly early on in the period).
- Demand-side (i.e. based on what people might want) interventions, to encourage and sustain access to schools by marginalised groups (girls, disabled, children and disadvantaged ethnic, caste and socio-economic groups) such as scholarships and hostels for girls from disadvantaged groups.
- Reforming school book policies for printing and distribution, including an emphasis on increasing the durability of books.
- Direct support to School Management Committees.
- Decentralisation of funding to local level for teacher recruitment and other priorities (in the latter period).
- Alternative Schooling (Primary Level) and Adult literacy/Basic Education/Skills Programmes.

It should be noted that some of the activities naturally also worked in tandem with strategies which aimed at quality improvement and capacity development (teacher training being a good case in point) – and which are discussed separately below.

A particular feature of the latter part of the period reviewed was the expansion of school and community based Early Childhood Education and Development (ECED) managed by communities and local governments. Infrastructure reduced in importance over the period. Scholarships and social mobilization were a consistent feature and were strongly supported by Danida.

#### Rationale

There was understood to be a serious challenge in bringing Nepal up a development level that would allow it to be competitive in a globalised world. Improving national literacy was seen as a necessary way of achieving this. However large numbers of children were being excluded from having access to education. Persistent exclusion of Dalits, Janajatis and girls/women from education was a particular problem, as was access to education in remote and inaccessible areas of the country. Demand and supply side issues were affecting access and progress in education.

#### The situation before and after implementation.

- Important gains were made in improving access to education with a clear change before and after the interventions.

- Access and equity increased in most levels of education, notably in primary, basic, secondary and non-formal education.
- Net enrolment rates (NERs) reached 86.3% for basic, 96.2% for primary, and 74.6% for secondary levels (and surpassed targets).
- Gender parity index (GPI) in NER for students was reached, and targets surpassed at primary (0.99%) and secondary levels (1.02%).
- Progress was made in increasing the number of female teachers (who at primary level represented 35% in 2008, and increased to 41.5% by 2015) as well as the representation of teachers from minority groups in the education service.
- There has been a remarkable increase in ECED, contributing to significant increase in students entering Grade 1, although the disproportionate provision of ECED/PPE opportunities in urban areas increases disparities in access and retention in basic education for children from disadvantaged groups (MoE Nepal, 2016).
- Physical facilities for delivery of education were improved in both quantity and quality.
- Reduction in repetition rates and dropouts; textbook distribution and production has been improved; school meals have been introduced for needy students.

**Documents consulted:** BPEP Evaluation (Cowi, 2004); SSRP evaluation (Poyck *et al.*, 2016), SSRP PCR 2013, Exit PCR (2013), Evaluation of EFA programme (NORAD, 2009), PCR SEDP, various progress assessments by Danida.

#### **Relevance.**

The analysis (PCRs, evaluation reports) reveals that the successive education programmes helped address disparities linked to caste, ethnicity, religion and geography, but also helped avert potential conflicts and political divisions, making these interventions critical in terms of relevance to the government and beneficiaries (Pyock *et al.*, 2016).

**Score:** 6.

#### **Efficiency.**

Education represents around 14% of the government budget and public investments in education increased from 2.9% of GDP in 1999 to 4.2% in 2014. The share of donor funding declined from 22% to 13% in that period (Pyock *et al.*, 2016). The Education Management Information System (EMIS) has continued to improve. This had been an area of attention for Danida (but a joint effort with other partners such as UNESCO) and although progress took a long time to achieve there is now evidence that a robust and reliable system has been put in place which is credited in interviews with having increased confidence of donors in the education system. There was also a strong focus on improving the efficiency of textbook distribution, and of scholarships. An area of continued weakness where adjustment/progress is still required is in more equitable resource allocation. Schools in remote rural areas such as in the Terai generally lack sufficient funds because funding is still based on enrolment rates rather than needs. This has repercussions on teacher quotas and infrastructural facilities (Pyock *et al.*, 2016). Finally at the outcome level it should be noted that the internal efficiency of the education system (i.e. the efficiency by which children move through the system) has improved considerably. This is reflected in much better survival rates in primary education, which increased from 65.9% in 2002 to 86.8% in 2015, vastly increasing chances that children reach the end of the basic education cycle.

**Score:** 5.

#### **Effectiveness.**

During period education has shown an impressive development – in enrolment rates at different levels, promoting the engagement of female teachers, significant achievement of MDG and EFA goals, gender parity, provision of key inputs to the community schools (such as teachers, textbooks, scholarships to ever increasing number of students), and in creation of infrastructures for enhanced delivery of services (COWI, 2009; Rasumussen & Bajracharya, 2013). In summary:

- There has been a strong and positive contribution to improved access to primary education – mainly through system expansion, social mobilization and incentives.
- Access and equity increased in most levels of education, notably in primary, basic, secondary and non-formal education.
- Net enrolment rates (NERs) reached 86.3% for basic, 96.2% for primary, and 74.6% for secondary levels (and surpassed targets)..
- Gender parity for students was reached at primary and secondary levels.
- Progress was made in increasing the number of female teachers.
- Remarkable increase in ECED, contributing to significant increase in students entering grade 1.

In terms of the SSRP the achievements were partially explained through the programme's consistent commitment to equity (a consistent feature over the different phases and one of the most prominent aspects of the SSRP – strongly supported by Danida). There is also strong evidence that general awareness about the importance of education has increased at community level during the implementation period, which in turn has increased overall expectations and has confirmed the assumption that awareness of education would generate better accountability (Poeyck et al. 2016).

Most strategies aimed at improving access produced results. Scholarships were particularly effective in increasing access and equity and have been taken over by government.

Implementation of ECED with issues of cost sharing, poor targeting and uneven quality, is assessed as not having 'levelled the playing field' for disadvantaged communities or individual children, or making a definite overall impact on their all-round development. The use of implementation strategies in general that involve cost-sharing has been found to put heavy demands on community capacity and to have to some extent undermined equity goals. There has been insufficient exploration of problems faced in the poorest communities, or school catchment areas that cover a range of traditionally unequal communities, or different cultural and linguistic groups. It has not been fully realised that 'equitable provision' implies 'unequal treatment' (i.e. additional support to the most marginalised) (Norad 2009).

There is also evidence from documentation and interviews that the attention to children with disability – while still present – has waned: "according to available documents and interviews, children with disabilities are over-represented amongst the out-of-school children (OOSC). Additionally, it has been pointed out that many children with hidden difficulties remain unsupported within the school system, at high risk of dropout. Unfortunately, no targets have yet been set for improving the enrolment of disabled children" (Pyock, *et al.*, 2016).

In conclusion, access has increased across the board, although disparities still exist. This is especially true for certain geographical areas, children with disability, and children from specific castes and ethnic groups. The following conclusion from the EFA evaluation broadly appears to hold also for the remaining SSRP period "the Nepal EFA Programme has implemented a wide range of strategies to improve equitable access of all children to education and also to raise the quality of that education. Taken as a set, these are found to be comprehensive and relevant to the context and challenges faced. Whilst some strategies need further strengthening and perhaps adjustments/rethinking, totally new strategies are not found to be needed and likewise all strategies were found to be making some contribution. Overall, as is often the case for countries still in the stage of rapid expansion towards universal enrolment, access gains have been stronger than quality gains, and the two most crucial strategies for this have probably been the range of measures"

**Score:** 6.

#### **Impact.**

The reforms and support by Danida and other partners has translated into a very impressive increase in enrolment and retention of pupils, and improved equity.

The SSRP has been able to reform school governance and bring it closer to the communities. Decentralised management has been introduced in many respects, including in terms of paying teacher salaries (in the more recent period). There is also strong evidence that general awareness about the importance of education has increased during the implementation period.

However, there is insufficient evidence from the documentation reviewed of a stronger multi-sectoral, across-government approach to achieving sustained impact from better access to education (e.g. in terms of education bringing about better chances at jobs or job-creation, enabling facilities for auto-entrepreneurs, etc.). There has also been insufficient attention to joined-up approaches through inter-sectoral collaboration to bring about stronger benefits from improved education, and to ensure that these are benefitting the most vulnerable communities (e.g. jointing up efforts in health, nutrition, literacy, pre- and post-natal services).

Interesting to note: There has been a definite acceleration of enrolment of girls and Dalits that seemingly corresponded to the provision of scholarships (EFA evaluation, 2009; COWI 2009) – with scholarships being an area where Danida has been particularly present..

**Score:** 6.

#### **Sustainability.**

Some of the strategies that were introduced over the period to encourage access have become sustainable, e.g. the school book reform, teacher education reform, etc.

However, in other areas there are challenges to sustainability. Not enough attention was paid to the development of a model and system for regular maintenance of the buildings and school-infrastructures established during the SESP (so as to increase the life and value over time of these huge investments). The challenges of this were shown when much of the investment was



wiped out during the 2015 earthquake.

The basis for local ownership is the school improvement plan (SIP), an instrument that links planning and budgeting to funding. In practice, however, various reports and interviews stress that real ownership is still weak, partly due to the fact that teachers and their unions are politicised. The recent evaluation of the SSRP suggests this may jeopardise the socio-cultural sustainability of SSRP initiatives and undermine discussions on real needs of communities (Pyock et al., 2016)

The evaluation of the SSRP (Pyock et al, 2016) underscored these achievements but also noted that the government will not be able to ensure free and compulsory basic education for all. Certain key strategies such as scholarships and the annual textbook distribution in a blanket approach are financial onerous and not financially sustainable. Over the last period (2009 onward) development partner support has decreased while the government's allocation of resources has increased. Although the GoN progressively took over more of the funding responsibilities, assessments show that it will not be able to take over the whole funding of the SSRP once donors have withdrawn, and that this means that there will be less resources for non-staff related expenses. The problem is compounded by the fact that next to current funding responsibilities, additional funding is still needed to guarantee some of SSRP's objectives. For instance, more investments are required to reach out to out-of-school children and pupils with disabilities, as well as to extend ECED to geographically and socially marginalised groups. (Pyock et al., 2016). And as noted, evidence from the interviews in country suggests that attention to some of these more challenging agendas may be slipping (e.g. disability).

**Score:** 4.

#### **Coherence.**

Successive stages of support to the education sector over this long period have shown Danida working together very closely with other partners. The different phases of support from projects through to pooled funding and sector support saw donors and other partners subscribing to the same overall education plan, and agreed around main priorities. Coherence with principles of alignment was somewhat reduced with Danida's decision to engage in secondary education during the EFA period through a separate initiative with the Asian Development Bank, although from the perspective of relevance to the beneficiary needs, and country priorities this decision was clearly justified. Coherence improved steadily over the period as the key sector priorities were integrated into a holistic sector wide plan and formed the basis for decision making and priority setting. However, in practice, various reports also show that donors have each had their own agendas, and the country interviews clearly bring out that such donor agenda setting has become stronger in the post-Danida period. Various factors appear to have contributed: with the end of the Danida funded Education Programme Support Office (EPSO) facility (funded directly by Danida) the MOE has lost its margin for innovation and flexibility in terms of promoting research; Danida is reported to have had a strong role in harmonizing donors agendas and setting the example of following government-led priority setting; clearly also international agendas and priorities have changed for development imposing stronger accountability for results. The introduction of the Disbursement Linked Indicators (DLIs) under the new sector plan (post-Danida) is perceived as having lead to a greater fragmentation in the approach to the sector, with DLIs reflecting individual donor priorities/agendas, rather than a holistic approach to education.

Danida's decision to leave the education sector was clearly not coherent with the fact that it's long term consistent engagement had produced visible results in the sector (evidence from interviews). It was also not coherent with the strong progress made in the education, and with principles of partnership. Interview evidence suggests the decision was made to transfer education support to the Global Partnership for Education (GPE) and that it was mostly politically motivated and not based on objective evidence. There was very little consideration of the impact this withdrawal would have given the role that Dania has played in the sector and which would not see continuity through a global funding mechanism as it is at country level (interviews).

**Score:** 5.

#### **Replicability.**

Strong monitoring, annual reviews, an improved EMIS, promotion of research and innovation, and a focus on evidence-based decision making have yielded lessons on what has worked.

Various initiatives supported by Danida have been replicated or become mainstream practice such as: school and district level planning which informs national plans; the establishment of resource centres in schools, scholarships for girls and disadvantaged pupils, etc. (see under quality).

**Score:** 5.

#### **Partner satisfaction.**

Evidence from the documentation and interviews clearly underscores that Danida was seen as a reliable partner, an honest broker, and a partner who consistently supported key agendas and priorities (e.g. equity, gender, capacity development), and stood out for its commitment to joint approaches around a common sector plan and a common set of priorities.

Particular characteristics for which Danida stood out, compared to other donors, include its understanding of the need for a holistic approach to educational reform and educational change.
<p><b>Danish added value.</b></p> <p>Denmark was considered: a strong partner, being committed, comprehensive, consistent, and yet pragmatic; a consistent supporter of the SWAP (Rasmussen &amp; Bajracharya 2013); and a consistent supporter/advocate of gender/equity (interviews).</p>
<p><b>Cross-cutting themes.</b></p> <p>Gender and equity were important agendas driven by Jomtien agreement and therefore clearly included in the sector planning and sector monitoring from the 1990s. The gender and equity dimension was prominent in the education support. This was clearly a priority for Denmark, but through the coordination mechanisms was also put on the table as an important agenda throughout the implementation period. There are important achievements in this area. The introduction in 2014 of a Consolidated Equity Strategy (DoE 2014) was the first of its kind and it envisions implementation of a two-fold approach to prioritise resource allocations through disparity- based formulas and to consolidate and target existing equity strategies.</p> <p>No specific attention to environment as a cross-cutting concern was identified.</p>
<p><b>Connectedness.</b></p> <p>The intervention was implemented in a time of political challenges. “the EFA programme has taken place during a period of violent insurgence and political instability, although the situation progressively improved and stabilised during the latter part of the programme period”. This undoubtedly constrained progress in a range of ways. It includes not only obvious factors such as the temporary - but often prolonged - closures of schools in affected areas, but also ongoing security concerns reducing girls’ access and the deployment of women teachers in rural areas, an increase in over-age enrolment, the direct impact of trauma on children’s capacity to learn and hindrance to book distribution and school monitoring/support.</p> <p>Evidence suggest that connectedness was good with the EFA evaluation (2009) concluding that it was “an extraordinary achievement of Nepal in education has been that, despite this difficult context, the education system has largely kept going and enrolments have continued to expand and even to become more equitable.” This suggests a good level of connectedness. There also evidence that the focus on community involvement, and empowering local authorities, helped mitigate some of the effects of this difficult period. The analysis suggests successive education programmes helped address disparities linked to caste, ethnicity, religion and geography, but also helped avert potential conflicts and political divisions, making these interventions critical in terms of relevance to the government and beneficiaries (Pyock et al., 2016).</p> <p><b>Score: 5.</b></p>
<b>Component 2: Learning Achievement (quality education)</b>
<p><b>Overview.</b></p> <p>This component focused on improving quality of education, and was designed as complementary to the focus on access and capacity development. Main activities over the period in terms of improving learning achievement included:</p> <ul style="list-style-type: none"> <li>• Support to curriculum reform, including mainstreaming of gender and equity in curricula.</li> <li>• Institutional strengthening (overlap with component 3, discussed further below).</li> <li>• Strong focus on teacher training (pre- and in-service) and norms and standards for teaching service.</li> <li>• Focus on School Improvement Planning (SIP) and involvement of communities in school management, an important area of engagement for Danida.</li> <li>• Efforts to improving learning assessment (i.e. in latter period through the introduction of the Continuous Assessment System (CAS) and the National Assessment of Student Achievement (NASA).</li> <li>• Improving access to and quality of instructional materials.</li> <li>• Investment in ECED, non-formal education (adult literacy) to improve entry level conditions into education and create a supportive environment in communities and from parents (although as noted above the expansion has been more pronounced in urban areas).</li> </ul> <p>There was some change of emphasis over the period. Teacher training was a consistent area of focus (although Danida engaged in that less), learning assessment became more prominent after</p>

2004, and the introduction of a stronger focus on ECED, non-formal education also emerged with time. ECED became particularly prominent only in last SSRP period.

#### **Rationale**

There was understood to be a serious challenge within the low quality of education sector graduates. Achieving sustained results from investments in education access (in terms of reaching the development goals of the country) would need to be accompanied by interventions that ensured that the outcomes were of sufficient quality, i.e. that school graduates were literate and capable of contributing effectively in society, to be economically productive and to contribute to their own well-being.

#### **The situation before and after implementation.**

Progress in the quality of education has been measured mainly using proxy measures in terms of student teacher ratio, number of trained teachers. In the initial period (BPEB I and BPEB II) there was very little progress on education quality indicators, many of which remained stubbornly resistant to change.

The first evaluation reports to show progress on quality indicators date back to the end of the EFA period (2004-2009) when Danida was providing support both to the common sector approach to basic/primary education but had also in parallel engaged with the Asian Development Bank (ADB) in support to secondary education (the SEDP). Looking over the full period, the SSRP evaluation data show (Pyock et al, 2016):

- Remarkable progress in literacy rate, although the targets for adult literacy have not been achieved.
- Improved student teacher ratio has improved from 43.8 to one in 2008, to 28.5 to one in 2015.
- Increased number of trained teachers - in 1998 less than half of the teachers had some form of qualification<sup>3</sup>, by 2015 this had increased to 89.3% of all teachers.
- Reduction in 'repetition' rates.
- Increased 'survival' rates, including among marginalised caste and ethnic groups.
- District Education Officers (DEO) reported to be more committed to monitoring learning outcomes and using these as tools for making decisions (PCR, 2013).

Overall, however, there has been less progress on improving quality of education than on improving access to it. As noted in the evaluation of the SSRP and in the new School Sector Development Plan (2016-2023): "Despite the many gains made under the SSRP, the programme's objectives were not fully met in some areas, most notably on quality, learning outcomes and efficiency. Whilst significant strides have been made in ensuring access many marginalised groups still lack access to quality education" (MoE of Nepal, 2016)

It should also be noted that caste-related disparities are evident in learning outcomes with the new Education School Development Plan (2016-2023) noting that only 23.1 percent of Terai Dalits being literate compared to 80 percent of Terai Brahmins and Chhetris.

**Documents consulted:** BPEP Evaluation (Cowi, 2004); SSRP evaluation (Pyock *et al.*, 2016), PCR 2013, Norad EFA evaluation (2009), SSRP PCR (2013), Exit PCR (2013), SEDP PCR (2009), Evaluation of SESP (Cowi, 2009); School Sector Development Plan 2016-2023 (MoE, 2016).

#### **Relevance.**

Combining quality with access was clearly critical to making the most of education investments. It was essential that efforts to provide access to education would go hand in hand with attention to quality, and with the third component (addressing capacity challenges in education). Globally, education sector plans typically have a focus on these three components. The main challenge over the period has been maintaining balance between the components.

**Score:** 6.

#### **Efficiency.**

The SSRP evaluation notes that education has clearly become a priority area for the government and that investments in education have steadily increased, while DPs funding share has decreased (from 22 percent in 2009 to 13 percent in 2013).

EMIS (a very weak area at the start) has improved considerably (Pyock et al, 2016) – especially the use of the Flash System providing reliable and timely information. This area received

---

<sup>3</sup> The data on teacher qualifications are not directly comparable over the 25 year period because the definition of what constituted 'adequately trained teachers' changed over time. When this definition was adjusted to a higher standard the percentage of teachers who were trained dropped from the reported 46.5 percent in 1998 to only 16.2 percent in 2002.

considerable attention by Danida.

An equity index is being devised to provide additional information on disparities in access, with a Consolidated Equity Strategy introduced in 2014. Progress in the later period (EFA, and SSRP 2009-2016) has been made in introducing learning assessments which in principle guide decisions-making and targeting of resources, although there have been weaknesses rolling this out.

**Score:** 5.

#### **Effectiveness.**

Various areas of progress noted over the SSRP period. Including:

- Improved literacy rate.
- Reduced student teacher ratio.
- Increased number of trained teachers - One of the significant achievements over the duration of the EFA and SESP programme period has been the clearance of the huge backlog of untrained teachers. (PCR (2009).
- Reduction in repetition rates from 26.5% in 2009 to 17.5% in 2013.
- Survival rates increased, including among marginalised caste and ethnic groups.
- DEO reported to be more committed to monitoring learning outcomes and using these as tools for decision- making (PCR, 2013).

However, progress on quality was much slower in becoming evident when compared to the effect of interventions in access. The conclusion by the EFA report (2009) in this context was 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. A similar conclusion had been reached by the earlier BPEP II evaluation: “the quality of teaching and learning remains a critical challenge” The SSRP evaluation (2016) shows that over the last period gains were made in this area, but as noted also in the EFA evaluation the ‘lagging behind’ of progress in quality is frequently a characteristic of the development of education systems and continues to be a major challenge. **Learning achievement of children has shown little progress in both primary and secondary level**, especially in community schools, and this in spite of investments in teacher training, curriculum reform, reducing pupil teacher ratios, and introduction of various reforms such as multi-grade multi-level learning methodology, and other key areas. On this subject, various reports (Rasmussen, 2013; Pyock *et al.*, 2016) note that even at the SSRP stage (2009-2016) there was insufficient attention to measurement of quality and the curriculum, but also insufficient prioritisation of issues of quality. The evaluation of the SSRP stated: “As was concluded in the BPEP II evaluation, enhancing quality of learning and teaching remains a challenge. Without further considerable improvements in teachers’ confidence and competence to use a range of appropriate methods, it will be difficult to make meaningful impact on students. This is especially true for children with disabilities, children from linguistic minorities, or disadvantaged children. Important components to improve the quality of education are, among others, teacher training, curriculum development, adapted textbooks, and improved learning environments... The relative lack of progress observed during the SSRP in quality education can be related to insufficient conceptualisation, prioritisation and resourcing for quality” (Pyock *et al.*, 2016: 35). In terms of areas that were insufficiently supported, the SSRP clearly points to the lack of orientation/training sessions for the new curriculum (introduced in 2007), absence of a system of regular monitoring of the changes in teaching and learning practices, and inadequate attention to measuring the quality of the curriculum. The continued challenges in quality were also consistently raised in the interviews.

Various areas of weakness thus remain. “Access was addressed, however equity and quality remained as an issue to be further looked at” (PCR, SSRP, 2014). Sustaining achievements for neo-literates will be a challenge. Programmes with mother tongue education have not yet shown impact. Despite years of teacher training, and a strong focus on content and methodology, new learning methods are still insufficiently transferred to classrooms. There are – in spite of progress – still challenges in reducing delays in textbook distribution. Learning assessments only fairly recently became part of the process but decentralised services in particular are not equipped sufficiently to be able to translate findings from such assessments in to actionable decisions at local level that would lead to improvements. External factors related to low social value of the teaching profession, low performance and political interference have reduced the impact of teacher training and support initiatives. Supervision in schools continues to be weak. (Pyock *et al.*, 2016, Rasmussen, 2013, interviews)

As noted under the discussion on access, during the last phase (i.e. during the SSRP 2009-2016) progress was made on the NASA which has a high potential for social sustainability, but this its continuity is threatened by weak capacity.

**Score:** 4.

#### **Impact.**

In the field of quality and relevance, actions such as the timely distribution of textbooks, the implementation of minimum enabling conditions, as well as the NASA and CAS evaluations showed considerable immediate effects. However, these effects have not yet materialised in overall improved teaching and learning quality. Considerable progress in the involvement of parents has taken place over the period through increased awareness and involvement of parents in school management, but also has not resulted in improved teaching and learning quality (Pyock et al., 2016). Overall the reviewed evidence suggests that the impact of interventions targeting quality still falls short of expectations.

Evaluation evidence suggests that in spite of good results in access and equity, the poor quality of education still produces school-leavers who have not acquired the necessary competencies to improve their economic situation. While key performance indicators show considerable progress, unless the necessary investments are made in the quality of teaching and learning, lasting impacts on learning outcomes will not be visible. Stronger focus should be put on equity rather than access only, so that disadvantage groups and children with disabilities are more systematically included. (Pyock et al. 2016, COWI, 2009)

**Score:** 3.

#### **Sustainability.**

As was noted under component one, there has been a gradual decrease in donor investment and increased funding by government. However, many of the interventions to be sustained will require additional investments in teacher training, material, and infrastructure to achieve further increase in the quality of education. It is unlikely that the government will be able to sustain the level and kind of investments needed in these areas. On the other hand, as noted below various Danida support initiatives (through EPSO) have become part of mainstream practice in the education system and have therefore become sustainable.

**Score:** 3.

#### **Coherence.**

The SWAp provided an overall framework for partners to agree upon and align on priorities. However as noted in the EFA evaluation there have also been some weaknesses/inconsistencies in conceptualisation (reported on in particular in the EFA evaluation (e.g. components linked to goals rather than objectives, resulting in separate components for the ‘cross-cutting’ issues gender and ethnicity), but also implicit in the reading of the later SSRP. This has possibly reduced coherence and mainstreaming and allowed duplication and contradictions to arise, as well as perhaps making it more difficult to achieve a unified definition of ‘quality’. This is reflected, among other areas, in the varied approaches that donors have taken to capacity development (see below). A key challenge has also been the balance between the attention to access and to quality. Over the period insufficient focus has been put on quality as the key priority.

Evidence suggests Danida has engaged strongly in education sector dialogue, and is reported in various documents as having been one of the lead architects of the SWAp (e.g. through its focus on sector planning, the Joint Financing Agreement, support to annual reviews, etc.). The establishment of a separate facility to fund innovation (EPSO) outside of the joint funding processes, while not coherent with the sector, pool funding/SWAp played a recognised, important role. It is interesting to note that a similar arrangement is now being proposed under the 2016-2023 Education Sector Plan (Government of Nepal/Ministry of Education, 2016).

**Score:** 4.

#### **Replicability.**

Throughout the period Danida’s approach has been to work on sector planning and sector strengthening which has ensured that many of the actions are part of mainstream education practices. Danida supported research and innovation initially through a Project Advisory Team (PAT), then through an Education Sector Advisory Team (ESAT), and later through the Education Sector Support Office (EPSO), which has made contributions to the SSRP implementation through the development and conceptualisation of strategically important reform programmes like continuous student assessment; an integrated examination system; local curriculum; mother tongue textbooks; school mapping, as well as disability rights screening of education policy. EPSO funds have financed the development and field-testing of small-scale experiments, which were subsequently brought to scale through policy integration and inclusion in the red book budgeting process. Examples include the development in Nepal of the multi-grade and multi-level learning methodology (MGML), the development of integrated teaching learning material for teachers, and the mapping of out-of-school children (OOSC). The OOSC was a small pilot activity which was eventually included into the Red Book System. The EPSO project was 3 m NPR and the subsequent year this activity was budgeted at 200 m NPR in the Red Book (Rasmussen & Bajracharya, 2013).

**Score:** 6.

**Partner satisfaction.**

This component of the SSRP has been less successful, and it is taking much longer to achieve any results/impact in this area. Nonetheless over the implementation period, there was a strong partnership between key donors and the GoN, with a strong agenda around quality education which ensured that there was consistent attention to this area. As a donor Danida showed from an early stage its interest and commitment to working together with other partners (the first education support by Danida was a joint intervention with others (UNDP, UNICEF, WB) and to approaches that favour ownership and institutional integration.

**Danish added value.**

Denmark was considered a strong partner: committed, comprehensive, consistent, and yet pragmatic. Danish funding has been a significant contribution to overall system development through TA and projects, as well as through SBS.

The design of its aid interventions has largely followed the dominant trends from direct project interventions with significant international TA inputs and project implementation units to gradually adopting the principles from the SWAp and aid effectiveness agendas.

Denmark has been a strong driver towards SWAP in education (Rasumussen & Bajracharya 2013, interviews).

Danida also a strong advocate for quality improvement. There has been considerable use of research, learning, analysis and feedback to inform programme change (for example research on scholarships leading to allocating an increased amount per child, Gender and Social Exclusion Assessments (GSEA) supporting more workable classifications of disadvantage and drawing attention to previously neglected groups, etc.). Danida has also been a staunch supporter of evidence based decision making, and provided assistance both for capacity development and for conducting the kind of research that informs decision making. This approach, together with long term assistance to the sector, made Danida a particularly valuable partner in the quality component of the SSRP.

**Cross-cutting themes.**

Gender and equity was mainstreamed in curriculum development and in teaching and learning materials. It is not clear what progress was made on environment. Structures for mainstreaming of gender and equity issues have been incomplete. This may have been a factor constraining consistent mainstreaming into for example, national stipulations on addressing equity concerns in building programmes have not necessarily been applied in practice (EFA report, 2009).

**Connectedness.**

The conclusions here are essentially the same as for first component (access). The intervention was implemented in a time of political challenges but nonetheless managed to produce important results: “an extraordinary achievement of Nepal in education has been that, despite this difficult context, the education system has largely kept going and enrolments have continued to expand and even to become more equitable” and contribute to averting conflict and political division through its participatory approach.

**Score:** 5.

**Component 3: Strengthening capacity****Overview.**

The main objective of the capacity development component was to ensure that interventions in access and quality could be successful by improving the management and decision making in the education sector. Institutional strengthening has been at the centre of Danida’s approach with a very strong focus on working towards a SWAp, and on improving planning, budgeting, monitoring and accountability in the education system.

A key focus of capacity development was to enhance participation in decisions around educational process making educational management a common concern for communities, NGOs and community based organizations, teachers, teacher unions, and education managers at all levels. Key issues that needed to be addressed were weaknesses in management and insufficient numbers and quality of teachers. Various strategies were pursued for improving efficiency and institutional capacity. With some changes of accent over time, this included transferring school management to the community, supporting School Improvement Plans (SIPs), implementation of capacity development activities for teachers and other staff, and building partnerships with

local bodies – International NGOS (INGO, NGOs, and Community Based Organizations (CBO). Development of FLASH reports and Financial Management Report were also important.

#### **Rationale**

Capacity constraints was understood to be seriously limiting management and decision making in education and this led to capacity strengthening being identified as key area of focus in the successive phases of Danida support. Support to this area was considered essential to ensuring progress in the two other main components of the education sector support (namely improving access and addressing quality).

Over the various phases capacity development included a focus on:

- Raising the competence and improving the qualifications of teachers.
- Promoting decentralised management of schools through strengthening school-level capacities for school planning and management and support to SIP.
- Developing the capacity of sub-district-, district-, regional-, and central-level education personnel for effective provision of educational services.
- Development of systems for monitoring and evaluation of overall progress and trends.
- Support overall to the SWAP process, in particular by strengthening national level planning, budgeting, monitoring and reporting and linking this to the efforts at decentralised management.
- Support to pilot initiatives and innovation.

All of these were specific Danida priorities. From the side of Danida a particular characteristic was the long-term commitment to capacity development and the investment in long-term training in Denmark (MSc and PhD), and the specific TA/innovation facility (what was known consecutively as the PAT, ESAT and EPSO) which was in place in parallel to joint funding with other donors. Other donors were doing TA through short term inputs, and short training courses.

#### **The situation before and after implementation.**

- Improved systemic efficiency to deliver goods and services to schools.
- Vastly increased involvement of communities in education management (from practically no involvement and a very hierarchical system to an elaborate structure of consultation and dialogue.
- Raised qualification criteria for basic education teachers to intermediate level. With almost all teachers now having basic minimum teachers' training, SSRP has launched a demand based and decentralised training programme named 'Teachers' Professional Development (TPD) programme.
- Stronger decentralised management – particularly at school and district levels. More and more teachers are now paid their salary through their bank accounts.
- Significantly strengthened institutional structures. The establishment of the Department of Education (DoE) as a technical arm of the Ministry of Education.
- Significant gains have been made in MoE's Education Management Information System (EMIS) in terms of system coverage, regularity and accessibility of information. In particular, the "At-a-glance Flash booklets" provide a useful summary of system performance.

**Documents consulted:** BPEP Evaluation (Cowi, 2004); SSRP evaluation (Poyck et al, 2016), PCR 2013, Norad EFA evaluation (2009), SSRP PCR (2013), Exit PCR (2013), SEDP PCR (2009).

#### **Relevance.**

The choice to focus on capacity development was clearly relevant given that the capacity at various levels emerged consistently in the different planning documents and in studies, as a key constraint to educational performance. The focus on enhancing community participation was also critical to addressing issues of access and equity and therefore highly relevant. Focussing on longer term capacity strengthening (PhD and MSc programmes) based on institutional linkages, allowed the capacity development to focus on both institutional, organizational and individual capacity. There is also evidence of a strong demand for training.

**Score:** 6.

#### **Efficiency.**

In terms of Danida's own investments in the sector various sources confirm that relatively small investments in research and innovation generated important gains and brought about changes.

Danida's approach to TA was also considered more effective than that of other donors because of its long term commitment, and use of long-term TA, the approach to invest in capacity development from an institutional and individual perspective. However some of the strategies used (long term training in Denmark) and working with institutional linkages between Danish and Nepalese institutions were also reported to be relatively expensive (although argued to be very effective).

The Joint Financing Arrangement modality has contributed to a very large extent to the advancement of the aid effectiveness agenda in Nepal, and to the strategic and procedural alignment of donor assistance in the education sector. It resulted in a single Strategic Framework for the School Education Sector; one Joint Financing Mechanism with predictable funding following regular Red Book budgeting procedures; one common Results Framework and regular performance reporting.

**Score:** 5.

### **Effectiveness.**

BPEB I and BPEP II contributed to:

- Establishment and integration of programme activities under the new DoE.
- Increased capacity in key institutions involved with BPEP II implementation.
- Improvements in local school capacities.

Substantial improvements were noted in the physical infrastructure for education planning; the systems and processes used to implement, manage, and monitor the delivery of primary and basic education; and the skills and abilities of staff. Several shortcomings were identified including: uneven capacity building at the central level, top down and supply driven training activities in several districts (coupled with weak needs assessment), and a high rate of staff transfers and rotations at both central and district levels. While major investments were made in improving in-service and certification teacher training, teachers pointed out that the skills and knowledge acquired could not be properly implemented without adequate curriculum, texts, and teaching materials while working in overcrowded facilities.

EFA report overall conclusion: The success of capacity development efforts at central level is obvious to observers who report the vastly increased confidence of officials at central level. More challenging to see results at decentralised levels.

The SEDP evaluation highlights that innovative procedures and organisational set-ups have been created to increase the good governance and capacity building of institutions. However, the processes do not always work well and closer coordination with local institutions and actors is needed. At local level, an operational dialogue between governance structures and educational institutions has to be fostered, with a special attention to include religious and ethnic institutions. While school management committees and parent teacher associations have raised local power in decision-making, their impact on student achievement is not yet visible (Pyock et al, 2016).

Direct funding and TA funding are found to have been instrumental for MoE's capacity building and strengthening of national educational institutions and human resources. The direct funding mechanism has provided valuable possibilities for initiating pilot and capacity related activities, which the MoE could not otherwise have done due to the very rigid and complicated mechanism of the Ministry of Finance (MoF). In the earlier period the approach of working with institutional linkages between Danish and Nepalese organization/entities was reported by interviewees to have been extremely valuable in strengthening institutional capacity.

Danish support has been instrumental in strengthening institutional capacity of the Ministry of Education and its implementing agencies and their human resources development. During the course of interactions, both government officials and the development partners acknowledged this critical contribution from Denmark. The Danish support has helped a large pool of MOE staff in getting degrees at BA, MA and PhD levels. (and the approach used ensured that many of these graduates remained involved in educational reform afterwards). This is reported to have made a lot of difference. There are now people in MOE with professional knowledge and confidence, who are also capable of delivering and of managing consultants. MOE is now a more self-sufficient entity and in their interaction with DPs they are able to organise events, developing sector plans and reports, and documentation. The comprehensive scholarship programme has contributed to the formation of a critical mass of professionals in MOE. Moreover, this fact has inspired even more MOE staff to pursue academic qualifications on their own from national universities. (Rasumussen & Bajracharya, 2013)

Evidence suggests that over the full period Danida's long term engagement with the sector and with capacity development has been important. Key decision makers were trained during the



BPEP I and II period and continue to be in place currently and have played a major role in shaping the progress in the education sector over the full period (interview evidence, PCR 2013)

**Score:** 5.

**Impact.**

There has been a significant contribution to overall system development. Overall capacity of the MOE has increased significantly over the last few decades. This is reflected in a restructuring of the MOE and the establishment of its implementing wing, the DOE and the implementing agencies with clear mandates and portfolios as well as a comprehensive up-gradation of the academic qualifications of its staff so there is now a critical mass of education professionals across the administration (Rasumussen Bajracharya, 2013). Some of the pilot activities have later been included in MoE's regular budget. Examples of these activities are "Development of School Mapping Capacity", "Development and Adaption of Literacy Teaching Materials to Local Needs", Strengthening of Financial Information Management and Reporting Capacity, and "Formulation of Village Education Plans", etc. Many of the systems and structures have been institutionalised and have continued after Danida's exit. The change in terms of community and parental involvement, and the progress in devolution of decision making and decentralization of funding to local levels has been remarkable given the hierarchical nature of Nepalese society.

**Score:** 6.

**Sustainability.**

Although central level structures and procedures have the potential to become sustainable, there is a considerable risk of institutional memory disappearing with the transfer of personnel (Pyock et al., 2016). There has not been an adequate vision and strategy for building the capacity of the implementing partners, but different entities have still received relevant and much appreciated inputs. Capacity building of teachers and officials has taken place at various levels but here too there are huge staff turn-overs and the overly politicised administration has hindered transfer of knowledge and is a real challenge to sustainability.

The overall impression is that many of the interventions are diluted by high staff turnover, especially at the district level and that many of the interventions by other donors were too short in terms of duration (this does not apply to Danida). Hence, the SSRP concluded that "a programme with the scope and ambition of SESP needs to be supported by a strong capacity development plan." However, in spite of considerable investments there was still no comprehensive CD plan for the sector at the time that DANIDA exited.

Capacity development has largely been financed outside the JFA, and capacity building within the SSRP was getting inadequate attention (Rasumussen & Bajracharya, 2013). Danida used this mechanism for direct funding in addition to the SWAp. Direct funding was conceptualised as an integral part of the SSRP modality, and was meant to improve coordination of donor's capacity building efforts. Danida allocated 10 percent of its total commitment to this JDFA. While this allowed for piloting of reform initiatives, support by other donors to a joint TA facility was not forthcoming and the facility while recognised as successful was not taken over by the government – in spite of evidence that relatively small investments could bring about substantial change.

**Score:** 3.

**Coherence.**

Donors have not had a coherent approach to capacity development. A capacity development strategy and plan was clearly identified as a priority but was still not in place by the time Danida left the sector, despite its earlier efforts. The conclusion of the EFA evaluation (2009) still appears to hold that: "in practice, capacity building has been seen in terms of long- and short-term training, seminars and workshops rather than a more comprehensive view involving institutional and systemic change".

Danida tried hard to push for such a more comprehensive view and had an approach that was systemic (underscoring both the institutional and individual dimensions of CD as highlighted in interviews) as well as long term. Danida tried to push for a coherent approach by setting up a separate TA facility (supported and 'wanted' by the government). However, this undermined coherence with the idea of unified support to the SWAP, and assumptions that other donors would support this did not materialise and in the end.

**Score:** 3.

**Replicability.**

The concept of having a TA facility was valid, but not supported by other donors in practice. Replicability of some of the capacity development strategies is compromised by the high costs involved.

<b>Score: 4.</b>
<p><b>Partner satisfaction.</b></p> <p>Partner satisfaction appears to be less strong with respect to this component. Commitment to capacity strengthening has not been consistent by partners over time and has been based on very different views and approaches. The main partner (GoN) is appreciative of the strong, consistent, commitment by Denmark to CD where it stands out compared to other partners for consistently having prioritised CD. Nonetheless even the Danida approach was also reported (interview evidence) to have changed abruptly in 2006 because of a change in staff and political priorities which brought about an approach that was more focussed on results, and less on processes.</p>
<p><b>Danish added value.</b></p> <p>Strong appreciation for Danida's role in building the overall capacity in the system and for promoting key aspects of institutional strengthening (EMIS, SIPs, JFA, etc.) which have played a strong role in the gains). Consistent support of the same people through the capacity development approach (key senior advisors) also considered very important and made DANIDA stand out compared to other donors who funded only short term interventions. (Interview evidence). While other donor were cutting TA throughout the years, Denmark has been able to develop and maintain a strong technical dialogue with the government and DPs, which is assessed to be a major reason for the strong impact on MOE system development. (Review 2013).</p>
<p><b>Cross-cutting themes.</b></p> <p>The support to capacity development included mainstreaming of issues such as gender and disability. This was done very effectively by encouraging Nepalese Masters and PhD students to focus their research on topics of importance to the Nepalese education system, and by using the EPSO facility to fund research and innovation.</p>
<p><b>Connectedness.</b></p> <p>The failure to get partners mobilised around a joint capacity strategy affected connectedness. This issue was identified in successive evaluations and internal reports, and in spite of efforts on Danida's side, there was no significant progress. Danida's solution of having a separate – government managed – TA facility ensured stronger connection of capacity development with government plans but was not taken over or substantially supported by other donors (in spite of efforts). Connectedness seems to have been affected by a combination of vested interests of other donors, and the lack of real understanding of capacity development (combined with the loss of development expertise as key positions in donor agencies were taken over by generalists).</p>
<b>Score: 3.</b>
<b>Bibliography</b>
<p>Anon. (2006) <i>Effect of conflict in school education of Nepal</i>. Unpublished.</p> <p>Cambridge Education Ltd and METCON Consultants (2009) <i>Joint Evaluation of Nepal's Education for All 2004-2009 Sector Programme - Evaluation Report</i>. NORAD (Oslo)</p> <p>CBS (2012) <i>National Population and Housing Census 2011 (National Report)</i>. Central Bureau of Statistics (Kathmandu).</p> <p>Cumming, C., Acharya, S., Moriani, F., Shakya, D., Levine, V. &amp; Koirala, S. (2012). <i>Mid-Term Evaluation of the School Sector Reform Program</i>. March 2012. Ministry of Education (Kathmandu)</p> <p>COWI (2004) <i>Nepal - Joint Government – Donor Evaluation of Basic and Primary Education Programme II</i>. Ministry for Foreign Affairs of Denmark (Copenhagen).</p> <p>COWI (2009) <i>Joint Evaluation of the Secondary Education Support Programme</i>. Draft Final Report. Ministry for Foreign Affairs of Denmark (Copenhagen).</p> <p>COWI &amp; Goss Gilroy (2004) <i>Joint Government – Donor Evaluation of Basic and Primary Education Programme II</i>. Ministry for Foreign Affairs of Denmark (Copenhagen).</p> <p>Danida (1999) <i>Identification mission future Danish support to secondary Education</i>. Ministry for Foreign Affairs of Denmark (Copenhagen).</p> <p>Danida (2002) <i>Nepal Support to Secondary Education Appraisal Report</i>. Ministry for Foreign Affairs of Denmark (Copenhagen).</p> <p>Danida (2004) <i>Joint Government – Donor Evaluation of Basic and Primary Education Programme II</i>. Ministry for Foreign Affairs of Denmark (Copenhagen).</p> <p>Danida (2006) <i>Assessment Review 2006</i>. Ministry of Foreign Affairs of Denmark (Copenhagen).</p> <p>Danida (2009a) <i>Concept Paper Danish Support to the Education Sector - Nepal 2009-2012</i>. Ministry for Foreign Affairs of Denmark (Copenhagen).</p>

Danida (2009b) *Joint Evaluation of the Secondary Education Support Programme, Draft Final, July 2009, Danida*. Ministry for Foreign Affairs of Denmark (Copenhagen).

Danida & Asian Development Bank (2009) *Joint Evaluation of the Secondary Education Support Programme, Draft Final, July 2009, Danida*. Ministry for Foreign Affairs of Denmark (Copenhagen).

ESAT (2004) *Programme completion report - Direct Funding for Basic and Primary Education Project II: 1998 – 2004*. Education Sector Advisory Team, Ministry of Education and Sports (Kathmandu)

MoES (2004) *Programme completion report - Direct Funding for Basic and Primary Education Project II. 1998 - 2004*. Ministry of Education and Sports (Kathmandu).

MoES (2009a) *School Sector Reform Plan 2009-2015 Volume I & II, June 2009*. Ministry of Education and Sports (Kathmandu).

MoES (2009b). *Memorandum of Understanding - Education for All, 2004 – 2009: Mid-Term Review, May 1 to 4 2007*. Ministry of Education and Sports (Kathmandu).

MoE (2016) *School Sector Development Plan 2016-2023*. Ministry of Education and Sports (Kathmandu).

MoES & MFA (2009) *Agreement between the Government of Nepal and the Government of the Kingdom of Denmark on School Sector Reform Plan (SSRP, November 2009)*. Ministry of Education and Sports (Kathmandu) and Ministry for Foreign Affairs of Denmark (Copenhagen).

Koirala, C., Basnet, N. & McCaffery, J. (2002) *A Gender Audit of the Basic and Primary Education Programme II Nepal*. Ministry of Education and Sports (Kathmandu).

MoF (2014) *Development Cooperation Policy, 2014: International Cooperation for Development Effectiveness*. Ministry of Finance (Kathmandu).

MFA (2008) *Gender Equality in Education*. Ministry for Foreign Affairs of Denmark (Copenhagen).

Poyck, M. Koirala, B. Aryal, & N. Sharma (2016) *Joint Evaluation of Nepal's School Sector Reform Plan Programme 2009-16 Final Report - 03/2016*. GFA consulting (Hamburg).

Rasmussen, P. & Bajracharya, B. (2013) *Review of Danida Education Support to Nepal Ministry of Education's School Sector Reform Plan (2009-2013)*. Danish Embassy (Kathmandu).

Sekine, K. & Hodgkin, M. (2016) *Implications of Early Marriage on Education Outcomes in Nepal*. UNICEF Nepal (Kathmandu).

SDRC (2007) *A Study on the Status of Gender Equality in School*. Social Development and Research Center, Research and Educational Information Management Section, Department of Education, Ministry of Education and Sport (Kathmandu).

World Bank (2001) *Nepal Priorities and Strategies for Education Reform*. Human Development Unit, South Asia Region, The World Bank (Washington, DC).

World Bank (2003) *Project Appraisal Document on a Proposed Credit for US\$ 50 million to the Kingdom of Nepal for the Nepal Education for All programme*. The World Bank (Washington, DC).

## Annex F.8 Energy Sector Assistance Programme (ESAP), 1999-2007

### Component 1: Technical and Financial Support to AEPC

**Overview.** The Alternative Energy Promotion Center (AEPC) was established in 1996 to be the national institution responsible for the promotion of RE sources in Nepal. According to the Component Description the AEPC was to be active in biogas, solar, wind, micro and mini-hydro and improved cooking stoves. The AEPC was to prepare policies and support programmes to be financed by national and donor sources and monitor and evaluate activities of NGOs and other private organisations that execute projects financed under its programmes. As a new institution it was seen as being in need of external support in becoming a strong national institution in the RE sector. The component activities included capacity building, setting up in house training programmes, ensuring basic office facilities, developing a databank on rural energy activities, developing M&E tools and procedures, as well as carrying out an organisational analysis on the AEPC.

#### Immediate objectives:

- AEPC has improved its managerial and technical capacity in implementing RE policy
- Initiate measures to develop RE policy in HGM/N and develop policy proposals for, inter alia, the financing of RE systems
- Basis has been established for conducting political discussions on RE development internally in HGM/N and among parliamentarians and externally with potential donors

**Rationale.** The AEPC was established in order to act as an intermediary institution between the operational level NGOs and policy deciding levels. AEPC was seen as a the 'logical' choice of implementing agency for ESAP due to its mandate in rural energy and RE, however due to its recent establishment and lack of experience and resources it was seen to need extensive support in building its institutional capacity. This was the basis for Component 1 of ESAP. The rationale was that through strengthening AEPC as an institution, environmentally friendly sources of energy could be made accessible to the rural population, thus ultimately improving living standards.

**The situation before and after implementation.** There is little information on the situation prior to the intervention. However the AEPC was a newly established body, with weak capacity and few resources to develop institutionally. According to the Appraisal Report of the ESAP Programme (Danida, 1998:6) "As a newly established organisation with few staff and no established routines, AEPC has no performance record ... During the implementation of ESAP it is likely to believe that AEPC gradually will be able to fulfil its mandate as the coordinating and promoting agency for rural energy ... It is reasonable to accept during the first phase of five years, that the main collaborating partner is a relatively weak institution".

- ESAP's support to the AEPC can be seen as having been largely successful. Over the programme period AEPC developed into a central link between government, the public and the private and NGO sector. It was highly respected and the quality of its work and procedures were perceived to be high. According to the WB AEPC has become a world-leading promoter of community and private sector led expansion of RE technologies in rural areas.
- The overall objective of the component was achieved in terms of preparing and implementing the National Subsidy Policy for Renewable Energy, preparing the Strategic Development and Organisational Development Plan for AEPC, and creating mass awareness and establishing a renewable energy sector in Nepal.
- The National Subsidy Policy was prepared and implemented with ESAP inputs and allowed for the establishment of the Interim Rural Energy Fund (IREF) (discussed under Component 5 below). AEPC /ESAP played central role in National Rural Energy Policy formulation, however the policy does not mention AEPC as a key institution in the sector. The AEPC's long-term sustainability and autonomy continued to be under threat at the end of the programme. It remained to be based on a Cabinet Order and was thus officially a 'temporary' body.
- Several awareness raising and capacity development activities of stakeholders were organised during the programme period. Also internal capacity building of the AEPC has strengthened the institution and its procedures. AEPC had fully functional MIS and FIS in place at the end of ESAP.
- AEPC was able to attract a number of donors during the ESAP period including Norway, The World Bank, UNDP, The Netherlands, KfW and the European Union. However, coherent and integrated management of programmes remained lacking.
- The AEPC hosts an extensive website with information on regulation and technical standards as well as reports, policies and publications on RE.

**Documents consulted:** Danida (2007a, 2007b), Banerjee, Singh & Samad (2013).

**Relevance.**

The AEPC was created by the GoN as an intermediary institution between the operational level NGOs and the policy deciding levels in relevant ministries, commissions and councils. The GoN found that although NGOs had been largely encouraged to be actively involved in rural development projects, experience in rural energy activities showed that an inter-institutional coordination body was necessary in order to address operational problems that had previously been experienced in the sector. As a newly established body at the start of the programme, the AEPC was weak and poorly resourced. It was seen to need support for building its institutional capacity as well as financial and technical support for developing policies and programmes for the promotion of RE in rural Nepal. The component can be said to have been relevant as it was addressing the needs of a newly established government body. In terms of the national sectoral policy context, the entire ESAP programme was unusual in that it entered a sector in which no national sectoral policy yet existed. This was usually an assumption in entering a sector, unless the programme was specifically designed to set up such a policy, which ESAP was not. Rather the aim was to keep the national sector policy a priority issue within the programme and discuss possible assistance with the GoN.

The 10th Five Year Plan (2002-2007), which came into force during the programme period set targets relating to electricity access with the aim of 55% of the population having electricity service. The Plan's four pillars of poverty reduction included social sector and rural infrastructure development, an aspect of which was increasing energy access. The Plan included a section on alternative energy, stating that "development of alternative energy is the best available option to enhance rural development and benefit the rural economy". (GoN, 2002, no page number). The Plan calls for: "With an aim to make the energy sources and related technology development program more effective, the Alternative Energy Promotion Centre, which contributed for the development of the sector in rural areas, would be made more competent with due reform processes. In order to make the plan formulation and implementation of programs related with alternative energy successful, necessary manpower would be developed and institutional reforms would be carried out for effective supervision, monitoring and regular review."

**Score:** 5.

**Efficiency.**

It is difficult to assess efficiency with the current data available. However, the component fulfilled its objectives and strengthening of the AEPC was successful. It was able to do so within the scope of its given budget.

**Score:** 5.

**Effectiveness.**

The development objective of the AEPC component was to create a strong national capacity for supporting and coordinating public, NGO and commercial initiatives for the promotion and dissemination of renewable energy. The AEPC component is seen to have been essential in the overall success of ESAP and all of its components. The successful implementation of the AEPC component allowed for effective implementation of the remaining components and facilitated alignment with national priorities. According to the 2006 Review, AEPC developed into a national central link between government, the public, and the private and NGO sector in relation to RE. It was highly respected and developed into a facilitator between beneficiaries and the government. Its overall capacity was increased and M&E tools were put in place; an HRD policy and plan was prepared and implemented; its planning and coordination capacity strengthened and a resource centre established.

The National Policy for Renewable Energy Subsidies was promulgated and implemented in a comprehensive manner in October 2000 and successively the Interim Rural Energy Fund was established to manage the ESAP funds. The Policy was revised in 2006.

The AEPC/ESAP played a crucial role in the preparation of the National Rural Energy Policy drawing from its experiences in rural energy services "thereby ensuring more balance between demand driven and government driven modality" (Danida, 2006).

**Score:** 5.

**Impact.** It is difficult to assess the impact of this component and phase specifically as the following programme phases of ESAP II and NRREP built on the work carried out during ESAP I. It can be said that ESAP I laid the foundations for the work of ESAP II and NRREP.

**Score:** 4.

<p><b>Sustainability.</b></p> <p>Although the overall objectives of the component were achieved the long term sustainability of the institution was questioned at the end of the programme period. Due to the AEPC being still based on a Cabinet order that could be revoked, its institutional existence was vulnerable (AEPC Act yet to be passed in 2017). Nonetheless, the AEPC is still in existence and it is described by a 2013 World Bank Study as having become a world-leading promoter of community and private sector led expansion of RE technologies in rural areas. As such in terms of its mandate and organisational capacity a measure of sustainability has been achieved. During the programme period the AEPC was able to attract a number of international donors to work with it in the RE sector. Nonetheless, it needs to be noted that the AEPC continues to be wholly dependent upon donor and government funds. Its future is currently under question not only due to several compliance issues, which have come forth and to some extent undermined its credibility, but also due to the current decentralisation process in Nepal, which calls to question the role of such a centralised institution. It is yet to be seen how the AEPC will answer these challenges. Several respondents noted that they saw the future of the AEPC as a RE knowledge centre, playing a role specifically on policy development.</p> <p><b>Score:</b> 4.</p>
<p><b>Coherence.</b></p> <p>The component allowed the AEPC to attract several other donors to fund its activities. While there was great potential to further coordinate and harmonise donor activities in rural energy projects managed by the AEPC, this did not materialise. Multiple donor interventions existed even in the same sub sector and the AEPC managed several projects with separate management arrangements. Joint funding arrangements under one AEPC-wide programme were made only to a limited extent, but ESAP did represent a coordinated approach under one management arrangement with joint donor support from Denmark and Norway.</p> <p><b>Score:</b> 4.</p>
<p><b>Replicability.</b></p> <p>The component is a capacity building component of a specific governmental institution. Activities and strategies can of course be replicated, but largely the aim would be to further develop activities to meet the changed capacity level of the organisation. The technical aspects were course replicable – they were also used in ESAP II and NRREP</p> <p><b>Score:</b> 4.</p>
<p><b>Partner satisfaction.</b></p> <p>There is no information of this in the documents. The AEPC was seen as an active and engaged partner, however national ownership was questioned in some initial reviews. In person, the staff of AEPC praised highly the work of Denmark and ESAP.</p>
<p><b>Danish added value.</b></p> <p>It is difficult to see a particular Danish added value in ESAP I. It is noted specifically in the Appraisal (Danida, 1998) that Denmark has little to no experience in the sector, particularly in ICS. Thus it could be said that the programme was a mutual learning experience for both parties. In later stages as Denmark started working towards a more sectoral approach, it could be said that it brought a particular Danish added value in pushing the aid harmonisation agenda. The 1999 Review of the Programme states that a prudent approach to the preparation of the any national policy on the sector since Danida's own experience in the subsectors of ICS, solar PV and MH is limited.</p>
<p><b>Cross-cutting themes.</b></p> <p>Cross-cutting themes are not addressed in the reviews or reporting (PCR) for the component.</p>
<p><b>Connectedness.</b> Insufficient information.</p> <p><b>Score:</b> -.</p>
<p><b>Component 2: Promotion of Improved Cooking Stoves (ICS)</b></p>

**Overview.** The ICS component aimed to establish a sustainable framework and strategy to make technically and socially appropriate ICS technology available in rural communities. This was to be based on local capacity building and income generation. The component aimed to contribute to the national development goal of fulfilling rural people's energy needs in an environmentally and economically sustainable manner

**Immediate objective(s).**

- Capacity on community, district and national level regarding promotion and dissemination of ICS built up primarily in Middle Hills.
- Broad coverage of ICS being most common stove.

**Rationale.** In 1998 rural areas accounted for 80% of the total energy requirements of the country, with 95% of total energy consumed in the domestic sector of which 90% for cooking. In the mid-hills 80% of total energy consumption was based on fuelwood. At the time it was said that traditional cooking methods exploit the energy of biomass with an efficiency of 16%. The project did not see that fuelwood collection was causing deforestation as such, but rather that in some areas deforestation may be slightly exacerbated by fuelwood collection. Forest degradation and deforestation along with a growing population were understood to be a threat to fuelwood security. The ICS was seen not as a measure of forest conservation, but the more efficient utilisation of fuelwood was to lead to a reduced consumption of wood, thus indirectly contributing to fuelwood security. The rationale behind the ICS component was that through the promotion of ICS there would be a reduction in biomass consumption for cooking purposes, improvement of indoor environment and health, reduction in women's work load and improvements in food and nutrition. ICS was also seen to have a potential in poverty reduction.

**The situation before and after implementation.**

According to the project document of the ICS component (Danida, 1998), although there had been ICS programmes in Nepal for more than forty years, there had been very limited success. It adds that the reasons for failure have been a top-down and supply oriented approach, ineffective technology, and inappropriate technology. Prior to intervention both AEPC and Danida had limited experience in ICS promotion and dissemination.

The component target was to reach 40,000 households, which was exceeded with 213,000 ICS disseminated. This can be reflected against the national target set in the 10th plan of installing ICS in 250,000 households by 2007. Clearly, ESAP played a significant role in working towards the national target.

The component raised the capacity of 153 local organisations which were then able to train, monitor and raise awareness of the programme in their working areas that covered 711 VDCs and 11 municipalities. The component trained more than 3,000 promoters through these local organisations, among them 402 women and 726 men who were certified as quality stove builders to support the ICS programme

According to surveys of the ICS component respondents reported improvements in their domestic working environment and health conditions. The ICS allow for approximately 30% fuel wood savings, thus resulting in saving income and time. This particularly effects women and girls.

Component exceeded initial programme targets and had significant national level impact. It generated direct benefits in terms of improved health and fuel savings to reached households as well as environmental benefits. Importantly it predominantly benefited low-income households.

**Documents consulted:** see bibliography.

**Relevance.**

The 10th Five year Plan set as one of its targets under the Alternative Energy Chapter, the construction of 250,000 improved cooking stoves in rural areas.

**Score:** 6.

**Efficiency.**

The 2006 Review states that the ICS component has been the most cost-efficient in relation to the SHS and MH components. Other than this there is little information in terms of efficiency.

**Score:** 5.

**Effectiveness.**

The component was implemented through 100 district-based organisations, coordinated by five national NGOs as regional coordinators. Nine Regional Renewable Energy Service Centres in

nine mid-hill areas were established providing technical support on ICS promotion in 34 mid hill districts. An extensive network of promoters, quality assurors and trained promoters who later became licenced micro-enterprises installing ICS in the competitive market was established. ICS promoters were trained as licensed private entrepreneurs who were require to meet the standards of AEPC thus increasing the capacity of high quality ICS suppliers.

Four times more ICS were installed than the initial programme target. According to the Completion Report of the component, 213,000 ICS were disseminated, whereas the national target in the 10th Plan was 250,000 ICS installed by 2007. The component can be said to have had a significant role in working towards the national target.

- **Output 1:** Preparatory works to establish 10 district promotion centres – Nine Regional Service Centres (RSC) covering 33 districts, 688 VDCs and nine Municipalities were established.
- **Output 2:** Local Capacity Building – 153 Local Partner Organisations were implementing ICS activities and 30 Training of Trainers (ToT) organised for them in 34 districts. Standard guideline for service providers and collaborating partners prepared and implemented. Training curriculum for ToT of Stove promoters developed and implemented. User manual for ICS O&M developed based on lessons learned from users. 2691 ICS Promoters trained.
- **Output 3:** Increased demand for ICS with x no of ICS installed (Original target 25,000, revised to 40,000 and then 200,000 in bridging phase) – 213,000 ICS installed during programme period.

**Score:** 5.

#### **Impact.**

- The programme lacked poverty impact monitoring and where studies exists, the conclusions are not reflected in reporting. According to the Joint Sector Review from 2004, the poverty relevance of various technologies cannot be substantiated by hard evidence, but there are clear trends. ICS has been the most relevant technology in terms of poverty reduction and reaching poor households. Some 2,500 stove promoters were self-employed at the end of the programme period, the programme having facilitated a new livelihood opportunity for these entrepreneurs.
- Approximately 10% of households reached can be classified as 'ultra-poor' and 50% to have an income level below the national poverty line.
- The ICS allows for approximately 30% fuel wood savings, thus resulting in saving income and time, particularly effecting women and girls. Component exceeded initial programme targets and had significant national level impact. It generated direct benefits in terms of improved health and fuel savings to reached households as well as environmental benefits. Importantly it predominantly benefited low-income households. According to surveys of the ICS component respondents reported improvements in their domestic working environment and health conditions.

**Score:** 4.

#### **Sustainability.**

The trained promoters became licensed micro-enterprises installing ICS as their regular business in a competitive market. Considering there has been no additional subsidy beyond the initial awareness and training of promoters, the established capacity is likely to be sustained. The technology is highly affordable and health and fuel saving benefits seem to be evident to users, thus indicating that usage will be sustained. Additionally the capacity of local district based organisations was raised.

**Score:** 5.

**Coherence.** There is little discussion in the reporting on coordination with other ICS initiatives in the mid-hill areas.

**Score:** -.

#### **Replicability.**

The programme approach can be seen to have been successful in large-scale dissemination of ICS and facilitating the growth of micro-entrepreneurs in ICS promotion and installation. The PCR of the ICS Component states that the clay brick models used are only suitable for the mid-hills and some parts of the inner Terai. It calls for a portable and versatile model of ICS for the Terai to accommodate lower grade fuels. Additionally the metal stoves usually promoted in high hills are not seen as appropriate due to high fuel consumption, these are to be developed in terms of portability, consumptions, efficiency and cost. Thus, replication in different geographical areas of Nepal will require the assessment of the technology and choosing appropriate ICS



technologies for the particular needs of those areas. <b>Score:</b> 4.
<b>Partner satisfaction.</b> No information of this in documentation however in general the staff of AEPC praised highly the work of Denmark and ESAP.
<b>Danish added value.</b> ICS was largely a new sector for Danida, it thus cannot be seen as an area in which there was particular Danish added value.
<b>Cross-cutting themes.</b> The ICS component has the strongest link to poverty reduction and raising living standards of poor households through reductions in indoor air pollution, ensuring savings in fuel cost and time spent on the collection of fuelwood as well as providing livelihoods to ICS promoters and installers. It is also the component with the strongest impact on women and girls since they are the primary users of the ICS and collectors of fuelwood. 50% of the promoters trained were women. Wider gender analysis is difficult as this is not reported on in the reviews.
<b>Connectedness.</b> Insufficient information. <b>Score:</b> -.
<b>Component 3: Support to Micro-hydro Development</b>
<p><b>Overview.</b> The aim of the Micro-hydro (MH) component was to introduce and sustain the availability of electricity in areas, which were not to be connected in the national grid in the near future. The focus of the component was on micro-hydro plants since it was seen that conditions for isolated areas of low demand and widely scattered small villages favour micro-hydropower projects, which have a lower cost than mini-hydro and are generally less demanding. The programme aimed to focus on strengthening the support network to make each plant sustainable through educating people, engaging people in the decision making process and establishing service centres at a reasonable distance from the plant. The component included both the construction of new MH plants as well as the rehabilitation of old plants. Funding for the schemes came through the IREF. It was seen that lighting purposes were not sufficient to make the schemes sustainable, but that there needed to be at least some productive end use of the electricity for each plant. There needed to be sufficient income generated to cover operation, maintenance and repair as well as part of the construction costs.</p> <p><b>Immediate objective(s):</b></p> <ul style="list-style-type: none"> <li>• Establishment of local support structures for mini-grid electrification based on micro-hydropower built-up in five areas with promising potential</li> <li>• Reinforcement of the national framework for capacity building, project support and dissemination.</li> <li>• Implementation of new hydropower projects and rehabilitating of existing plants equivalent to 2,000-25,000 kW financed adhering to HGM/N policy for investment subsidies</li> </ul> <p><b>Rationale.</b> The rationale for the component was that hydro-power allowed for clean energy production, with minimal environmental impact and potential for productive end-use. This was to reach a rural population with very limited access to electricity, however the primary beneficiaries were recognised to be slightly better off households since certain levels of cash income were likely to be necessary in order to afford the connection fee and installation costs. The component was to learn from previous experiences in the sector in the Nepal, as schemes had not been sustainable in the long term. Thus the institutional structures and associations around the schemes were to be concentrated on.</p> <p><b>The situation before and after implementation.</b></p> <p><u>Before implementation.</u> According to the component document approximately 400 MH plants had been locally manufactured and installed and manufacturers were continuously improving their capacities in production and repair of MH equipment. AEPC was still at early stages after establishment with little experience in coordinating MH development in the country. Guidelines and policies were under preparation.</p> <p><u>After implementation.</u> The Component is seen to have contributed to the development of a basic regulatory and institutional framework for MH promotion in rural areas. AEPC acted as the facilitator and quality assessor. Through the requirement to meet quality standards to be eligible to deliver services and access the subsidy provided in IREF, the quality of MH service delivery in Nepal was improved. The Component is seen to have contributed to supervision and QA through the development of MH standards, procedural guidelines for preliminary and detailed</p>

feasibility studies, procedures and documentation for bidding processes and contracts, social mobilisation guidelines and training manuals and guidelines. The provision of an investment subsidy increased demand for MH. Demand and QA requirements increased the no of companies meeting quality standards and led to development of the capacity of manufacturing, installation and consultancy. At the end of the programme there was a vibrant private sector with 54 companies directly involved. Effective use of around 54% for household consumption and 7% for productive end use. Major use of electricity in consumption rather than production as was originally aimed. MH has allowed for other sources of energy consumption, enabled access to services like radio, telephone connection and improved learning environment as well as extended length and number of classes in schools.

**Documents consulted:** see bibliography.

#### **Relevance.**

The 10th Five Year Plan (2002-2007), which came into force during the programme period set targets relating to electricity access with the aim of 55% of the population having electricity service. The Plan's four pillars of poverty reduction included social sector and rural infrastructure development, an aspect of which was increasing energy access. Increasing rural energy access is seen as a priority, however it states that since massive investments would be required to arrange power supply to rural areas from the national grid system, the development of alternative energy solutions is the best available solution of increasing rural electrification, enhancing rural development and benefiting the rural economy. Hydropower was given a strong emphasis in the plan (GoN, 2002). The Plan sees that hydropower has great poverty reduction potential. The Plan set a national target for M as 10 MW and the component played a central role in working towards this target.

**Score:** 6.

#### **Efficiency.**

Expenditures of the component were lower than originally budgeted. The remaining funds were transferred to the IREF for subsidies to additional projects. The cost per kW installed was seen as relatively high by the 2006 Review, according to which average cost per kW installed of 243,908 NPR (approx. 3,450 USD) when ESAP management and supervision costs are included, which are above costs presented in cross country surveys on MH. One reason given for this is that supervision and management includes costs of a large portfolio of MH projects not yet implemented, thus pushing up the average costs per kW. Although the component was able to meet its objectives in terms of the detailed prefeasibility studies, according to interviewees the actual completion of schemes continued onto ESAP Phase II.

**Score:** 3.

#### **Effectiveness.**

- **Output 1:** Service Centres for servicing micro-hydro and mini-hydro plants as well as turbines that are used for mechanical purposes only (agroprocessing).

Four Regional Service Centres covering sixteen hill districts and 20 district level MH owners' networks + central federation were established during the programme period. Service centres located in Palpa covering Western Development Region, Surkhet covering Mid-Western Development Region, Bargunj and Ilam Centre.

- **Output 2:** Guidelines for preparation of micro- and mini-hydro projects that are widely disseminated to relevant parties
- **Output 3:** Feasibility studies for new micro-hydro projects that are financial viable and are qualified to be con-financed by funds drawn from the "investment component"
- **Output 4:** Feasibility Studies for rehabilitation of micro- and mini-hydro projects that failed after implementation
- **Output 5:** Information and education on MH power for (potential) end-users and professionals
- **Output 6:** Decentralised MH plant support structures have been established making use of the REDP approach for local involvement.

The MH Component serviced 25,299 households (ca 150,000 people) in 36 districts. There is a discrepancy in the reporting with the PCR stating that detailed feasibility studies had been carried out for 2,500 kW schemes and put in the subsidy pipeline. Whereas the Review of 2006 states that close to 3,000 kW schemes were prepared for subsidy approval with 1.8 MW verified. A further 1.5 MW was under construction and close to 1 MW were being initiated for construction at the end of the programme. In terms of delivery it was found that approximately 54% of installed capacity was actually translated to kWh capacity for the end used with effective use of 47% for households consumption and 7% for productive end use. There is thus a surplus and efforts could be made to support communities in more effective application of capacity installed or to accommodate potential increased demand for electricity.

<p><b>Score: 4.</b></p>
<p><b>Impact.</b></p> <p>The 2004 Joint Review states that the AEPC/ESAP lack impact monitoring on poverty and where they exist they are not reflected in progress reporting or work plans. According to the 2006 Review, there has been no independent verifications of installations or study of impacts in relation to the MH and the SHS component. However, the same report states that there is evidence to suggest a positive correlation between access to MH and social welfare at the household level. According to the review this has come from the substitution of other sources of energy (e.g. kerosene lamps), enabled access to services (radio), enable improved communication (telephone) and improved the learning environment as well as extended the number of classes in schools (95% of survey respondents reported improved educational performance in children due to MH). These improved learning outcomes have not been measured, but are potentially a significant impact of the MH component. The PCR and the 2006 Review have a somewhat different take on the poverty reduction impact of the component. According to the PCR “income generation aspect of the local people was found to be increased significantly”, while the Review 2006 states “in the areas with MH, the economic activity and investment in income generating activities has only marginally improved” (p. 16). According to the review the component facilitated the emergence of a vibrant private sector in MH and the requirement of meeting certain quality standards to be eligible for the delivery of services raised the quality of MH in Nepal and increased the general capacity of the manufacturing, installation and consultancy market in the sector. This vibrant private sector providing quality services in MH has the potential of decreasing costs through economies of scale and allowing for wider access to electrification through MH.</p> <p><b>Score: 5.</b></p>
<p><b>Sustainability.</b></p> <p>The fact that the project aimed to ensure high levels of productive end use due to lessons learned from previous MH projects, but that the percentage was merely 7% would indicate that there may be significant challenges to sustainability in terms of the continued maintenance of the schemes. The user willingness to pay would indicate that there has been a net benefit in economic terms and that communities may have an interest in sustaining the schemes. However, this is countered in reports relating to later phases and in the interviews stating that tariffs are often set too low and community managed schemes have not been adequately maintained in the long term. Additionally it was confirmed in several interviews that there is no comprehensive data on whether schemes built under ESAP are still functioning, making it very difficult to make an informed assessment on sustainability. The reported emergence of a vibrant private sector producing higher quality MH services would indicate a potential for sustainability although whether the demand could be sustained without subsidies was questioned.</p> <p><b>Score: 4.</b></p>
<p><b>Coherence.</b></p> <p>There is little information on this, however the project document for the component states that MH was chosen because other donors were already involved in the mini-hydro and small hydro sectors. There is seems to have been collaboration and some coordination with GTZ. Additionally it is noted that the UNDP/WB supported project in the sector shares some of the management procedures of the MH component. However, it seems that the approach taken on MH by the UNDP/WB REDP project was different from ESAP. According to one interviewee REDP worked at a much smaller scale with stronger community engagement and mobilisation. AEPC was not able to take a coordinated approach to donor funding and this is relevant through all components.</p> <p><b>Score: 3.</b></p>
<p><b>Replicability.</b></p> <p>The basic model of the component could probably be replicated, although efforts would be needed to ensure increased cost-efficiency. Based on the interviews there is a clear trend away from community managed MH schemes in Nepal since they have been found not to be sustainable and additionally it is seen as being more feasible to carry out larger schemes with possibility of synchronisation into the expanding grid. Although the prequalified company system may have been good and even essential for facilitating the growth of high quality providers of MH technologies, this may have later distorted the market and facilitated the establishment of syndicates and kick backs experienced in the later phases of the programme.</p> <p><b>Score: 3.</b></p>
<p><b>Partner satisfaction.</b> No information of this in documentation however in general the staff of AEPC praised highly the work of Denmark and ESAP.</p>

**Danish added value.**

The project document of the component states “Denmark has hardly any expertise in hydropower”. Its added value is seen mostly in organisational development rather than the technical expertise in the sector.

**Cross-cutting themes.**

Addressing cross-cutting issues does not seem to have been a priority of the component with little mention of it in the reviews or available reports. The PCR of the component states that “addressing cross-cutting issues e.g. poverty, gender equality, environment etc. have been difficult and so is linking up with credit, income generation etc.” There is no gender disaggregated reporting e.g. on the training or support to private sector e.g. have women owned enterprises been encouraged etc. As mentioned in ‘impact’ the PCR and the 2006 Review have a somewhat different take on the poverty reduction impact of the component. According to the PCR “income generation aspect of the local people was found to be increased significantly”, while the Review 2006 states “in the areas with MH, the economic activity and investment in income generating activities has only marginally improved” (p. 16).

**Connectedness.** Insufficient information.

**Score:** -.

**Component 4: Promotion of Solar Energy**

**Overview.** The component aimed to develop commercially sustainable deployment of solar home systems (SHSs) for electrification of off grid households. This was to be done by developing a sustainable local industry and market for SHS using financial incentives and strengthening solar energy (SE) resource base.

**Immediate objective(s):**

- An enabling framework for dissemination of good quality SHS/PV exists, including technical, institutional and market stimulation support to the main stakeholders in the sector.

**Rationale.**

- The solar energy resource of Nepal was seen as well suited for PV applications. It was understood that households in Nepal with SHS enjoy benefits from the received electricity service such as increased access to information and education as well as better quality of life in households. Only a minority of rural families could however afford SHS and the remoteness of the areas were seen as obstacles to building efficient infrastructure for the commercialisation of SHS and providing after-sales services. The technical viability of SHS was seen to depend on the quality of components and efficient after sales services, whereas the latter was seen to be dependent on market demand. Thus the technical viability of SHS in Nepal was understood as dependent on the creation of mass market demand, something the programme aimed to facilitated. This was then to drive down the cost of the systems, making SHS more accessible to the population on pure market terms.
- SHS was understood to be mostly ‘household-only’ use with benefits being in the form of increased access to information and education, increased quality of light and reduction of soot, particles and odour. The fact that there is little productive end use potential was seen not to be a problem since there was little productive demand for electricity.
- The component was to address the supply side through capacity building of AEPC, setting up a Solar Energy Test Station, setting targets for cost reduction with manufactures, providing financial support for development of SHS marketing and after sales services. On the demand side market stimulating measures through a general subsidy scheme was to be provided. In order to mitigate environmental impact the component was to establish a battery recycling scheme.

**The situation before and after implementation.**

Before implementation. According to the Project Document more than 1000 SHS had been sold in the three years 1994-1997, and there were three medium-sized companies involved in the PV sector in Nepal. The market price for SHS was high and only few rural families could afford the technology. This was compounded by the fact that the remote areas in which SHS would be the most suitable technology the construction of efficient infrastructure for commercialisation and provision of after-sales services was very difficult and not seen as commercially viable by many. There was no national plan for SHS deployment, no clear understanding of how to optimise and phase out a potential financial incentive tool, insufficient quality of SHS components and no battery recycling scheme.

After implementation.

- Target of 40,000 SHS surpassed with 69,411 SHS being installed. A comprehensive guideline to administer the subsidy was prepared together with the solar sector and successfully implemented.
- Prior to the programme only a few companies were involved in solar PV business but at the end of the ESAP Phase I more than 40 solar companies were established and carrying solar PV activities in Nepal. The capacity building of private sector focused to develop the skilled manpower through the Solar Electric Technician Level I and II courses. 745 SE LI and 125 SE LII technicians trained and certified from Centre for Technical Education and Vocational Training.
- Battery recovery scheme was not successful, it was not properly activated during ESAP I.
- The Nepal Interim Photovoltaic Quality Assurance was prepared and implemented. In order to ensure quality of components as per the guideline the Solar Energy Test Station (SETS) was established. SET was fully functional at the end of ESAP I.
- The cost of Wp (peak Watt) installed is significantly higher than MH projects. SHS has likely serviced poorer households less than MH. On the household level it has the same impact, but less potential for commercial activities.
- Questionable whether the demand could be kept up without the subsidy scheme.

**Documents consulted:** see bibliography.

#### **Relevance.**

The 10th Five Year Plan (2002-2007), which came into force during the programme period set targets relating to electricity access with the aim of 55% of the population having electricity service. The Plan's four pillars of poverty reduction included social sector and rural infrastructure development, an aspect of which was increasing energy access. Increasing rural energy access is seen as a priority, however it states that since massive investments would be required to arrange power supply to rural areas from the national grid system, the development of alternative energy solutions is the best available solution of increasing rural electrification, enhancing rural development and benefiting the rural economy. One of the targets set by the 10th Five Year Plan is that "3.5 MW electricity energy by distributing 52 000 domestic and institutionalised solar electricity systems in 52 districts" are produced. The plan emphasises the importance of the promotion and expansion of small solar energy in rural areas.

**Score:** 6.

#### **Efficiency.**

The PCR concludes that the component was efficient as targets were accomplished within the budget. However, it should be noted that in terms of cost the SHS installations are higher than MH, which was already found high. Decreasing cost would require significant scaling up in order to achieve economies of scale and reduce the cost per unit of capacity.

**Score:** 4.

#### **Effectiveness.**

**Output 1 (An enabling framework for dissemination of good quality SHS/PV exists, including technical, institutional and market stimulation support to the main stakeholders in the sector).**

- The target for the component was the dissemination of 40,000 SHS during the programme period, but this was exceeded and a total of 69,411 SHS were installed. This is favourable in terms of the entire national target by 2007 being 52,000. The component along with the IREF subsidy has facilitated the increase in number and capacity of private sector companies working in the supply and installation of SHS. Due to the requirement of the registration procedure and the connected quality requirements the overall quality of products improved. According to the PCR of the component only a few companies were involved in solar PV activities at the beginning of the programme, but by the end more than 40 solar companies were established and active in the market. Skilled manpower in the sector was increased with the introduction of the Solar Electric Technician Level I and Level II courses, which allowed the training of SHS installation, maintenance and repair technicians. 745 SE LI and 125 SE LII technicians were trained, 34 of whom received certification from the Centre for Technical Education and Vocational Training.

**Output 2 (Battery Recovery Scheme).**

- No progress was made with regards to this output and it was deferred to ESAP II.

**Output 3 (Establishment of Solar Energy Test Station, SETS).**

- The SETS was established with reasonable testing facilities and was fully functional at the end of the programme. It had an important role in the quality assurance of PV components and its operational costs were fully covered by the fees paid by manufacturers. The overall frameworks for QA were designed and implemented and the Nepal Interim Photovoltaic Quality Assurance (NIPQA) was prepared and implemented.

**Score:** 5.

**Impact.**

According to the 2006 Review: “The survey of the poverty impact of rural energy projects concludes that distribution of SHS has most likely serviced poorer households to a lesser extent than MH. It will have the same impact at the household level as MH although less potential for serving commercial activity requiring power for other uses than lighting and low voltage appliances”. As such, SHS do not have productive end use potential i.e. potential for income generation. Although there has been an employment impact, this too is limited due to the fact that most components needed to be imported unlike in the case of MH.

There is generally little outcome or impact level data available however the Progress Report of 2004 states that “The most important part of benefits from SHS is the direct and indirect social benefits (in education, awareness building, socialization, self-esteem enhancement, etc.) from use of solar electricity in lighting for children’s education and in operation of radio, TV, cassette players, etc.”

**Score:** 4.

**Sustainability.**

- The 2006 Review questions the extent to which the market that has grown during the programme period can be sustained without the subsidy. The subsidy from IREF has promoted the significant expansion of the market of qualified suppliers. According to the Review “as a commercial non-regulated market, several of the companies will most likely sustain their operations, but subsequently target peri-urban areas and shift focus to more upmarket households with higher income levels” (pp. 24).
- One potential aspect of sustainability is that, according to the 2004 progress report there has been improvement in rural customer confidence on PV technology and SHS has become increasingly popular in rural areas.
- Quality consciousness amongst both producers and consumers have increased and with the setting of QA standards, there is good potential for improved sustainability of the SHS. According to the 2004 Progress report sustainability of already installed SHS is not generally a problem due to individual ownership and improved component quality in addition to expanding sales and after sales service networks.
- SETS seems to be on a sustainable footing due to its operational costs being covered by manufacturers, its long-term sustainability will need to be assessed. The Station is however still in operation, though its scope has been widened to now be the Renewable Energy Test Station.

**Score:** 3.

**Coherence.**

There is little discussion on coherence or connection to other projects in the sector. The 2004 Progress report does however mention that the AEPC was to launch a 5-year project on solar energy with EC funding. It is emphasised that since the project is going to have a large impact on the sector it is important that AEPC/ESAP work closely with the project in order to avoid any possible negative impacts. Additionally it is mentioned that the modality developed by the component for the dissemination of SHS has been recognised as a national mainstream modality and thus several actors were willing to link up support with AEPC/ESAP to the extent possible.

**Score:** 3.

**Replicability.**

The basic model of the component could potentially be replicated, although efforts would be needed to ensure increased cost-efficiency. Long term sustainability due to the high subsidy level

and its potential distortion of the market was questioned during the programme period. Although the prequalified company system may have been good and even essential for facilitating the growth of high quality providers of SHS technologies, this may have later distorted the market and facilitated the establishment of syndicates and kick backs experienced in the later phases of the programme.

**Score:** 4.

**Partner satisfaction.** No information of this in documentation however in general the staff of AEPC praised highly the work of Denmark and ESAP.

**Danish added value.**

Solar energy appears to have been a new sector for Danida at the time and as such it cannot be said that there was a particular Danish added value.

**Cross-cutting themes.**

- There is little discussion on cross-cutting themes in the reporting. The 2004 Joint Review states that the AEPC/ESAP lack impact monitoring on poverty and where they exist they are not reflected in progress reporting or work plans. The same review notes that it is very difficult to address poverty through the promotion of solar PV units. The cost of the systems are too high. Additionally SHS are not suitable for productive end use and are thus not attractive in terms of income generation potential. Additionally the 2004 Joint Sector Review states that 80% of the subsidies for SHS were disbursed to accessible areas and recommended that the focus should be on more remote districts. This issue was not addressed in the 2006 review.
- According to the 2004 Progress Report “The market-driven approach adopted by the program, where the private sector takes the lead in the dissemination of the technology, has been successful, in general. However, given the differences in socio-economic conditions in the different regions of the country, this has led to a regionally unbalanced distribution of SHS installations. With the market-driven approach, private companies do not find it profitable to sell and establish an after sales service structure, in remote and socio-economically backward areas, where the market for SHS is very small. The areas with better socio-economic conditions and better electrification ratio also have more SHS installations”. The same report stated that there is a need to link up with other rural development programmes in order to address issues such as poverty reduction, gender equality and democratisation.

**Connectedness.** Insufficient information.

**Score:** -.

#### **Component 5: Financial Assistance to Rural Energy Investments including rural electrification of Kailali and Kanchanpur Districts**

**Overview.** The component was to provide grant and loan finance to investments in MH, SHS and rural grid extension projects. The fund was to provide part-financing investments to SHS and MH projects in the form of subsidies and loans and to rural electricity distribution projects in the form of loans, and to part finance TA rural energy programmes through grants.

**Immediate objective(s):**

- To raise the level of investments in solar home PV-systems by providing subsidy and loan finance to these
- To raise the level of investments in micro-hydro projects by providing subsidy and loan finance to these
- To raise the level of investments in rural grid extension projects by providing loan finance to these
- To finance new rural energy programmes that have been identified as priority by AEPC, Danida and the Government

**Rationale.** The rationale of the component was that there was a lack of available financing in the RE sector, which would allow to raise the level of investments in the sector. Subsidies were seen as being necessary in permitting an adequate proportion of the rural population to get access to new energy technologies and to make RE technologies competitive. RE technology was not seen as being competitive in pure market terms and thus subsidies were necessary. The investment financing component was seen as being justified due to it allowing budgetary flexibility. This was to allow for financing new initiatives identified during the course of ESAP.

**The situation before and after implementation.**

Before implementation. Renewable energy was not able to compete on pure market terms. According to the project document renewable energy systems suffered from diseconomies of scale with the unit cost per kWh of production higher than in conventional energy systems and financing costs being higher due to substantial costs of small scale lending. These hinder the

promotion of large scale penetration of RE systems.

After implementation.

- IREF established and started subsidy disbursing in April 2001. IREF absorbed more than DKK 75 million against the original target of DKK 35 million. IREF was able to institutionalise efficient monitoring of projects and to ensure transparent subsidy delivery. IREF, with the technical support component, caused an increase in demand and supply of MH and SHS technologies. The component is seen to have contributed to the programme immediate objective; to improve the availability and productivity of the public and commercial infrastructure for planning, promotion, maintenance and financing of renewable energy sources.
- In terms of SHS, AEPC plays an important regulatory role and with the IREF subsidy has promoted a significant expansion of the market of pre-qualified suppliers. This function will require additional external funding in the medium term to be sustained while the subsidy should be to a larger extent be sustained by HMG/N budget transfers of more than the 8% share of the IREF funding during ESAP I.
- 317 MH Plants approved with potential for 4,278 kW in 40 districts. 69,411 SH systems approved with potential for 2,208 kW in 73 districts.
- KKREP: The component suffered substantial delays due to the difficulties related to the Danish turnkey contractor. The Danish contractor's contracts with the local subcontractor as well as with suppliers of materials were taken over by Danida/ESAP. At the end of the programme period erection works were ongoing.
- 78 Electricity user cooperatives were created and mobilised. No business plans for the EUCs had yet been prepared.
- Foundations of poles already erected were seen to be inadequate and a method to address the issue was being developed.
- The original estimate of power consumption was far lower with new estimates at three times the originally expected load. If not addressed this was to lead to an unacceptable quality of supply to consumers.

**Documents consulted:** see bibliography.

**Relevance.**

The component was relevant and in line with the 10th 5 Year Plan, which called for the establishment of a Rural Energy Fund.

**Score:** 6.

**Efficiency.**

The PCR states that the component was highly efficient as the implementation of the SHS and MH component were dependent on the efficiency of the subsidy delivery mechanism. There is no discussion however on the potential increases in transaction costs of having more eligible projects than funds available. Additionally the independence of the Fund was questioned as AEPC/ESAP was responsible for verification of technical parameters and recommending projects for funding. The same personnel manage AEPC/ESAP and the IREF, so in effect they approve what they recommend. In IREF, the three-person executive board is headed by AEPC ED, the other two members are the AEPC Account Chief and the ESAP CA. There were no checks and balances or transparency mechanism under this arrangement, and the tasks of AEPC/ESAP and the IREF appear to have overlapped without a clear division of responsibilities (Norad, 2011).

**Score:** 5.

**Effectiveness.**

IREF established and started subsidy disbursing in April 2001. IREF absorbed more than DKK 75 million against the original target of DKK 35 million. The component is seen to have contributed to the programme immediate objective: to improve the availability and productivity of the public and commercial infrastructure for planning, promotion, maintenance and financing of renewable energy sources. It enabled the effective implementation of the MH and SHS component.

According to the 2006 review the IREF as served to promote a substantial increase in demand and supply of MH and SHS technologies. For both technologies the objectives were fully achieved since eligible projects far exceeded the eligible funds at the end of the programme. However, as the review states the initial indicator for achievement, which called for the demand for funds exceeding the availability of funds is contrary to sound subsidy policy. This risks transaction costs as well as non-transparent allocation.



<b>Score:</b> 5.
<p><b>Impact.</b></p> <p>According to the 2004 Joint Sector Review: Motivating potential clients and villages to invest in renewable energy has been very successful, but, as shown above, it has been one-sided. It appears that IREF has readily approved the fast-moving requests for SHS subsidy and there is no mechanism in existence to better direct demand to more desirable regions or to micro hydro, which entails better poverty orientation. As mentioned in sections earlier there is little impact monitoring of the project outputs. However it is likely that impacts from SHS and MH have resulted in improved living conditions for targeted households, improvements in learning environments, improved access to services such as radio and television and reduced the use of other energy sources such as kerosene.</p> <p><b>Score:</b> 5.</p>
<p><b>Sustainability.</b></p> <p>The IREF was further developed into the Rural Energy Fund in ESAP II and the Central Rural Energy Fund in NRREP. The fund itself thus continued beyond the first phase of the programme, however always in connection to a programme intervention. At the moment the institutional set of CREF seems good, however its future and independence is vulnerable as the NRREP closes in July 2017. Its future very much depends on the AEPC.</p> <p><b>Score:</b> 5.</p>
<p><b>Coherence.</b></p> <p>According to the 2004 Joint Sector Review the World Bank in 2003 signed an agreement on a Power Development Fund (PDF) where one of three elements are support to the micro-hydro sector with USD 5.5 million, primarily to support an expansion of REDP project into 10 new districts. The programme intends to be community driven and follows the same technical approach as ESAP. There is no mention however on to what extent this overlaps with IREF and how it is to be ensured that activities do not overlap.</p> <p><b>Score:</b> 4.</p>
<p><b>Replicability.</b></p> <p>As such a fund was necessary and highly relevant in promoting access to renewable energy and facilitating the growth of a private sector in RE. However, there should have been more effort from the beginning to ensure that the fund was independent and outside of the AEPC. During ESAP I technical and financial viability was assessed within the same organisations and there were few checks and balances.</p> <p><b>Score:</b> 4.</p>
<b>Partner satisfaction.</b> No information of this in documentation however in general the staff of AEPC praised highly the work of Denmark and ESAP.
<b>Danish added value.</b> It cannot be said that there was a particular Danish added value in relation to this component.
<p><b>Cross-cutting themes.</b></p> <p>Since the IREF operated with a demand driven approach there was no steering element on subsidy commitments into a more poverty relevant direction and the large demand for SHS remained unchecked. SHS demand was largely in more accessible areas. The 2004 Joint Sector Review called for funding mechanisms favouring the poor.</p>
<p><b>Connectedness.</b> Insufficient information.</p> <p><b>Score:</b> -.</p>
<b>Bibliography</b>
AEPC (2005) <i>Solar Energy Component Progress Report January-December 2004</i> . Energy Sector Assistance Programme, Alternative Energy Promotion Centre (AEPC). May 2005

- Danida (2007a) *Programme and Project Completion Report; Energy Sector Assistance Programme*. Ministry of Foreign Affairs of Denmark (Copenhagen). November 2007.
- Danida (2007b) *Component Completion Report on Support to AEPC, Energy Sector Assistance Programme*. Ministry of Foreign Affairs of Denmark (Copenhagen). November 2007
- Danida (2007c) *Component Completion Report on Improved Cooking Stove Component, Energy Sector Assistance Programme*. Ministry of Foreign Affairs of Denmark (Copenhagen). November 2007
- Danida (2007d) *Component Completion Report Kailali Kanchanpur Rural Electrification Project (KKREP), Energy Sector Assistance Programme*. Ministry of Foreign Affairs of Denmark (Copenhagen). November 2007
- Danida (2007e) *Component Completion Report Support to Micro-Hydro (MH) Development), Energy Sector Assistance Programme*. Ministry of Foreign Affairs of Denmark (Copenhagen). November 2007
- Danida (2007f) *Component Completion Report Rural Energy Investment Fund Component, Energy Sector Assistance Programme*. Ministry of Foreign Affairs of Denmark (Copenhagen). November 2007
- Danida (2007g) *Component Completion Report Solar Energy Component, Energy Sector Assistance Programme*. Ministry of Foreign Affairs of Denmark (Copenhagen). November 2007
- Danida & Norad (2004) *Review Aide Memoire (RAM) Joint Sector Review, Energy Sector Assistance Programme*. Ministry of Foreign Affairs of Denmark (Copenhagen) and Norwegian Agency for Development Cooperation (Oslo). March 2004
- Danida & Norad (2006) *Nepal; Review of Energy Sector Assistance Programme, Final Report, Ref. No. 104.Nepal.806*. Ministry of Foreign Affairs of Denmark (Copenhagen) and Norwegian Agency for Development Cooperation (Oslo). February 2006
- Nepal, R. (2012) Roles and potentials of renewable energy in less-developed economies; the case of Nepal. *Renewable and Sustainable Energy Reviews*, **16**:2200-2206.
- Norad (2011) *Joint Review of Energy Sector Assistance Programme (ESAP II) Nepal; Review Report*, February 17, 2011.
- Gurung *et al.* (2012) 'The prospects of renewable energy technologies for rural electrification: A review from Nepal. *Energy Policy*, **40**:374-380.
- Banerjee, Singh, and Samad (2013) *Power and People: The Benefits of Renewable Energy in Nepal*. The World Bank (Washington DC).
- WECS (2014) Energy Data Sheet, Water and Energy Commission Secretariat, June 2014 (accessed 12 May 2017 at: [http://energyefficiency.gov.np/downloadthis/final\\_data\\_book\\_\\_11\\_june\\_2014.pdf](http://energyefficiency.gov.np/downloadthis/final_data_book__11_june_2014.pdf)).

## Annex F.9 Energy Sector Assistance Programme Phase II (ESAP II), 2007-2012

### Component 1: Institutional Strengthening of Rural Energy Sector

**Overview.** The component aimed at promoting the energy sector through coherent energy policies with a long-term perspective for rural energy service provision including electrification, networking of stakeholders, coordination, information dissemination, human resource development, promoting participation of civil society, and good management practices. The establishment of the good governance in the sector was believed to be a result of coherent policies and efficient institutions that support energy provision improvements in the rural areas. It would also help in building confidence of external development partners and, thus, attract more resources. This would eventually result in increased access to rural energy solutions that are efficient, environment-friendly and that address social justice for the rural people.

#### Immediate objectives:

- Coherency in Policy and coordination for delivery of rural energy services with focus on decentralisation and private sector.
- Alignment of national and external development partners to the national rural energy sector policy and institutional framework
- Relevant institutions are capable to coordinate, develop, implement and monitor rural energy policy/programmes
- Increased and sustainable access and affordability for the rural poor to solar energy systems
- Gender and Social Inclusion (GESI) in implementation of ESAP II and bridging to NRREP (under Addendum II, 09/12/2011 – 15/07/2012)

#### Rationale.

Improved access and quality of services were understood by ESAP II as being relevant for the socio-economic development and environmental management of rural areas in Nepal. Energy services were to include both the meeting of basic consumption needs such as cooking and lighting as well as productive end uses. Energy services were seen to play a key role in improving living standards, providing health benefits, improving access to education and ultimately facilitating poverty reduction. It was seen as essential that development processes in rural areas are not hampered due to a “lack of sustainable, affordable and equitable energy services” (25).

Based on the experiences gained from ESAP I it was understood that institutions at donor, central and local levels played an essential role and had the opportunity to complement one another in achieving their objectives in rural energy development. In order for this complementarity to occur there needed to be “a coherent energy policy on electrification and development of other forms of rural energy” (26), which was to provide the framework for developing a harmonised approach and allowing for partnerships with external partners. This also required increasing the capacities of the relevant institutions in order for them to be able to coordinate, develop and monitor programmes within the sector. Institutional strengthening was to concentrate on the AEPC and partner institutions through assistance to develop, adopt and implement a coherent rural energy policy.

The rationale of the component was that through the development of a rural energy policy in line with the national development framework, capacity development of national partners and stakeholders, and with harmonisation of external development partners, higher fund utilisation efficiency could be achieved as well as sustainability of development efforts more widely and in the sector specifically.

#### The situation before and after implementation.

Before implementation. AEPC had been significantly strengthened during ESAP I, but according to the project document there was little commitment from government and an institutional reluctance within the AEPC for organisational development and improvement during ESAP I. There was a lack of a coherent rural energy/electrification policy in line with national development goals and lack of a common understanding of a long-term vision and strategy for rural energy development in Nepal. Subsidy policy at the time was seen to not reach poor, women and disadvantaged groups adequately.

#### After implementation.

- Renewable energy promotion incorporated into the GoN’s Three Year Plans and Rural Energy Policy, Subsidy Policy, preparation of the 20 year perspective plan for AEPC, the Renewable Energy Act, and Regulations for Central Renewable Energy Fund (CREF) drafted and implemented.

- REF developed and aligning donors and the government, at least to some extent in relation to financial support to the sector.
- According to the Joint Review 2011 there has been limited institutional development of the AEPC or other GoN institutions
- Credit facilities became available at the pilot project level. At the end of ESAP II six partner banks were involved in credit delivery and more than 6 000 SHS had been financed via micro-finance and loans provided to 11 MH projects. According to the PCR credit financing for SHS and MH was successful.

**Documents consulted:** AEPC & MoSTE (2012), AEPC/ESAP (2006c), Norad (2011).

#### **Relevance.**

Renewable energy is essential for rural Nepal and the lack of access to it is hindrance to development efforts in these areas. As such the activities under the entire ESAP II programme are relevant to achieving sustainable development in Nepal. The 11th Three Year Interim Plan (2007-2009) emphasised the importance of alternative energy sources several times in the document, stating that linking rural areas to the national grid would require huge budgetary investments. Alternative energy sources were seen as a viable alternative to grid connection in some rural areas. “Environment friendly alternative energy sources can be developed at costs affordable by majority of the population and this can contribute tremendously to rural economy and rural development...help in...enhancing the quality of rural life through environmental balance, reducing time spent in fuel wood collection, creating additional employment opportunities, health improvement and increasing the access of children to education” (GoN, 2007 p. 434).

The Local Self Governance Act of 1999 gave a framework for decentralisation through the establishment of District Development Committees (DDC) and Village Development Committees (VDC). The Rural Energy Policy of 2006 includes support provided to the establishment of energy units and funds at DDCs and VDCs. The AEPC/ESAP structured worked in a decentralised manner through three main pillars i) MoUs with organisations carrying out programmes in remote regions of Nepal ii) support to DDCs in the establishment of energy and environment units within their own structures and iii) contracting local NGOs as Regional Service Centres.

**Score:** 5.

**Efficiency.** The widening of scope from building the capacity of AEPC to manage a sector-wide programme to a general strengthening of all sectoral institutions caused a loss of focus and undermined development of AEPC.

**Score:** 3.

**Effectiveness.** In terms of reaching the objective of the component in the form of strengthened capacity of the AEPC to carry out its duties and mandate, the Joint Review of 2011 gave a picture of a component, which was not designed to meet its objectives. According to the review, the widening of the component scope to Institutional Strengthening of Rural Energy Sector did not allow for concentrating on enabling the AEPC to manage a SWAp. “The listed objectives and associated indicators are too unclear about the desired outcomes – what change ISRES is to achieve and what resulting institutional framework is to be capable of doing” (Norad, 2011 p. 33).

#### **Result 1 (Coherency in Policy and coordination for delivery of rural energy services with focus on decentralisation and private sector).**

- ESAP II has assisted the AEPC in getting renewable energy promotion incorporated into the GoN’s Three Year Plans and has provided inputs in the preparation of several acts, regulations and bylaws including the Rural Energy Policy, Subsidy Policy, preparation of the 20 year perspective plan for AEPC, the Renewable Energy Act, and Regulations for Central Renewable Energy Fund (CREF).

#### **Result 2 (Alignment of national and external development partners to the national rural energy sector policy and institutional framework).**

- The development of the REF was successful to some extent in the alignment of donors and the government in relation to the financial support to the sector. Additionally through the inputs to relevant acts and policies, the framework for alignment and coordination has been strengthened. ESAP II supported the preparation of a Feasibility Study on the Possibility of the Sector Wide Approach in Rural and Renewable Energy Sector and Identification of Indicators”. The NRREP was proposed to be implemented within a SWAp framework and thus it could be said that ESAP II was successful in this regard, however as noted in the documentation and interviews the move was too abrupt and a more phased approach may have been more suitable.

#### **Result 3 (Relevant institutions are capable to coordinate, develop, implement and monitor rural energy policy/programmes).**

- According to the Joint Review 2011 there has been limited institutional development of the AEPC or other GoN institutions: “ESAP’s project-based approach and management style are a result of years of difficult implementation conditions due to the influence of the conflict in Nepal on governance structures. ESAP II is a programme, which is implemented as a project. The unfortunate outcome is that ESAP because of this approach delivers less than expected towards the institutional development of AEPC.” (Norad, 2011:24). “Despite its recent achievements, AEPC is not yet able to effectively manage the envisaged scaling-up of RE-activity in the country and facilitate the introduction of a SWAp. After ten years of capacity building by ESAP this status is a disappointment. The two main factors for the underperformance are the unstable staffing situation at AEPC and the ISRES component document.” (Norad, 2011:33). Under this objective, the PCR merely mentions effective capacity strengthening of RRESCS and other stakeholders. In lessons learned it does however, state that the institutional development process has been delayed due to the delay in the promulgation of the Act and other necessary policy documents. According to the PCR ESAP was able to deliver its outputs in relation to institutional building satisfactorily. However, as noted earlier both documents and interviews confirmed that the capacity of the AEPC was not sufficient to take over management of the programme. Importantly though the technical expertise in terms of RE technologies within AEPC is seen to be high and this was confirmed by interviewees to have been the result of ESAP I and ESAP II work.

**Result 4 (Increased and sustainable access and affordability for the rural poor to solar energy systems).**

- Credit facilities became available at the pilot project level. At the end of ESAP II six partner banks were involved in credit delivery and more than 6 000 SHS had been financed via micro-finance and loans provided to 11 MH projects. According to the PCR credit financing for SHS and MH was successful.

**Result 5 (Gender and Social Inclusion (GESI) in implementation of ESAP II and bridging to NRREP).**

- No results were reported (under Addendum II, Dec 2011-Jul 2012) by the Project Completion Report, as implementation was still on-going.

**Score:** 3.

**Impact.**

No socio-economic baseline study was carried out at the beginning of ESAP II that would allow for the verification of the achievement of the development objective or other socio-economic impacts of the different components. Reporting, including in the PCR is very output based, with little discussion of wider outcomes or impact. Some impact studies were however carried out for AEPC at the end of the programme period. It can be deduced that the technology components have had wider socio-economic impact in terms of improved living conditions, savings in fuelwood and energy costs, improved health of women and children as well as increased livelihood opportunities amongst some people.

**Score:** 4.

**Sustainability.**

The component was not able to reach the level of institutional development that it was aiming to achieve and thus sustainability can be questioned. Additionally the AEPC Act is yet to be passed and AEPC continues to be based on a Cabinet order.

**Score:** 2.

**Coherence.**

ESAP II was conceptualised as preparing the AEPC and the rural energy sector for a SWAp, which by its very definition requires a coordinated strategy in which donors and the government agree on a single sectoral policy and expenditure programme. ESAP II brought together several donors under one programme namely Danida, Norad, KfW and DfID. The AEPC was executing the Biogas Sector Programme IV (BSP) and the Rural Energy Development Programme (REDP) at the same time as ESAP. All except BSP were present within the AEPC office building. Each programme had its separate Steering Committee and REDP was seen by the Joint Review 2011 to have worked very independently of the AEPC. The Executive Director of AEPC had experimented with a formal coordination forum for ESAP II, REDP and REP, but this was not regularised and meetings were rarely held. The inclusion of the establishment of the CREF in the draft AEPC Act was a major step in working towards joint donor and government financed investments in the sector.

**Score:** 4.

**Replicability.**

<p>The Joint Sector Review specifically stated that the component design was not suitable for the objective of institutional capacity development and ensuring the readiness of the AEPC to implement a sector wide programme in the coming phase. As such replication of this aspect does not seem recommendable. However, important policy level inputs were made that could perhaps be replicated.</p> <p><b>Score:</b> 3.</p>
<p><b>Partner satisfaction.</b></p> <p>No specific information in documentation, but interviewees on numerous occasions mentioned the importance of Denmark to the development of the RE sector in Nepal.</p>
<p><b>Danish added value.</b></p> <p>Not evidently, beyond the fact that Danida had funded the previous phase of ESAP and thus was familiar with the renewable energy sector in Nepal. At the beginning of ESAP I it was noted that Danida had little experience in the sector.</p>
<p><b>Cross-cutting themes.</b></p> <p>The Joint Review found that ESAP and AEPC were gender blind and there needed to be a more structured effort to incorporate gender and social inclusion not only into the components, but also within the AEPC and programme organisation itself. In 2011 the AEPC was dominated by high caste men, with only 13 women staff of whom five were in officer level positions. The AEPC had no gender expert to ensure gender mainstreaming within the organisation or at programme level.</p> <p>A GESI Addendum was made with Norwegian funding, but this came relatively late in the project life cycle in 2010.</p>
<p><b>Connectedness.</b> Insufficient information.</p> <p><b>Score:</b> -.</p>
<p style="text-align: center;"><b>Component 2: Support to Rural Energy Investment - Rural Energy Fund</b></p>
<p><b>Overview.</b> “Support to Rural Energy Investments (Rural Energy Fund)” aimed at promoting good governance and demonstrating credible fund management for investment in rural energy services, mainly decentralised systems, through micro hydro systems, solar energy systems and other rural electrification options, so that GON and the donors could achieve transparent and efficient development aid delivery in Nepal in the field of rural energy. The component aimed to further strengthen the existing “(Interim) Rural Energy Fund” The latter, and support for its evolution into a multi-donor supported “Rural Energy Fund” with Danida, Norway, government and other donors participating in the funds. The REF will be fully complying with a coherent national rural energy policy, fund delivery will be fully transparent, and follow internationally certifiable procedural norms.</p> <p><b>Immediate objective(s).</b> Quality rural energy services are affordable nationwide through grants and enhanced access to credit</p> <p><b>Rationale.</b> During ESAP I the Interim Rural Energy Fund (IREF) was established. IREF was institutionalised through the Subsidy Delivery Mechanism of the GoN in order to implement the Subsidy Policy of October 2000. The aim of the component was to promote “good governance and demonstrate credible fund management for investment in rural energy services”. Funding was to be channelled mainly to decentralised systems such as micro hydro, solar energy and other rural electrification options. The focus was to be on developing coherent financing mechanisms that allow donors to participate in a cost effective manner. Additionally the aim was to encourage more financial institutions to invest in the rural energy sector and mobilise funding through micro-credit mechanisms. The rationale is that the establishment of good governance in the delivery of investment assistance would result in increased fund availability through more donor participation and consequently increased access to rural energy solutions for rural populations that are efficient, environmentally friendly and that address social justice.</p> <p><b>The situation before and after implementation.</b></p> <p><u>Before implementation.</u> Interim Rural Energy Fund was in place at the end of ESAP I. It was to start exploring the possibility of ISO certification in the first year of ESAP II. Affordability of technologies was still a challenge in addition to lack of access to credit. Few existing financial institutions investing in rural and renewable energy sector.</p> <p><u>After implementation.</u> The Rural Energy Fund was the most important institution building effort provided by ESAP I and II. It became a central recipient of donor and Government funding not tied to financing of technical assistance or other support services. The establishment of a national rural energy subsidy policy and its effective and efficient implementation are seen to be a</p>

success story of the AEPC and ESAP.

**Documents consulted:** AEPC & MoSTE, 2012, AEPC/ESAP, 2006d, Norad, 2011

**Relevance.**

Renewable energy is essential for rural Nepal and the lack of access to it is hindrance to development efforts in these areas. As such the activities under the entire ESAP II programme are relevant to achieving sustainable development in Nepal. The 11th Three Year Interim Plan emphasises the importance of alternative energy sources several times in the document, stating that linking rural areas to the national grid would require huge budgetary investments. Alternative energy sources are seen as a viable alternative to grid connection in some rural areas. “Environment friendly alternative energy sources can be developed at costs affordable by majority of the population and this can contribute tremendously to rural economy and rural development...help in...enhancing the quality of rural life through environmental balance, reducing time spent in fuel wood collection, creating additional employment opportunities, health improvement and increasing the access of children to education” (GoN, 2007 p. 434).

Renewable energy is essential for rural Nepal and the lack of access to it is hindrance to development efforts in these areas. As such the activities under the entire ESAP II programme are relevant to achieving sustainable development in Nepal. The lack of access to financing for rural energy solutions implies that the component is highly relevant. Additionally the REF was institutionalised through the Subsidy Delivery Mechanism of the GoN and works within the framework of the Rural Energy Policy of Nepal.

The component and programme are also in line with Denmark’s Country Strategy 2005-2010, which defines three priority sectors for Danish assistance: human rights, good governance and democratisation; education; environment and sustainable use of natural resources. One of the Danish priorities within the environment sector is the sustainable use of alternative energy in rural areas.

**Score:** 6.

**Efficiency.**

The technical components relied on the efficiency of the fund for their implementation. Subsidy delivery was high, but moving towards credit was delayed. There were delays in the MH schemes, but it is unclear whether any inefficiencies in the fund mechanism would have played a part.

**Score:** 5.

**Effectiveness.**

According to the Joint Review (Norad, 2011) the development of the Rural Energy Fund was the most important institution building effort provided by ESAP I and II. It became the most important recipient of donor and Government funding not tied to financing of technical assistance or other support services. According to the Review the quality of its reporting, monitoring and disbursements are widely recognised in Nepal. The PCR gives the component the highest rating (a) and states that the component was effective. RE financing was seen to have allowed for high levels of public and private participation. The Subsidy Policy was adopted and subsidies delivered in accordance with it.

**Output 1 (Funds raised for support to rural energy investment from national and external development partners).**

- Sufficient funds secured from external development partners and GoN for fulfilling the funding gap and addressing the demand of rural people for installing RETs.
- Trained and enhanced capacity of micro hydro-power output verification inspectors.

**Output 2 (Financial sector credits available for rural energy investment).**

- Moved to Institutional Strengthening in Rural Energy Sector (ISRES) Component.

**Output 3 (Funds managed in a transparent and efficient manner).**

- Reports indicate that the REF obtained an ISO 9001:2008 Quality Management Certificate, but that it has not been implemented.
- Subsidy policy and delivery mechanism has been revised according to necessity by the government.
- Subsidy disbursed following the subsidy policy and delivery mechanism.

- Trained and enhanced capacity of micro hydro-power output and household verification inspectors.

**Output 4 (Funds optimally channelled by REF for the investment in different rural energy solutions).**

- Sound financial appraisal of projects for subsidy approval and for investment by financial institutions.
- Subsidy applications for mini/micro hydro, solar energy, metallic improved cooking stoves, micro hydro economic end-uses and IWM has been received and approved.

**Output 5 (Subsidy and Economic End Use fund).**

- Against targets of at least 10 projects with 1,212 kW capacity supported, 20 mini/micro hydro projects with 571.5 kW capacity were given conditional approval.

**Score:** 4.

**Impact.**

The impact of the REF component is realised through the funding it provides to the dissemination of different rural and renewable energy technologies. Impact of these is discussed under the relevant components.

**Score:** 5.

**Sustainability.**

The REF was institutionalised and strengthened during ESAP I and II. It was seen to have high quality monitoring, reporting and disbursements and ESAP II reporting indicates that it obtained ISO 9001:2008 Quality Certificate. However, interviewees questioned the quality of these procedures and whether certification had actually been achieved. REF delivered subsidies in accordance with the Rural Energy Subsidy Policy and Subsidy Delivery Mechanism. During ESAP II the Draft Act for the Establishment and Operation of the Alternative Energy Promotion Board was approved by the AEPC Board, which would allow for the AEPC to gain autonomous agency status and create the Central Renewable Energy Fund. CREF was established and continued the delivery of subsidies within the NRREP. Thus in institutional terms it could be said that the component reached a level of sustainability. The fund itself thus continued beyond the first phase of the programme, however always in connection to a programme intervention. At the moment the institutional set of CREF seems good, however its future and independence is vulnerable as the NRREP closes in July 2017. Its future very much depends on the AEPC and continued interest of donors. The sustainability of the schemes is discussed under the relevant components.

**Score:** 4.

**Coherence.**

The REF worked as a multi-donor fund and as such facilitated coherence in the sector. Some donors however decided to stay outside of the programme and fund due to internal reporting, procurement and financial management requirements. During the implementation of ESAP II, which brought together several donors under one programme namely Danida, Norad, KfW and DfID. The AEPC was executing the Biogas Sector Programme IV (BSP), Rural Energy Development Programme (REDP). All except BSP were present within the AEPC office building. Each programme had its separate Steering Committee and REDP was seen by the Joint Review 2011 to have worked very independently of the AEPC. The Executive Director of AEPC had experimented with a formal coordination forum for ESAP II, REDP and REP, but this was not regularised and meetings were rarely held. The inclusion of the establishment of the CREF in the AEPC Act was a major step in working towards joint donor and government financed investments in the sector.

**Score:** 4.

**Replicability.**

The component was replicated and further developed during NRREP.

**Score:** 4.

**Partner satisfaction.**

No specific information in documentation, but interviewees on numerous occasions mentioned the importance of Denmark to the development of the RE sector in Nepal.



**Danish added value.**

Not evidently, beyond the fact that Danida had funded the previous phase of ESAP and thus was familiar with the renewable energy sector in Nepal. At the beginning of ESAP I it was noted that Danida had little experience in the sector.

**Cross-cutting themes.**

REF's impact on gender and environment is realised through the technical components. The project document for the component acknowledged that the subsidy policy had to be revised in order to "to increase development impact in terms of increased service delivery efficiency and increased access to rural poor and socially disadvantaged people". However, the Joint Sector Review notes that the subsidies are accessible to the poor "to a certain extent" (p. 49). Since the aim is to reach the largest number of households it does not reach the poorest income groups. Considering that the RSCs had limited resources to cover large areas and several districts it is unclear whether the remotest areas could be reached.

A GESI Addendum was made with Norwegian funding, but this came relatively late in the project life cycle in 2010.

**Connectedness.** Insufficient information.

**Score:** -.

**Component 3.1: Biomass Energy**

**Overview.** The Biomass Energy (BE) Component aimed to improve livelihoods of rural people, especially rural women, through introduction of affordable, efficient and appropriate biomass technologies. The appropriate strategies and approaches of the this component is believed to develop policies and institutions supporting energy provision improvements in the rural areas that eventually increase access to efficient and environment-friendly rural energy solutions, which address social justice. It also aims to address issues related to policy formulation and implementation, lobbying policy implementation through coordination mechanism among national institutions and programmes and institutional capacity building of the sector through awareness raising and human resources development.

Immediate objective(s): (a) Improved capacity of local organisations to offer affordable biomass energy solutions to the rural communities with quality assurance. (b) Gender, health, environment and socio-economic issues, including reduction of women's and children's drudgery are addressed through implementation of biomass energy solutions. (c) Adoption of biomass energy solutions is popularised in the rural communities.

**Rationale.** At the time of the preparation of the project document approximately 87% of total final energy consumption in Nepal was met by biomass (77% firewood, 4% agricultural residues, 6% animal waste) and only 0.56% through renewable energy sources. ESAP I was seen to have provided a positive example in ICS promotion, which took a "demand driven, subsidy-less, and local capacity enhancement approach" (vii). According to the Component Document the ICS component of ESAP I had directly contributed to improved health of the population in general, but specifically that of women and children. Additionally ICS promotion had resulted in reduced time in fuelwood collection and reduced fuelwood consumption, ultimately also resulting in reduced pressure on forest resources. Although Phase I had been successful there remained a number of households in the target area of the mid-hills and thus further ICS dissemination was seen as necessary. Simultaneously however, there was an understanding that the productive end-use aspects had not been adequately addressed by the component and that the scope also needed to be widened to other efficient biomass technologies such as briquetting, biofuels, gasification etc. The rationale for the component was to continue the work of ESAP I, which was seen to have addressed poverty mitigation and improved health with a technology, which is affordable to poor households. However, it was seen that providing a wider range of biomass related technologies that cater to the various needs of households, commercial enterprises and industries would be essential in ensuring more efficient and optimal use of the available biomass energy sources. The call was to learn from Phase I methodology and widening the scope to technologies promoted.

**The situation before and after implementation.**

Before implementation. Biomass continued to be the most common source of fuel and its use was unsustainable. RE energy technologies remained expensive. More than 1.5 million households in mid hills were not yet equipped with ICS. More than 200,000 ICS had been installed during ESAP I in over 700 VDCs and nine municipalities in the mid-hill districts of Nepal. The component had also trained promoters and stove builders. ESAP I had concentrated on the mid-hill areas, neglecting the Terai and high-hills.

After implementation. According to the PCR the component was successfully implemented in three geographical locations. Nearly 460,000 ICS were disseminated, but ICS promotion in the Terai and the delivery of Metallic ICS in high altitude areas were delayed due to a need to modify the service delivery modality and subsidy policy. The implementation framework is seen to

have facilitated exponential growth in the stove market. The component has exceeded its target in the dissemination of mud stoves however only 37% of the target of metal stoves were actually disseminated. According to the PCR since the component is demand driven and despite the subsidy the end user cost still remained higher than the average income of people living in the high hills. This combined with the delays in implementation meant that the target could not be met. Also, only 36 % of planned institutional ICS were disseminated due to high cost and reluctance make such an investment in a fixed stove, when many of these settlement areas are temporary in nature.

**Documents consulted:** AEPC & MoSTE 2012, AEPC/ESAP 2006a, GoN 2007 Norad 2011

#### **Relevance.**

Renewable energy is essential for rural Nepal and the lack of access to it is hindrance to development efforts in these areas. As such the activities under the entire ESAP II programme are relevant to achieving sustainable development in Nepal. The 11th Three Year Interim Plan emphasises the importance of alternative energy sources several times in the document, stating that linking rural areas to the national grid would require huge budgetary investments. Alternative energy sources are seen as a viable alternative to grid connection in some rural areas. "Environment friendly alternative energy sources can be developed at costs affordable by majority of the population and this can contribute tremendously to rural economy and rural development...help in...enhancing the quality of rural life through environmental balance, reducing time spent in fuel wood collection, creating additional employment opportunities, health improvement and increasing the access of children to education" (GoN, 2007 p. 434).

**Score:** 5.

#### **Efficiency.**

There were delays in ICS promotion in the Terai and the delivery of Metallic ICS in high altitude areas, and there were lower levels of ICS penetration in Terai districts. The component has exceeded its target in the dissemination of mud stoves however only 37% of the target of metal stoves were actually disseminated. According to the PCR since the component is demand driven and despite the subsidy the end user cost still remained higher than the average income of people living in the high hills. This combined with the delays in implementation meant that the target could not be met. Also, only 36% of planned institutional ICS were disseminated due to high cost and reluctance make such an investment in a fixed stove, when many of these settlement areas are temporary in nature.

Efficiency throughout the technical components was reduced by the fact that each component did its own monitoring, procurement and recruitment (this duplication of effort was eliminated by streamlining the monitoring process in NRREP). The Joint Sector Review 2011 notes also that local consultants were contracted for strategic studies, but the quality was often low and this increased the burden on ESAP staff and reduced efficiency. Interviewees also mentioned that monitoring was often contracted out on a least-cost basis, perhaps compromising the quality of reports.

**Score:** 3.

#### **Effectiveness.**

**Immediate Objective 1 (Improved capacity of local organisations to offer affordable biomass energy solutions to the rural communities with quality assurance).** According to the PCR the component was successfully implemented in three geographical locations. ICS promotion in the Terai and the delivery of Metallic ICS in high altitude areas were delayed due to a need to modify the service delivery modality and subsidy policy. This is the reason for a lower level of ICS penetration in Terai districts. The component was implemented in cooperation with local NGOs, the RRESC and local government bodies (VDC, DDC).

**Immediate Objective 2 (Gender, health, environment and socio-economic issues, including reduction of women's and children's drudgery are addressed through implementation of biomass energy solutions).** The PCR refers to earlier studies on indoor air pollution and the impact of ICS. There is no reference to studies carried out during the programme period nor a baseline comparison of the situation in the programme areas. There is mention of potential rather than actual impact.

**Immediate Objective 3 (Adoption of biomass energy solutions is popularised in the rural communities: The implementation framework is seen to have facilitated exponential growth in the stove market).** The component has exceeded its target in the dissemination of mud stoves however only 37% of the target of metal stoves were actually disseminated. According to the PCR since the component is demand driven and despite the subsidy the end user cost still remained higher than the average income of people living in the high hills. This combined with the delays in implementation meant that the target could not be met. Also, only 36 % of planned institutional ICS were disseminated due to high cost and reluctance make such an investment in

a fixed stove, when many of these settlement areas are temporary in nature.

**Output 1 (Capacity of district-based Local Partner Organisations (LPOs) to implement and monitor biomass energy solution interventions increased, specifically scaling up ICS).**

- A total of 135 LPOs covering 64 Mid-hill and Terai districts are active in ICS promotion and dissemination of information.
- A total 16 Regional Centres (RRESC) are operational in 52 Mid-hill, 4 High-hill, and 12 Terai districts.
- Training session was organised in Indian Institute of Technology (IIT), New Delhi, India on financing renewable energy technologies (RETs) for 11 Biomass Energy engineers of Regional Centres and programme officers.
- Training sessions were organised for field technical coordinators (FTCs) working on Regional Centres on (i) Kitchen Management, (ii) Indoor Air Quality, and (iii) Institutional Improved Cooking Stove (IICS).
- Training session was organised for Regional Centre technical staff on kitchen performance test (KPT) and emission measurement.
- Capacity building in Mid-hill districts: 4,459 ICS promoters trained (50% female); nine training-of-trainers (ToT) courses organised for local partner organisation from nine districts; 263 training sessions organised for new promoters; and 94 refresher training sessions organised for promoters.
- Capacity building in Terai districts: advanced training conducted on biomass energy promotion and dissemination (20 persons trained); 57 training sessions organised targeting stove masters from five Terai-based Regional Centres (800 persons trained); eight ToT courses organised for district coordinator and local social mobilizers (103 persons trained).

**Output 2 (ICS and other BE dissemination scaled up and integrated in other rural development programmes).**

- Partnership was developed with Nepal Energy Efficiency Programme (NEEP) and Nepal Red Cross Society (NRCS) for scaling up stove promotion activities.
- District Energy and Environment Section (DEES) under District Development Committees and ESAP promoted Regional Centres started working together in local areas.

**Output 3 (All development organisations have adapted uniform approach in dissemination of biomass technologies).**

- Nepal Energy Efficiency Programme (NEEP), Nepal Red Cross Society (NRCS) joined hand with ICS programme in scaling up ICS dissemination activities.
- DDCs worked in partnership with Regional Centres in the same districts.

**Output 4 (Other biomass energy solutions including biofuel identified, tested in local conditions and applied).**

- Both portable and fixed mud rocket stoves were identified and tested in local condition; these stoves are more efficient than the previous designs and are gradually replacing previous models.
- Biomass gasification for thermal application was successfully tested and applied.
- 5 models of metal stoves identified for dissemination in high hills.
- Metallic Improved Cooking Stove (MICS) training activities: 33 companies pre-qualified by AEPC for dissemination of MICS; training session was organised for manufacturers (31 manufacturers trained); training session for master installers on Metallic Stove Installation (28 master installers trained); orientation cum training programme for manufacturing companies (84 people trained); training on monitoring and evaluation of MICS organised targeting engineering students (57 engineers trained); and orientation programme organised for MICS manufacturers and Regional Centre staff (106 persons trained including 10 female).

**Output 5 (Policy in place for identified biomass energy solutions i.e. especially gasifiers, briquetting and cogeneration).**

- Policy is in place.
- Stove design approved.

**Output 6 (Awareness among rural people on efficient biomass energy solutions created).**

- Two studies on indoor air pollution completed.
- Information disseminated for awareness creation through calendars, hoarding boards, broadcasting in FM radio and orientation and development, behaviour change workshops, etc.

**Output 7 (Involvement of private sector in other biomass energy technologies promoted).**

- Policy is in place.
- Stove design approved.

**Output 8 (Biomass stoves installed in next five years in all ecological zones).**

- 458,482 (mud), 8,475 (metallic) and 722 (institutional) Improved Cooking Stoves disseminated.
- The programme has covered 2,000 Village Development Committees (VDCs) and 16 municipalities.
- MIS database is in place.
- Monitoring system for installed ICS in place.

**Output 9 (Increased capacity of district based LPOs to implement and monitor ESAP/BEC interventions).**

- Guideline developed and forwarded to Regional Centres.

**Output 10 (ICS dissemination scaled up and integrated in other rural development programmes).**

- Need analysis conducted in Dolakha district.
- Two promoters' trainings were organised.
- Identification of target VDCs initiated.
- Consultant identified, job awarded and inception report received.

**Output 11 (Other development organisations have adapted uniform approach in dissemination of BE technologies).**

- See Output 9.

**Output 12 (Other BE solutions identified, tested in local conditions and applied).**

- Guideline developed and distributed to RRESCs.
- Information prepared and distributed to RRESCs.
- Hands-on training cum orientation workshop organised for officer and technician of RRESCs.
- Background paper for one enterprise has been completed.

**Output 13 (Documenting best practices of BE interventions).**

- A study was conducted to establish quantitative and qualitative results on efficiency and economics of stove, fuel use, drudgery and time saving.
- Reports were prepared on comparison of ICS and TCS use in reducing GHG emission, and on kitchen performance test and impact assessment of MICS use on women's time allocation and drudgery reduction.

**Output 14 (Gender [Equity] and Social Inclusion).**

- ToR for GESI activities prepared.

**Score:** 4.

**Impact.**

No socio-economic baseline study was carried out at the beginning of ESAP II that would allow for the verification of the achievement of the development objective or other socio-economic impacts of the different components. It can be said that the component has effectively worked towards reaching the overall development objective of ESAP, as the Joint Review 2011 states "the massive scale and reach of ESAP II has resulted in a wide range of beneficiaries getting access to renewable energy technologies – ICS, SHS, and MPHS- in rural areas. They improve living conditions of the beneficiary populations" (Norad, 2011: 23). The component has allowed for time saving, pollution reducing and fuelwood saving in households. This has a significant impact

particularly on women and children. The likely main impacts of the component are: reduction in women's and girls' work load in fuelwood collection, reduction of burden on forest resources, reducing risk of violence against women and girls while collecting firewood, and improvements in health of women and children due to reductions in indoor air pollution.

**Score:** 4.

#### **Sustainability.**

The decentralised approach of the programme and connected capacity enhancement of the rural organisations facilitates long-term sustainability. According to the PCR 135 local/district partner organisations have been working in 68 districts under 16 RRESCs and one DDC. DDCs have also shown a willingness to allocate matching funds for installing ICS in financially weak households. Central to sustainability has been the 'professionalisation' of the ICS promoters and builders. There has been a commercialisation of the activity with promoters taking the name 'stove masters' and have established business groups. At the end of the programme the MIS database is said to have been well established and the database for biomass energy technologies was operational. It allows for e.g. the monitoring of mud stoves per RRESC, district, VDC and promoters.

**Score:** 5.

#### **Coherence.**

According to the PCR although VDCs and DDCs recognised the importance of the ICS programme a lack of coordination and understanding in the implementation modalities of the AEPC at the local level (DDC, DEEU) resulted in duplication in some districts. There is little information in the reports of whether there was coordination with the many projects working on ICS in Nepal. The REF worked as a multi-donor fund and as such facilitated coherence in the sector. Interviewees often referred to the AEPC hotel during the ESAP I and ESAP II phases as several donors were working on their own programmes within the same organisations. Each programme had its separate Steering Committee. The Executive Director of AEPC had experimented with a formal coordination forum for ESAP II, REDP and REP, but this was not regularised and meetings were rarely held.

**Score:** 4.

#### **Replicability.**

The technologies involved seem highly replicable, and the component was replicated and further developed during NRREP.

**Score:** 4.

#### **Partner satisfaction.**

No specific information in documentation, but interviewees on numerous occasions mentioned the importance of Denmark to the development of the RE sector in Nepal.

#### **Danish added value.**

Not evidently, beyond the fact that Danida had funded the previous phase of ESAP and thus was familiar with the renewable energy sector in Nepal. At the beginning of ESAP I it was noted that Danida had little experience in the sector.

#### **Cross-cutting themes.**

The biomass component is the only technical component which specifically has gender and social inclusion related targets in the project document. ICS has positive impacts on the health of women and children as their exposure to indoor air pollution is reduced as well as the time spent on fuelwood collection. Half of the promoters trained were women. The PCR does not provide gender disaggregated data on the participants of advanced training or training of trainers carried out under the component.

#### **Connectedness.** Insufficient information.

**Score:** -.

### **Component 3.2: Solar Energy Support Programme**

**Overview.** The Solar Energy Component of ESAP, also called the Solar energy Support Programme (SSP), primarily envisaged to support the promotion of Solar Home System with emphasis

on quality and availability of credit as a mean for rural electrification, which had proven to be only feasible way to provide electricity in many rural areas. In addition, it was to provide support to promotion of Solar Tuki as an immediate and intermediate way to provide electricity specifically for the poorer rural population.

**Immediate objective(s):** (a) Reinforced national framework for dissemination of quality solar energy systems. (b) Increased and sustainable access and affordability for the rural poor to solar energy systems.

**Rationale.** Electricity is seen to have a vital role in stimulating socio-economic development in rural Nepal and large sections of the population live in areas without access to national or minigrid extension, thus solar PV systems were the only viable technology option. ESAP I was seen to have been successful in the dissemination of SHS and the establishment of support structures. The SHS component was understood to have had direct and indirect impacts on poverty reduction and other socio-economic impacts (education, gender, environment, health). In order to have sustained impact it would be important to continue the intervention. However, according to the component document the effective continuation of the component would require different levels of subsidy in order to consider differences in purchasing power and varying costs. The rationale of the component was that ensuring the quality and availability of funds was a feasible means of rural electrification in areas otherwise not reached. Through the commercialisation of the sector there would be a decreased price level and increased quality thus improving access in the long term. Additionally support to the promotion of Solar Tuki was seen to be necessary in order to provide access to poorer rural populations. This was perhaps in recognition of the fact that during ESAP I the SHS component largely addressed needs of better of households and areas, since the technology was household based, relatively expensive and did not have much productive end-use potential.

**The situation before and after implementation.**

Before implementation. Promotion of Institutional Solar PV systems had been postponed from ESAP I to ESAP II. 13 prequalified companies for solar home systems installation. Average price per 20 Wp SHS was NPR 22 000. No battery recycling mechanism or plant in place

After implementation. At the end of the programme 37 (previously 13) pre-qualified companies are capable of supplying quality solar PV systems. Additionally 60 repair and maintenance centres were established in order to facilitate long-term usage and thus sustainability of the systems installed. A total of 280,211 SHS and 29,397 SSBS were installed. According to the PCR the average price per 20 Wp declined to NPR 18,000. Cash incentive voucher scheme designed for collection of batteries.

**Documents consulted:** AEPC & MoSTE (2012), AEPC/ESAP (2006e), Norad (2011).

**Relevance.**

Renewable energy is essential for rural Nepal and the lack of access to it is hindrance to development efforts in these areas. As such the activities under the entire ESAP II programme are relevant to achieving sustainable development in Nepal. The 11th Three Year Interim Plan emphasises the importance of alternative energy sources several times in the document, stating that linking rural areas to the national grid would require huge budgetary investments. Alternative energy sources are seen as a viable alternative to grid connection in some rural areas. "Environment friendly alternative energy sources can be developed at costs affordable by majority of the population and this can contribute tremendously to rural economy and rural development...help in...enhancing the quality of rural life through environmental balance, reducing time spent in fuel wood collection, creating additional employment opportunities, health improvement and increasing the access of children to education" (GoN, 2007 p. 434). The component and programme are also in line with Denmark's Country Strategy 2005-2010, which defines three priority sectors for Danish assistance: human rights, good governance and democratisation; education; environment and sustainable use of natural resources. One of the Danish priorities within the environment sector is the sustainable use of alternative energy in rural areas.

**Score:** 5.

**Efficiency.**

Efficiency throughout the technical components was reduced by the fact that each component did its own monitoring, procurement and recruitment. The Joint Sector Review 2011 notes that local consultants were contracted for strategic studies, with quality often being low and thus increasing the burden on ESAP staff reducing cost-efficiency. This was echoed in the interviews, where several respondents mentioned that monitoring was often contracted out based on low cost, reducing quality of reports. There was a lack of focus on value for money and prequalified companies and subsidies led to excessive costs.

**Score:** 3.

## **Effectiveness.**

**Immediate Objective 1 (Reinforced national framework for dissemination of quality solar energy systems).** At the end of the programme 37 (previously 13) pre-qualified companies were capable of supplying quality solar PV systems. Additionally 60 repair and maintenance centres were established in order to facilitate long-term usage and thus sustainability of the systems installed.

**Immediate Objective 2 (Increased and sustainable access and affordability for the rural poor to solar energy systems).** SHS target reached 1.5 times the original target of 150 000. 250 814 SHS and 29,397 SSHS were installed. According to the PCR the average price of 20 Wp decreased from NPR 22 000 to NPR 18 000. There are no details on whether specifically poor households were reached through the programme or whether this is a long term anticipated impact based on reductions in costs in the long term. However, according to the Joint Review of 2011 sales of SSHS – the so called Tukis expected to be the main lighting technology for reaching the poorest households remained at low levels. Reaching the poorest household would require a program approach that keeps upfront cash payments to a minimum by adding a credit to the REF-grant. As the Joint Review 2011 states: “the low consumer response to the SSHS reflects the difficulty in designing an appropriate subsidy disbursement modality for an easily movable product (the subsidy to SHS is dependent on photo-documentation of its instalment on the house of the recipient household), lack of interest of solar companies in pushing a product yielding very low profits, as well as the difficulty of low-income households face in providing the upfront cash payment of around 2 000 NPR” (Norad, 2011:18).

### **Output 1 (Efficient and effective service providers).**

- Numbers of PQ companies increased from 13 to 37 for installation of solar home systems, 38 companies for installation of small solar home system and 8 companies for installation of solar pumping systems.
- Average price 20 Wp SHS decreased from NPR 22,000 to NPR 18,000.
- Various kinds of information and communicational materials (IEC) were designed, printed and disseminated.
- Three Public Service Announcements (PSAs) were designed and broadcasted through FM radio network to increase user awareness in subsidy policy, system operation and maintenance, and battery management.
- Audio and video material prepared with information consisting of Component activities.
- Following manuals were printed and distributed: (i) Solar Energy Level 1 (1,750 copies), (ii) Solar Energy Level 2 (550 copies), (iii) Solar Design Engineer (300 copies), and (iv) Trainers' Training manuals (350 copies).
- Subsidy application forms were printed and distributed (625,000 copies for Solar Home System and 100,000 copies for Small Solar Home System).
- Five training courses, namely Solar Energy Level 1, Solar Energy Level 2, Trainers' Training, and Solar Design Engineer were designed and conducted successfully.
- More than 764 technicians for SE L1 and around 135 technicians for SE L2 were trained and certified from Centre for Technical Education and Vocational Training (CTEVT).
- A total of 116 trainers and 28 solar design engineers were trained.
- A total of 60 repair and maintenance centres established.

### **Output 2 (Improved Quality Assurance Systems).**

- NIPQA reviewed and updated to Nepal Photovoltaic Quality Assurance (NEPQA).
- Renewable Energy Test Station (RETS) was assisted to enhance its technical and institutional capacity.
- Randomly sampled monitoring and verification system was adopted.

### **Output 3 (Inputs to Policy Formulation).**

- The national SHS dissemination framework was reinforced with necessary reviews and improvement.
- Small Solar Home System (SSHS) and Rural Community Based Solar Drinking Water Projects (RSDWP) were added in the policy.
- Dissemination modality for these products were designed and implemented.
- Documents such as Subsidy Policy, Subsidy Delivery Mechanism, Nepal Photovoltaic Quality Assurance (NEPQA), Quality Assurance and Monitoring (QA& M) guideline were

reviewed and revised.

- Study on design of quality management system for PV companies conducted.
- Study on Performance of SHS component conducted.
- Socio economic impact study of SHS was carried out.

**Output 4 (Credit delivery modalities developed for easy access and wider availability).**

- Transferred to the Institutional Strengthening in Rural Energy Sector (ISRES) Component.

**Output 5 (Increased use of Solar Home Systems (SHS) and Solar Tuki).**

- A total of 250,814 SHSs and 29,397 SSHSs were installed..

**Output 6 (Used Battery Management Initiated).**

- A regulation to manage used lead acid battery was drafted and was in the final stage of the approval.
- Cash incentive voucher scheme was designed and implemented to collect Used Lead Acid Battery (ULAB).
- Proposal was called from private sector for establishing ULAB recycling plant.
- Studies conducted on management of used lead acid batteries.

**Output 7 (Increased cooperation for complementarities and synergies).**

- A two-day international seminar was organised on the topics “Solar Photovoltaic System: An Alternate Solution for the Growing Energy Demand” in collaboration with Kathmandu University.
- Study reports on Solar PV Status 2006 and 2010 completed.
- Various meetings/workshops, seminars and talk programmes were organised for assuring better co-ordination and synergy effects.

**Output 8 (Efficient and effective service providers including gender and socially excluded groups).**

- The training programme was conducted.
- R & M centres established with PV power source.
- Six training sessions were conducted to train 255 high school science teachers.
- Two public service announcements were designed broadcasted regularly through Ujjyalo FM network.

**Output 9 (Community based rural electrification by 3-5 kWp solar PV systems).**

- Three potential sites were evaluated in Surkhet, Morang and Sindhupalchowk.

**Output 10 (Gender [Equity] and social inclusion activities).**

- A concept note including the terms of reference for GESI activities was developed.

Score: 4.

**Impact.**

No socio-economic baseline study was carried out at the beginning of ESAP II that would allow for the verification of the achievement of the development objective or other socio-economic impacts of the different components. However, the Joint Review 2011 states, “the outputs of ESAP II produce significant impacts. The support to the SHS- and micro-hydro supply chains increased the number of qualified actors (competition has driven the service providers to move deeper into more remote regions in order to maintain sales) and improved the quality of service delivery, including the provision of after-sales services” (Norad, 2011:vii). The two main impacts of infrastructure investments are according to the review: the increased number of qualified actors and improved quality of service delivery including the provision of after-sales services.



<p>Reaching the poorest households through the introduction of the SSHS has not been as successful as was hoped. There has been a low consumer response, which combined with a lack of interest of solar companies in pushing the product yielding low profits means that dissemination levels remained low. Nonetheless, it can be said that the component has effectively worked towards reaching the overall development objective of ESAP, as the Joint Review 2011 states “the massive scale and reach of ESAP II has resulted in a wide range of beneficiaries getting access to renewable energy technologies – ICS, SHS, and MPHS- in rural areas. They improve living conditions of the beneficiary populations” (Norad, 2011: 23).</p> <p>There are positive health impacts caused by the reduction in indoor air pollution. Reduced consumption of fuelwood, kerosene and diesel. The provision of household lighting has had socio-economic impacts, improving the household environment, allowed children to do homework in the evenings, improved access to the outside world via television, radio, computers and mobile phone charging. To some extent, there has also been development of small enterprises and employment at local level, thus increasing rural livelihoods. Institutional Solar has linked schools and other local public services to reliable electricity. There are undoubtedly positive health impacts through the reduction of indoor air pollution.</p> <p><b>Score: 4.</b></p>
<p><b>Sustainability.</b></p> <p>Sustainability of SHS is likely to be higher due to them being maintained at the household level. Sustainability is largely dependent on the availability of good after sales services. It seems that the programme has been successful in facilitating the establishment of a strong solar market reaching the local level.</p> <p><b>Score: 5.</b></p>
<p><b>Coherence.</b></p> <p>The REF worked as a multi-donor fund and as such facilitated coherence in the sector. Some donors however decided to stay outside of the programme and fund due to internal reporting, procurement and financial management requirements. There is little information in the reports of coordination with other donors working on solar. Interviewees often referred to the AEPC hotel during the ESAP I and ESAP II phases as several donors were working on their own programmes within the same organisations. During the implementation of ESAP II, which brought together several donors under one programme namely Danida, Norad, KfW and DfID. The AEPC was executing the Biogas Sector Programme IV (BSP), Rural Energy Development Programme (REDP). All except BSP were present within the AEPC office building. Each programme had its separate Steering Committee and REDP was seen by the Joint Review 2011 to have worked very independently of the AEPC. The Executive Director of AEPC had experimented with a formal coordination forum for ESAP II, REDP and REP, but this was not regularised and meetings were rarely held.</p> <p><b>Score: 3.</b></p>
<p><b>Replicability.</b></p> <p>The technologies involved seem highly replicable, and the component was replicated and further developed during NRREP.</p> <p><b>Score: 5.</b></p>
<p><b>Partner satisfaction.</b></p> <p>No specific information in documentation, but interviewees on numerous occasions mentioned the importance of Denmark to the development of the RE sector in Nepal.</p>
<p><b>Danish added value.</b></p> <p>Not evidently, beyond the fact that Danida had funded the previous phase of ESAP and thus was familiar with the renewable energy sector in Nepal. At the beginning of ESAP I it was noted that Danida had little experience in the sector.</p>
<p><b>Cross-cutting themes.</b></p> <p>The immediate objectives or outputs of the original project document pay little attention to gender. The component is seen in largely technical terms and the programme is conceptualised as increasing access to energy of the rural populations, essentially understanding the issue as being gender neutral. There are undoubtedly positive impacts on women in terms of reduced indoor air pollution and having access to light. However, the intervention has not been designed with consideration to addressing potentially differing needs and expectations regarding the technology</p>

<p>of men and women. The role of women and disadvantaged groups as active partners appears in limited both in AEPC and RSC staff as well as in user committees and trained skilled labour. The objective was to serve remote communities and yet the modality does not seem to serve that purpose as supply is based on demand not on development prioritisation. The requirements on RSC resources are not sufficient at village level to support meaningful strengthening of GESI or reaching remote communities.</p> <p>A GESI Addendum was made with Norwegian funding, but this came relatively late in the project life cycle in 2010.</p> <p>Although the environmental impact of the component and promoted technology is largely positive there is a concern regarding the disposal of the batteries. There does not seem to be a strong mechanism or policy for this and the concern is that batteries will not be disposed of in the correct manner.</p>
<p><b>Connectedness.</b> Insufficient information.</p> <p><b>Score:</b> -.</p>
<p style="text-align: center;"><b>Component 3.3: Mini-Grid Rural Electrification</b></p>
<p><b>Overview.</b> “In order to achieve a substantial and sustainable growth and operation and maintenance of the development interventions in the electrification in rural areas, the Mini-Grid Electrification Component of ESAP II will be less oriented towards project field implementation (to be handed over to Regional Renewable Energy Service Centres or other local support organisation), but focus more on sector programme support and promotion of mini-grid electrification. The main strategy is to focus on overall sector issues and enhance the procedures and framework for support to the rural electrification rather than on implementation of individual project, as the sector relating to the rural electrification is expected to change dynamically over the next six-year period.”</p> <p><b>Immediate objective(s):</b> (a) Reinforced sectoral framework for policy formulation, strategy development, planning, programme implementation, and harmonisation of on- and off-grid rural electrification at national and local level. (b) Increased and sustainable access to and use of electricity in rural areas.</p> <p><b>Rationale.</b> The 10th Five Year Plan and PRSP set a target for increasing electricity access in rural areas to 55% by the end of the Plan period. Additionally the Plan set a target of increasing the percentage of the rural population served by rural energy from 7% to 12%. The mini-grid solutions based on micro-hydropower in ESAP I and in the World Bank and UNDP financed Rural Energy Development Programme (REDP) were seen to have proven their validity as a viable electrification option for village communities not supposed to be reached by the country-wide electricity network within the period of 5 to 10 years. In addition, incorporated into the Mini-Grid Electrification Component of ESAP Phase II was the understanding that this type of energy service served the purpose as pre-grid preparation for interconnection of isolated mini-grids and with national grid electricity solutions in the future. The rationale was that through focusing on overall sectoral issues and enhancing procedures and frameworks of support to rural electrification, substantial and sustainable growth and operation and maintenance of development interventions in rural electrification could be achieved.</p> <p><b>The situation before and after implementation.</b></p> <p><u>Before implementation.</u> Mini-grid electrification had begun in ESAP I, but there continued to be an urgent need to scale up electrification to improve electricity access of remote rural communities. Lack of coherent national policy addressing rural electrification with a national perspective. Rural electrification highly dependent on subsidy and a need to move towards credit.</p> <p><u>After implementation.</u> According to the PCR the role of the AEPC is recognised both nationally and internationally and is seen as a “centre of excellence for microhydro”. During the programme period (since ESAP I) the private sector became well established with more than 100 pre-qualified companies conducting survey/design of mini-grid schemes, manufacturing as well as installation of equipment and schemes. Additionally the component further strengthened the role of NGOs particularly through the seven NGOs operating the RESCs supporting mini-grid developers in all 54 hill districts, which have micro-hydro potential. There seems to have been a creation of demand for mini-grid electrification and it is seen as the most viable of technologies in Nepal. “There are 65,500 households connected to mini-grid electricity from 442 micro-hydro schemes with total power output of 6,347 kW. An addition 52,648 households were expected to electricity by the end of the programme period from another 147 schemes with power output of 5,326 kW. Furthermore, there are other 279 schemes with total power output of 8,783 kW ready to begin construction work at the end of the programme and which electrify additional 78,380 households.” Sector continues to be highly subsidy dependent and move towards credit slow.</p> <p><b>Documents consulted:</b> AEPC &amp; MoSTE (2012), AEPC/ESAP (2006c), Norad (2011).</p>
<p><b>Relevance.</b></p>

Renewable energy is essential for rural Nepal and the lack of access to it is hindrance to development efforts in these areas. As such the activities under the entire ESAP II programme are relevant to achieving sustainable development in Nepal. The 11th Three Year Interim Plan emphasises the importance of alternative energy sources several times in the document, stating that linking rural areas to the national grid would require huge budgetary investments. Alternative energy sources are seen as a viable alternative to grid connection in some rural areas. “Environment friendly alternative energy sources can be developed at costs affordable by majority of the population and this can contribute tremendously to rural economy and rural development...help in...enhancing the quality of rural life through environmental balance, reducing time spent in fuel wood collection, creating additional employment opportunities, health improvement and increasing the access of children to education” (GoN, 2007 p. 434). The component and programme are also in line with Denmark’s Country Strategy 2005-2010, which defines three priority sectors for Danish assistance: human rights, good governance and democratisation; education; environment and sustainable use of natural resources. One of the Danish priorities within the environment sector is the sustainable use of alternative energy in rural areas.

**Score:** 5.

#### **Efficiency.**

Efficiency throughout the technical components was reduced by the fact that each component did its own monitoring, procurement and recruitment. Furthermore progress in MH seems to have been slow, with some schemes not being completed until late into NRREP. ESAP II was only officially closed in July 2016, meaning that the audit of the programme is only now being completed. According to interviewees some MH schemes took closer to ten years to be finalised. The Joint Review of 2011 implied that AEPC MH costs were four times the cross country average while REDP was two times cross country average. However, it is recognised that for ESAP / AEPC the supervision and management component included the costs of a significant number of MH projects that were yet to be completed thus increasing average costs. The Joint Sector Review 2011 notes that local consultants were contracted for strategic studies, with quality often being low and thus increasing the burden on ESAP staff reducing cost-efficiency. This was echoed in the interviews, where several respondents mentioned that monitoring was often contracted out based on low cost, reducing quality of reports. The audit of ESAP II is only being completed in the summer of 2017.

**Score:** 3.

#### **Effectiveness.**

**Immediate Objective 1 (Reinforced sectoral framework for policy formulation, strategy development, planning, programme implementation, and harmonisation of on- and off-grid rural electrification at national and local level).** This component has been executed under the Renewable Energy Policy of the Government and the Renewable Energy Subsidy Policy and Delivery Mechanism. These three documents are seen to make the policy environment within the sector strong and clear. According to the PCR the role of the AEPC is recognised both nationally and internationally and is seen as a “centre of excellence for microhydro”. During the programme period (since ESAP I) the private sector has become well established with more than 100 pre-qualified companies conducting survey/design of mini-grid schemes, manufacturing as well as installation of equipment and schemes. Additionally the component further strengthened the role of NGOs particularly through the seven NGOs operating the RESCs supporting mini-grid developers in all 54 hill districts, which have micro-hydro potential. Furthermore DDCs have started allocating some funds to support development in their respective districts and users have formed district level networks. However, according to the PCR although effectiveness can be said to have been satisfactory, progress towards some results has been slow (grid connection, improved water mill).

**Immediate Objective 2 (Increased and sustainable access to and use of electricity in rural areas).** There seems to have been a creation of demand for mini-grid electrification and it is seen as the most viable of technologies in Nepal. “There are 65,500 households connected to mini-grid electricity from 442 micro-hydro schemes with total power output of 6,347 kW. There are additional 52,648 households will get electricity by the end of the programme period from another 147 schemes with power output of 5,326 kW. Furthermore, there are other 279 schemes with total power output of 8,783 kW ready to begin construction work at the end of the programme and which electrify additional 78,380 households.” (PCR, 40)

#### **Output 1 (Inputs to various rural energy related policies and their updates).**

- Rural Energy Policy approved by Government
- Subsidy Policy and Subsidy Delivery Mechanism were revised twice.

#### **Output 2 (Rural electrification activities are integrated into local planning activities).**

- All mini-grid schemes assisted from the Component are become as a part of DDCs annual plan.
- All schemes received water right certificate from the District Water Resource Committee.

- Most of the schemes also received some level of funding support from DDCs/VDCs

**Output 3 (Efficient and competitive service delivery mechanisms).**

- TA cost per kW is NPR. 5,000.
- Project cycle duration is 2 years from identification to completion.
- Number of pre-qualified companies (58 installations, 55 survey/design).
- All projects approved by Technical Review Committee, commissioned following the guideline/standard, and undergone power output and household verification test by Rural Energy Fund.

**Output 4 (Institutionalised local ownership and use of electricity in rural areas not covered by national grid).**

- All the schemes are legally registered as community based organisation (839 numbers).

**Output 5 (Schemes identified, appraised and forwarded to REF for subsidy approval).**

- REF received 839 projects (total capacity 19,258 kW, will electrifies 184,081 households).

**Output 6 (Increased information about rural mini-grid schemes and electricity end-use possibilities).**

- A total of 1,146 applications registered.

**Output 7 (Gender [Equity] and social inclusion criteria mainstreamed in mini-grid activities).**

- Audit report produced.
- Database in operation.
- Draft AEPC GESI policy review and guidelines.

**Output 8 (Increased plant utilisation and economic end-use electricity).**

- Number of business plans received/27.
- New enterprise established/57.
- Guideline/manual for business plan preparation completed and in operation.

**Output 9 (Professional management and efficient operational practices).**

- A total 11 training sessions conducted,
- Management training (50 participants, 25 female);
- Operator training (50 participants, 4 female)
- Advanced operator training (50 participants, no female).

**Output 10 (Rural livelihood improved through IWM).**

- New IWM: Short shaft (321), long shaft (47)- (Short shaft means grinding of food grains and long shaft means grinding and hurling of food grains).

**Score: 5.**

**Impact.**

No socio-economic baseline study was carried out at the beginning of ESAP II that would allow for the verification of the achievement of the development objective or other socio-economic impacts of the different components. However, the Joint Review 2011 states, “the outputs of ESAP II produce significant impacts. The support to the SHS- and micro-hydro supply chains increased the number of qualified actors (competition has driven the service providers to move deeper into more remote regions in order to maintain sales) and improved the quality of service

delivery, including the provision of after-sales services” (Norad, 2011:vii). The two main impacts of infrastructure investments are according to the review: the increased number of qualified actors and improved quality of service delivery including the provision of after-sales services.

As all of the infrastructure components, this too can be said that the component has effectively worked towards reaching the overall development objective of ESAP, as the Joint Review 2011 states “the massive scale and reach of ESAP II has resulted in a wide range of beneficiaries getting access to renewable energy technologies – ICS, SHS, and MPHS- in rural areas. They improve living conditions of the beneficiary populations” (Norad, 2011: 23)

There are positive health impacts caused by the reduction in indoor air pollution. Reduced consumption of fuelwood, kerosene and diesel. The provision of household lighting has had socio-economic impacts, improving the household environment, allowed children to do homework in the evenings, improved access to the outside world via television, radio, computers and mobile phone charging. To some extent, there has also been development of small enterprises and employment at local level, thus increasing rural livelihoods. Institutional MH has linked schools and other local public services to reliable electricity.

**Score: 5.**

#### **Sustainability.**

According to the PCR, reports suggest that more than 90% of the plants operate successfully with moderate levels of local enterprises developed for productive end-use. However, the interviews revealed that there is no systematic monitoring of the functionality of schemes and thus there is no reliable data on the number of schemes established during ESAP I and II that are still operational.

According to the PCR, the overall capacity of the mini-grid sector increased during the implementation of ESAP II. “Nepal had a capacity of producing/installing mini-grid schemes of about 2-3 MW per year, now has increased to about 5 MW per year. It indicates capacity development in the private sector as well as in programme implementing organisations.” (PCR, 42)

According to the Joint Review 2011, the mini-grid schemes are to a large extent owned by communities and registered to community organisations, which have formed committees that make all decisions relating to the mobilisation of resources, plant construction, plant management and operation. Additionally, these committees define the tariff rates and tariff collection systems for the plants. A cause for concern was that the tariff rates tended to cover only costs incurred in daily operations but did not account for providing financial provisions for repairs and refurbishments. This is a major concern in terms of sustainability since most communities are unlikely to be able to raise the necessary funds for repair themselves and thus long term sustainability becomes dependent on the possibility to and willingness of DDCs/VDCs or the Government to provide additional financial support. This is of course not a sustainable solution to the long-term running and maintenance of these services. This was echoed by the interviews. Additionally, due to the problems experienced in ensuring proper operation and maintenance of community MH schemes there is a move away from micro-hydro and a new provision in the subsidy delivery mechanism, which allows for private companies and cooperatives to be eligible for subsidies.

Furthermore, the same review notes: “A cause for concern is the stagnation in the manufacturing of turbines for MHP and in terms of annual manufacturing capacity and in terms of new technology development. The manufacturers can handle the manufacturing of Pelton turbines up to 300 kW. But they have no experience with the Francis turbine technology, which is used for sites with low head but high flow.” (Norad, 2011 p. 28)

A key concern at the end of the programme period was that the price of mini-grid has gone up during the programme period partly due to inflation.

**Score: 5.**

#### **Coherence.**

During the implementation of ESAP II, which brought together several donors under one programme namely Danida, Norad, KfW and DfID. The AEPC was executing the Biogas Sector Programme IV (BSP), Rural Energy Development Programme (REDP). All except BSP were present within the AEPC office building. Each programme had its separate Steering Committee and REDP was seen by the Joint Review 2011 to have worked very independently of the AEPC. The Executive Director of AEPC had experimented with a formal coordination forum for ESAP II, REDP and REP, but this was not regularised and meetings were rarely held. Interviewees often referred to the AEPC hotel during the ESAP I and ESAP II phases as several donors were working on their own programmes within the same organisation. The UNDP REDP was working on MH taking a different working modality, which is understood to have had more extensive and intense community mobilisation. The inclusion of the establishment of the CREF in the AEPC Act was a major step in working towards joint donor and government financed investments in the sector.

<b>Score:</b> 4.
<b>Replicability.</b> The technologies involved seem moderately replicable, and the component was replicated and further developed during NRREP. <b>Score:</b> 4.
<b>Partner satisfaction.</b> No specific information in documentation, but interviewees on numerous occasions mentioned the importance of Denmark to the development of the RE sector in Nepal.
<b>Danish added value.</b> Not evidently, beyond the fact that Danida had funded the previous phase of ESAP and thus was familiar with the renewable energy sector in Nepal. At the beginning of ESAP I it was noted that Danida had little experience in the sector.
<b>Cross-cutting themes.</b> <p>The component is seen in largely technical terms and the programme is conceptualised as increasing access to energy of the rural populations, essentially understanding the issue as being gender neutral. There are undoubtedly positive impacts on women in terms of reduced indoor air pollution and having access to light. However, the intervention has not been designed with consideration to addressing potentially differing needs and expectations regarding the technology of men and women. The role of women and disadvantaged groups as active partners appears in limited both in AEPC and RSC staff as well as in user committees and trained skilled labour. The objective was to serve remote communities and yet the modality does not seem to serve that purpose as supply is based on demand not on development prioritisation. The requirements on RSC resources are not sufficient at village level to support meaningful strengthening of GESI or reaching remote communities.</p> <p>Although there are requirements of gender and ethnic minority as well as Dalit quotas for user committees, interviews expressed doubt at whether these were met and whether adequate attention was paid to ensure meaningful participation.</p> <p>A GESI Addendum was made with Norwegian funding, but this came relatively late in the project life cycle in 2010.</p>
<b>Connectedness.</b> Insufficient information. <b>Score:</b> -.
<b>Bibliography (NARMSAP model - note formatting of references, designed to be copied into the bibliography of the whole report)</b>
<p>AEPC/ESAP (2006a) <i>Component Description; Biomass Energy of Energy Sector Assistance Programme Phase II</i>. Alternative Energy Promotion Centre (AEPC) and the Energy Sector Assistance Programme (ESAP). September 2006</p> <p>AEPC/ESAP (2006b) <i>Component Description; Institutional Strengthening of Rural Energy Sector Component of Energy Sector Assistance Programme Phase II (ESAP II)</i>. Alternative Energy Promotion Centre (AEPC) and the Energy Sector Assistance Programme (ESAP). September 2006</p> <p>AEPC/ESAP (2006c) <i>Component Description; Mini Grid Rural Electrification, of Energy Sector Assistance Programme Phase II</i>. Alternative Energy Promotion Centre (AEPC) and the Energy Sector Assistance Programme (ESAP). September 2006</p> <p>AEPC/ESAP (2006d) <i>Component Description; Rural Energy Fund Component of Energy Sector Assistance Programme Phase II</i>. Alternative Energy Promotion Centre (AEPC) and the Energy Sector Assistance Programme (ESAP). September 2006</p> <p>AEPC/ESAP (2006e) <i>Component Description; Solar Energy of Energy Sector Assistance Programme Phase II</i>. Alternative Energy Promotion Centre (AEPC) and the Energy Sector Assistance Programme (ESAP). September 2006</p> <p>AEPC and MoSTE (2012) <i>Energy Sector Assistance Programme – Phase II; Programme Completion Report</i>. Alternative Energy Promotion Centre (AEPC) and Ministry of Science, Technology and</p>

Environment of the Government of Nepal (MoSTE). April 2013.

GoN (2007) *Three Year Interim Plan 2007/08-2009/10*, Unofficial translation, Government of Nepal (GoN) National Planning Commission. December 2007 accessed on 20.05.2017 at 11.30  
[http://www.npc.gov.np/images/category/11tyip\\_eng.pdf](http://www.npc.gov.np/images/category/11tyip_eng.pdf)

Norad (2011) *Joint Review of Energy Sector Assistance Programme (ESAP II) Nepal*; Review Report, February 17, 2011.

Samuhik Abhiyan. (2011). *Impact of Mini Grid Electrification, Final Report*. Submitted to Alternative Energy Promotion Center, Energy Sector Assistance Programme, June 2011, accessed on 7.6.2017 ([http://www.aepc.gov.np/docs/resource/subreport/20130818074911\\_Impact%20of%20Minigrid%20Electrification-2011.pdf](http://www.aepc.gov.np/docs/resource/subreport/20130818074911_Impact%20of%20Minigrid%20Electrification-2011.pdf)).

Samuhik Abhiyan. (2011). *Socio-economic Impact Study of the Users of Solar Home System, Final Report*. Submitted to Alternative Energy Promotion Center, Energy Sector Assistance Programme, June 2010, accessed on 7.6.2017 ([http://www.aepc.gov.np/docs/resource/subreport/20130818124231\\_shs\\_seis\\_final\\_print\\_version.pdf](http://www.aepc.gov.np/docs/resource/subreport/20130818124231_shs_seis_final_print_version.pdf)).

## Annex F.10 National Rural & Renewable Energy Programme (NRREP)

### Component 1: Central Renewable Energy Fund

**Overview.** The CREF establishment process included: (a) establishing the CREF; (b) enacting legislation to establish the CREF and recruiting a qualified and experienced management team to manage the Fund; (c) validating and approving the final operational rules and procedures of the CREF, as well as its strategy, objectives and targets; and (c) delivering an appropriate credit support mechanism as well as a (revised) subsidy programme conducted in close cooperation with the AEPC. The main assumptions were: (a) that the CREF would be properly established through timely and well-crafted enabling legislation; (b) that the AEPC and other relevant organisations would cooperate with the CREF; and (c) that an agreement could be reached on proposed modifications to the subsidy regime. The main risks were considered to be: (a) that safeguards would be inadequate to prevent financial mismanagement; (b) that implementation of the subsidy and credit regime would be undermined by delays in establishing the CREF; (c) that the management and staffing structure would be inadequate to allow the CREF to properly fulfil its mandate; (d) that the (modified) subsidy programme would fail to deliver funds in a timely and efficient manner, and without a focus on supporting those in greatest need; (e) that credit support facilities would be insufficient to meet the needs of RETs while also facilitating the engagement of women and marginalised groups in RET-associated activities; and (f) that the CREF and the AEPC would fail to establish an effective working relationship.

#### Immediate objective:

- To institute the CREF as the core financial institution responsible for the effective delivery of subsidies and credit support to the renewable energy sector, particularly through RET deployment at the household and community levels.

**Rationale.** Access to cash is a barrier for many rural households to procure renewable energy technologies. Most households don't have a bank account and any loans are predominantly from the informal sector, at higher interest rates, due to having insufficient collateral. The purpose of CREF is to function as an independent financial mechanism for effective delivery of subsidy and credits and to assist a move towards credit and less dependency on subsidies by households. If the CREF functions appropriately it should ease the exit of donors from the sector in the long term. In addition, private banks have traditionally not had much knowledge about the sector, so this is a useful mechanism to raise their awareness. In NRREP donors originally proposed having three international advisors, but the GoN only approved two. This meant that a separate international advisor could not be placed under CREF. Originally NRREP included a technical advisor and financial (compliance) advisor, but the former was changed to a management advisor since technical capacity within the AEPC was found to be adequate. CREF is dependent on AEPC for procurement and recruitment, and this had a negative impact on the start-up and continuing implementation. In general, the design of CREF was good – having the handling and partner banks within a (semi) independent CREF seems logical and has worked quite well. The role of CREF was also to strengthen the sector and encourage private sector banks to finance renewable energy.

**The situation before and after implementation.** Before implementation, there was no system for credit specifically linked to renewable energy, although commercial banks and micro-finance institutions had shown interest in including RE in their portfolios. Implementation is on-going, despite Danida's departure. The withdrawal of Danish funds has been problematic. A lesson learned is that it is important to design an exit plan at the start of an activity such as this – particularly with regard to credit funds.

Existing Indicators	Achievement against Indicators by 15 <sup>th</sup> July 2016	Revised Indicators	Estimated Progress to June 2017
<p>CREF established and operational as the core financial institution for the effective delivery of subsidies and credit support to the renewable energy sector.</p> <p>CREF supports the efficient and effective delivery of credits to the renewable energy sector through Banks and Micro Finance Institutions (MFIs).</p> <p>CREF supports the efficient and effective</p>	<p>CREF was fully established as financial management mechanism.</p> <p>Subsidy was processing fully streamlined.</p> <p>Credit and outreach enhancement tools were being formulated for implementation in FY 16/17.</p> <p>A credit fund of Rs 237 million was available, 97% had been disbursed to seven partner banks which had disbursed more than 50% of the funds.</p> <p>More than Rs 300 million had been disbursed as loan by</p>	<p>CREF efficiently delivering subsidy through handling banks as per the policies (for the AEPC recommended projects).</p> <p>More credit fund channelled through partner banks as per the agreement.</p> <p>Outreach enhancement tools fully in place and operational.</p> <p>CREF is able to secure more credit funds.</p>	<p>CREF efficiently delivering subsidy through handling banks as per the policies</p> <p>Efficiency of subsidy handling has been improved</p> <p>No more credit funds have been channelled to the partner banks - however there are prospects for more.</p> <p>GIZ – EUR 5 million– for their REDA project already provided as subsidies via CREF</p> <p>KfW – EUR 5.6 million – for institutional photo</p>



delivery of subsidies to the renewable energy sector in close consultation with AEPC.	partner banks for urban solar program through CREF.		voltaic systems (schools, health posts) and solar pumps channelled through AEPC to CREF
---	---	--	---

**Documents consulted:** see bibliography.

#### **Relevance.**

Given the importance of renewable energy in rural Nepal, the supporting policies and strategies, and the difficulties of obtaining credit, this seems very relevant. However, the gap between on and off-grid electricity supply demonstrates a clear policy gap that has been beyond the work of NRREP. Possible weakening of governance and transparency from the poor governance of the mechanism for subsidies and contracting used, even though they had positive effects (although the subsidy mechanism was designed with good intentions in ESAP and had good outcomes initially of promoting the development of the private sector). Unfortunately, however prequalification and subsidies in later times contributed to compliance problems and increased prices. The AEPC has seemed unable or unwilling to deal with this issue. It was proposed in the revised Subsidy Delivery Mechanism that prequalification be removed, however the AEPC was reluctant to do so. According to the revised Subsidy Policy private companies are also eligible for subsidies. This will be an important initiative when it is implemented.

**Score:** 6.

#### **Efficiency.**

There have been many delays, particularly in the establishment of the credit support, and it seems that this could be considered quite inefficient in the roll-out. Some of the banks have considered CREF to have no added value – just an additional layer of bureaucracy. Others consider it beneficial but they still find it difficult to loan to rural clients – they would prefer to loan to urban areas. The institutional arrangements of the CREF Secretariat are problematic – there are insufficient qualified staff (only two professionals), and most work is done on paper rather than electronically (there is not MIS). Because of this they are quite dependent on AEPC, and have insufficient time for substantive professional work, beyond making contacts with the banks. The Multi-donor Renewable Energy Programme Design presentation notes that the institution “lacks legitimacy and faces severe capacity and resource constraints”. However, a clear positive result is that the handling banks have been checking the subsidy applications forwarded after processing by AEPC. Initially they were rejecting approximately 70% of applications for not being compliant. Now there appears to be a better understanding of the requirements as the rejection rate now is only 10-20%. In addition, there used to be a lot of unsettled advances – NPR 180 million in penalties was recovered from companies – and also NPR 200 million in advances were recovered. Handling bank staff note that they have approved subsidies for 147,000 small and large systems – NPR 2.8 billion over the period since taking over the subsidy administration from AEPC (large technologies accounting for NPR 1.9 billion of that). An electronic subsidy system has been developed and was being rolled out during May 2017 – this was anticipated to speed up processing of subsidies considerably, and will help to minimize compliance problems, as it will recognise any data entry problems from the vendor. The Subsidy Policy update (2073/2016) has also been incorporated into the new formats.

**Score:** 4.

#### **Effectiveness.**

**Output 1 (The CREF has been endowed with the capacity and powers to successfully carry out its operational mandate in cooperation with other sector organisations and the Alternative Energy Promotion Centre in particular).**

- The establishment of CREF took away a lot of funds from AEPC, which was initially difficult. It has been an important step to move the funds to independent banks, who have a reputation to defend – excellent procedures.
- There were some problems with the clarification of CREF's legal basis. From 2012-5 the REF of ESAP II continued to disburse subsidies from donor funds through AEPC. By mid 2015 the paperwork was completed, one handling bank and seven partner banks were selected and contracts were signed, and funds were provided. However, in the meantime the earthquake had taken place, and also the funds of the project were frozen. USD 2.3 million from DANIDA were released in 7.2015 for credit. These were distributed to partner banks based on post-earthquake plans – the distribution varied to different banks. Some banks were less confident about lending to communities and RE so reduced their plans. In addition, some banks have not disbursed even the funds they were loaned.
- A total of NPR 230 million was transferred to partner banks on 12th July 2015, comprising: Civil Bank Ltd (NPR 64 million), NMB Bank Ltd (NPR 97 million), Nepal Investment Bank Ltd (NPR 2 million), Himalayan Bank Ltd (NPR 9 million), Siddhartha Bank Ltd (NPR 27 million), Bank of Kathmandu Ltd (NPR 11 million), Tourism Development bank Ltd (NPR 20 million).

- As per the contract, handling banks are responsible for managing the core functions of CREF *viz.* wholesale lending to partner banks, subsidy management and investment management. However, initially this caused some problems as the partner banks were not happy to show their business records to the handling bank (a competitor). Subsequently the system was changed so the records were only shown directly to the CREF Secretariat.
- Only donor funds were provided to the banks as credit, while GoN funds were channelled as subsidies. A new Business Plan was prepared and this would permit companies to deal directly with CREF and not AEPC, but this has not been applied yet. CREF is theoretically independent, however AEPC is responsible for procurement and is member of the board. There is currently a challenge to find the appropriate way to deal with the return of Danish funds from CREF. UNCDF was requested to take responsibility for their management, but this was not feasible – consequently DANIDA needs to withdraw the funds. The future of CREF is unclear at the moment.
- Subsidies delivered were behind expectations, and credits were even slower. From a total of 11.4 million USD committed by Danida to CREF as of 6.2016 – only about USD 2.3 million had been delivered as credits, while the rest has been used for subsidies – in contravention of the plan to use it 50:50. The over-dependence on subsidies means the process is not sustainable, and it also distorts the markets.
- Credit is the *raison d'être* for CREF – but if no credit funds, how can they do it? The banks were reluctant to work in remote areas and these funds were aimed to convince them, but funds didn't flow to the anticipated level, and now Danida will withdraw their funds. There were verbal commitments of further credit, but the actual funds provided are very limited. Therefore, the banks are feeling dissatisfied. The partner banks also commented that they prefer to lend to private developers than to community, as community management committees don't have adequate capacity or ownership (and as a result there is a high risk of loans not being repaid).

**Output 2 (The existing subsidy system modified to improve its effectiveness and to enhance its focus on women and marginalised groups).**

- The Mid-Term Review 12.2014 noted “there may be a need for a regular update of the subsidy policy to ensure that it targets effectively specific development goals, e.g. reaching to poor and disadvantaged. Ineffective subsidies may inflate prices on renewable technologies and subsidise what may have been purchased anyway, i.e. the “free-rider problem”. As long as there is funding available for subsidies these should be used most effectively and efficiently” and it mentioned “cumbersome procedures and delays in payments.”

**General observations:**

- The technical review of June 2016 found the following significant problems. “(1) The institutional arrangement of CREF and its secretariat has led in parts to unsatisfactory results of CREF so far. The current institutional set up shows a combination of weaknesses, whereas the most important are e.g. under resourced CREF Secretariat, unclear governance procedures, and majority of funds disbursed into subsidies and very little funds available for credits. (2) CREF funding to date is clearly lower than what was expected at its inception. Furthermore, a large share of this funding has been used for subsidy payment instead of the original 50% for subsidy and 50% for credit. Few of the subsidy-approved projects are in fact credit worthy for partner FIs. (3) The financial sustainability of CREF is not assured after July 2017. The current income structure of CREF is based on income on non-used funds instead of relying on a management fee system. The future sustainability of CREF is dependent on attracting additional funding into the fund. (4) RET (credit) financing through Partner Banks has been much lower than expected. The main reason presented by banks is the high risks involved in financing MHP and the operational costs of lending in rural areas. However, not all banks agree on that statement and some PB are willing to develop their lending in RE. Provided that CREF offers the right financial instruments, there is a potentially strong demand from some financial institutions. The potential for lending into the micro hydro sector has diminished substantially lately, since most of the more bankable projects have already been financed.”
- The Multi-donor Renewable Energy Programme Design report (Paper 1) found that banks and insurance companies were hesitant to engage with the rural electrification sector, particularly as most power was used for household purposes rather than economic development. Therefore there is a risk that the debtors will not be able to repay their loans. They also report that the communities have insufficient collateral, even with the subsidy, and that some had to borrow from the informal market to finish the projects.

**Score:** 3.

**Impact.**

Limited as there was insufficient time for operation after the administrative processes were finalised.

**Score:** 2.

**Sustainability.**

The CREF is established with government approval and it features prominently in the latest Subsidy Policy. Its legal status and independence from AEPC are still in question, however. It is

hoped that DFID will support the development of a strategy and business plan for CREF. The costs of the CREF Secretariat are currently covered by the available funds transferred to CREF. CREF has accumulated retained earnings of more than NPR 300 million, mainly from interest earnings on government funds deposited with the handling banks (some of which will be returned to Denmark and Norway as part of the exit strategy). The budget for subsidies is transferred into non-freezing accounts with the handling banks and since spending is far less than allocated funds, CREF has been able to use the retained earnings for operational costs. It is not clear how the Secretariat will be financed after January 2018 (the point to which the handling bank system has been extended). As very few funds have been used for credits, the CREF is not earning income from interest on these loans. It is also unclear whether the CREF can attract outside investors and donors to make the institution financially viable, although DFID has made an indicative budget allocation for CREF. Subsidies will continue to be channelled through CREF until at least 2017-18.

**Score:** 3.

**Coherence.**

The CREF is operating as a multi-donor fund and was therefore quite coherent.

**Score:** 6.

**Replicability.**

This could be a good system for replication in other countries or similar scenarios (for instance in other sectors where banks are channelling funding, such as in multi-donor support to private sector funding activities).

**Score:** 5.

**Partner satisfaction.**

Mixed – some banks were happy with the system, some less so. AEPC would have preferred to have CREF operating within their house. The donors appear to have been relatively satisfied, though concerned at the slow progress.

**Score:** 4.

**Danish added value.**

Not specifically, other than the ongoing support by Danida to the renewable energy sector over many years.

**Cross-cutting themes.**

The development of the CREF should indeed be supporting good governance and transparent subsidy policies for alternative energy solutions. However, combatting corruption is still problematic. The limited roll-out means that the degree of impact on gender and environmental objectives is still weak.

**Score:** 4.

**Connectedness.**

There is limited reference to macroeconomic, political and environmental externalities in the project documents, other than the earthquake and the response to that.

**Score:** 3.

**Component 2: Technical Support**

**Overview.**

The purpose of the component is to accelerate renewable energy service delivery with better quality, comprising various technologies, to remote rural households, enterprises and communities, to benefit men and women from all social groups, leading to more equitable economic growth. Several RETs were planned to be supported, each with their distinctive characteristics and implementation strategies, and institutional building support was to be provided to AEPC and the decentralised structures as well as support to income generating and livelihood activities in

catchment areas of community electrification schemes. This approach was build around several activities:

- In the biomass sector, better-quality Improved Cooking Stoves will be delivered to an increasing number of rural households, in particular to the poor in remote districts. Focus will be on strengthening promotion of biogas in the household market and expanding promotion into the institutional market.
- In the solar energy sector, lower-cost domestic solar electric systems will be delivered more efficiently to an increasing numbers of rural households, and solar thermal applications will be promoted in a GESI and poverty relevant manner.
- In the rural electrification sector, the financial viability of community electrification schemes will be increased, and it will be sought to maximise availability of productive electricity at the village level.
- In supporting the AEPC, the strategy is to support implementation of the AEPC's Strategic Organisational Development plan which is designed to make AEPC an effective, efficient and GESI proactive institution for the promotion and development of the renewable energy sector.

This is a complex field, involving sub-components to do with biogas, biomass energy, solar energy, community electrification, local coordination and outreach management, and institutional support, and the operation of units for monitoring and quality assurance, climate change and carbon (accounting), and gender equity and social inclusion (GESI). The emphasis is on scaling up implementation of established RETs and on improving the quality of all technologies, but other promising technologies will also be promoted in appropriate ways. In addition, the component will provide institutional building support to AEPC and the decentralised structures as well as support income generating and livelihood activities in catchment areas of community electrification schemes. The scope of technical support covers four broad and distinct sub-categories, each with different needs, but at a more general level the main features of the overall strategy include the following.

- Technical support will include a number of intervention areas, across the technology-and otherwise defined sub-sectors.
- Analysis of barriers to scaling up deployment.
- Capacity development at different levels to address deficits of managerial and technical skills and capabilities, as well as limited implementation capacity. While management at the central level is important, it is the implementation capacity at the local level that ultimately determines to what extent deployment of RETs can be accelerated. Therefore, it is anticipated that both AEPC, DDC/DEES and RSCs and existing and new local organisations and companies will require considerable assistance.
- GESI mainstreaming means that specific affirmative action will be planned, implemented and monitored as a matter of course across all Component activities. Empowerment of women and marginalised groups through enhancement of their technical capabilities and assisting them to take up ownership of the technology.
- Activities are open to all ethnic groups and gender and do not take into account political affiliation of any kind. However, in the light of a mainstreamed GESI approach, some implementation modalities are set to increase access to disadvantaged groups.
- Provision of technical assistance inputs to resolve technical challenges that constrain the progress or quality of RET delivery, as well as climate change and carbon market related requirements.
- The approach to increase and maximise carbon market revenue requires that common principles, tools and practices need to be developed and maintained, and adherence to standards and procedures for carbon finance in the compliance (CDM) and voluntary markets.
- Technical innovation and applied research support in the areas of product innovation, design and manufacture, service delivery and administrative processes.
- Study of potentials and feasibility of new technologies.
- Resources and other support to implement and test promising new technologies on a pilot project level.

The main assumptions relating to technical support are listed in the Design Quality annex, while the main risks were assessed to be: (a) delay in the approval of the revised subsidy policy and disbursement mechanism; (b) contradictory legal paragraphs in the (new) Electricity Act and the AEPC Bill regarding grid connection of micro hydro power, which may delay and/or complicate or make impossible the beneficial grid connection; (c) the risk of a cartel being formed among solar home systems suppliers; (d) negative environmental impact caused by improper battery management; (e) lack of coordinated renewable energy promotion at the national/district level; (f) water use conflicts; (g) lack of interest of private-sector service providers; (h) risk of natural disasters (given that Nepal is a disaster-prone country); (i) delayed approval of AEPC Bill by the parliament; (j) AEPC higher and professional level positions remain vacant; (k) delayed contracting of RSCs; (l) lack of commitment and perspective of viewing mainstreaming GESI as a prerequisite for effective implementation of NRREP; and (m) SOD not compatible with the present context of the AEPC or with priorities for renewable energy sector development.

**Immediate objective(s).**

- To accelerate renewable energy service delivery with better quality, comprising various technologies, to remote rural households, enterprises and communities, to benefit men and women from all social groups, leading to more equitable economic growth.

**Rationale.** Despite many RE activities being conducted over the last two decades (including with DANIDA funding) the main sources of energy remain traditional biomass, petrol and gas. The expectation was that NRREP could make some contribution to mitigating the energy shortages, as well as lessening the environmental damage caused by deforestation and pollution.

**The situation before and after implementation.** The GoN declared an Energy Emergency in March 2011 and there were regular (daily), long periods of load shedding. In fact, as of 2017 the load shedding has decreased, but it is unlikely that this is much to do with NRREP's achievements. Many more rural households do now have access to off-grid energy sources.

**Documents consulted:** see bibliography.

**Relevance.**

- One problem is that off-grid and on-grid electricity supply is dealt with under two different Ministries with hardly any connection – this is an important energy sector governance issue in Nepal. It might have been better to work under the institution but this wasn't possible. Would be better to have off grid systems to feed into the grid. In some towns there are 2 mini-grids – Micro-hydro and national grid in the same town!
- There is also a significant rural–urban divide in energy availability – this programme addresses the rural side well but urban SMEs have suffered from the load shedding also.
- Energy efficiency was also not considered. SDG 7 has three issues, including universal access, an increased share of RE, and improved efficiency – and these should be considered in an interconnected way. The NRREP has really only dealt with RE. It would be important to think about energy services in a more holistic manner, perhaps by better coordination with other bodies/sectors.

**Score:** 5.

**Efficiency.**

- Slow use of the subsidies for technologies and financial progress in general; this is dependent on the subsidies being released under CREF, but has a direct impact on the efficiency of the technical component.
- Should be more result-based reporting – firewood saved, time saved, etc. – too much focus on inputs and outputs – not enough outcomes – the discourse has been that it isn't about delivering x stoves – it is about delivering energy services that people are prepared to pay for – whereas success criteria tends to be about the numbers of stoves, etc.
- During 2014-15 issues of non-compliance in ISPS installations were identified by the Compliance Unit which eventually compelled Danida to freeze its fund until the settlement of ISPS issues. This circumstance triggered the abrupt stoppage of the NRREP operation and all kinds of activities with its consequence in the physical and financial progress.
- In addition, there have been issues with the use of subsidies and suppliers forming cartels to drive prices upwards. The Compliance Unit in AEPC has been useful – has detected issues and contributed to greater transparency. Can't change culture overnight but can document problems and enforce consequences, putting accountability mechanisms into action. Danida recommended that there was an organizational culture developed within AEPC that respects the importance of compliance.
- Regional Service Centres (RSCs) are at the front line of delivery and work with communities, therefore they are playing an important role in uptake of RE technologies. However, they have also been implicated in some of the procurement problems identified by the Compliance Unit.

**Score:** 3.

**Effectiveness.**

- The Mid-Term Review (12.2014) reported fairly good progress, but noted that “programme targets are largely defined as number of technology installations, kW or number of households reached. Therefore, there is limited attention to the impact of the services provided, and on the long-term sustainability of the installations being subsidised. Although the programme effectively meets its targets, the overall programme goals may not be met in the most efficient way possible. For example, a household using electricity from a MHP for mainly lighting and mobile charging services could be more efficiently provided access to electricity from a lower cost solar home system with less development lead-time. Furthermore, the rigid application of standard technology packages without updates to Best Available Technology (BAT) seems to become increasingly less effective in achieving programme goals.”

- Regulatory framework for the AEPC – the Act – was supported.
- The NRREP targets were well represented in Nepal's Intended Nationally Determined Commitments (INDCs) to the UNFCCC (the steps they commit to take to address climate change). This was probably an attributable contribution from Danida – an important result.
- Learning from other countries - contacts with other countries need to be systematised – some exchanges took place (e.g. to the Climate Innovation Centre in Kenya).

Outputs	Progress
Scaled up implementation network is in place for biogas	Strong interest. However some questions were raised regarding selection of households. The biogas subsidy level may be too high and the system may result in either holding the price artificially high or perhaps even distorting the market for cooking energy.
Domestic, community and institutional (large) biogas plants are deployed/established and new biogas (waste digestion, motive power, electricity production) technology is ready for piloting	Delays in the subsidy approval process for institutional biogas. Domestic biogas reached 70% progress, but only 6% for institutional.
Scaled-up implementation network for Improved Cooking Stoves is in place and tested and certified stoves with defined quality criteria are operational;	Mud ICS roll-out progressed well but metal stoves were slower – due to delay in the subsidy mechanism but also challenges in the supply chain, i.e. availability of materials, and the production and delivery of the MICS.
New technologies such as enterprise scale wood gasifiers and bio-briquetting are ready and field tested	Limited progress
Clean Development Mechanism and other carbon market instruments are functional and generate revenue	Functioning – though revenue goes to Treasury
A highly developed fraud-proof registration, eligibility-checking and verification system for solar energy systems is in place that is efficient and quick and can handle large numbers	Strong interest but constraints on availability of approved components and clearing of subsidy payments. CREF is rolling out now (June 2017) an online system which should be much more accurate and efficient
Used battery management introduced and functional, and in compliance with international standards	Regulation regarding recycling of used Lead Acid Batteries has been issued by GoN. Incentive being developed to promote recycling. However, it is still not clear what result will be in practice
Some viable large community Photo Voltaic systems are operational	Institutional solar and solar pumping systems reached 51% of targeted units installed
Solar thermal domestic devices (dryers and others) are ready for the market	Very little progress
Project management capacity for community electrification projects is in place and performing, and the number of completed projects increases at a faster rate	Management capacity issues at all levels.
Community electrification projects are better designed with regard to the use of the available potential, and operate at a higher load factor to be more sustainable	Electrical equipment which has to be imported from abroad faced delays due to border blockade.
Community electrification technology is scaled-up (in volume and unit size) and is of a higher standard	Didn't meet targets. Mini/Micro/Pico Hydro Power schemes were installed to (65% of target) but there are problems with management and functionality
Improved Water Mills promotion is scaled-up and the technology is of a higher standard	70% of target met
AEPC is recognised as an effective, efficient and Gender and Social Inclusion proactive institution for the promotion and development of the renewable energy sector	Some efforts to introduce gender focal points, conduct GESI audits and support RSCs to provide GESI-friendly services

District Energy and Environment Units become an integral part of District Development Committees and work to establish linkages between the AEPC and the needs of the rural population whilst promoting the interests of women and marginalised groups	Only to a limited degree – and with the local government restructuring these structures will disappear
Regional Service Centres are contracted and their capacity enhanced to facilitate the delivery of renewable energy services and promote linkages at a local level as a resource of the AEPC	Nine Regional Service Centres functional
Income generating activities for households using renewable energy are developed and implemented in catchment [i.e. electricity supply] areas	Limited progress

By the figures provided by AEPC (6.2017), the achievement of specific targets was recorded as follows: mini/micro/pico hydropower (65%); improved water mills (70%); home solar photovoltaic systems (61%); institutional solar photovoltaic systems and solar water pumps (51%); mud-built improved cooking stoves (target exceeded; 71% of new target); metal-built improved cooking stoves (71%); domestic biogas systems (70%); institutional biogas systems (6%); small enterprises established/upgraded (30%); increased small enterprise employment (22%) and income-generating plans supported (20%). From this it is clear that many activities were severely under-performing. Some challenges are seen, in particular concerning scaling up of community and institutional models of solar PV systems and biogas. Mud ICS – progress is ahead of planned but other technologies are all delayed, particularly solar dryers and cookers; Institutional/ community/Commercial Biogas Plants and Waste to Energy Projects; establishment or upgrading of MSMEs and Income Generating Activities. By 2016 it was clear that the original indicators would not be achieved, so more realistic targets were adopted for the exit phase in 2017.

A very positive step has been the development of the following policies and institutional frameworks within the NRREP period, which will continue to support the renewable energy sector in the future: Renewable Energy Subsidy Policy, 2016; Renewable Energy Subsidy Delivery Mechanism, 2016; Urban Solar Energy System Subsidy and Loan Mobilization Directives, 2015; Subsidy and Delivery Mechanism of Institutional Solar System, 2013; Subsidy Delivery Mechanism on Additional Financial Support to MHPs, 2013; Biomass Energy Strategy, 2016; Investment Prospectus for CCS4ALL: A Roadmap to National Goal of Providing Clean Cooking Solutions for All, 2016; and various guidelines, technical standards, and manuals.

It is estimated that almost 1.4 million households benefitted from the provision of RE technologies.

There was considerable resistance to change. An example is alignment of Programme procurement procedures to government procurement rules. It took a year to convince stakeholders and to formalise the change to procedures, and then another year to implement and consolidate, while resisting attempts to bypass the new system.

A final point is that NRREP mobilised to help with some communities badly affected by the earthquake in 2015, providing them with emergency lighting, electricity sources and stoves.

**Score: 4.**

#### **Impact.**

Danida consistently funded the distribution of solar power and micro-hydroelectric systems that effectively brought light, communication, knowledge and enterprise opportunities to rural households and communities. Improved cooking stoves and biogas improved the health and local environment and reduced drudgery, especially for women who benefit from the delivery of water using solar pumps rather than hand carrying, and a reduced need for firewood collection. Even so, given the under-performance of the technical solutions on offer, it is problematic to claim much impact. However, significant GHG emission reductions are available from RET installation, which the NRREP estimates at 315,773 tCO<sub>2</sub> cumulatively over five years of operation for all installed systems.

The current re-structuring of the local government system may also have some negative impact on implementation during 2017.

**Score: 4.**

#### **Sustainability.**

- The programme has not set up systematic monitoring of the functionality of installed technologies. Neither the RSCs nor the AEPC staff have a record of whether technologies installed during ESAP and NRREP remain functional (in contrast to the regular functionality surveys carried out by the government within the water sector). The assumption is that communities

will inform the RSC or the AEPC if a scheme is no longer working (estimates from respondents range from 95% to 50% of microhydros being still functional). After the earthquake a survey of installed RE technologies was carried out. According to the AEPC staff, in those 4 districts there were 268 damaged Microhydro, and many ICS; but around 90% of the biogas and IWMs were still functioning. DfID provided 5 million pounds for rehabilitation of damaged schemes via NRREP, and emergency support in the form of solar panels for light and mobile phone charging as well as portable metallic stoves.

- By operating via the Regional Service Centres, there is presumably closer support available to households. However, there is also considerable dependence on the subsidies, as demonstrated by the slow-down in progress when the subsidies are not proceeding. Some activities of small scale, appropriate, technology, such as the mud stoves, are likely to be very sustainable. On-grid electrification is proceeding quite rapidly and it is possible that some of these areas will no longer need off-grid solutions in the near future.
- The programme has been successful at establishing a solar market which reaches village level, and this should be sustainable in the future. One respondent suggested that it is simpler to buy directly from seller than apply the subsidy process.
- The Multi-donor Renewable Energy Programme Design (Paper 1) notes that there is insufficient support provided to users after construction, with problems in spare parts, maintenance and repairs. As a consequence, many systems end up inoperable.
- Sustainability of MH is problematic. It is only recommendable to build larger MH, as solar systems may be more economically and socially viable as compared to small MH (cost, institutional management issues). The Best Available Technology is a good step in ensuring that the most suitable technology option is chosen with better likelihood of long term sustainability. Larger MH requires strong management, which can be problematic at community level. The application of the new Subsidy Policy which allows for subsidies to private companies, could be a viable management solution. Increasing coverage by the grid is foreseen, recent MH have been built with the capability of grid synchronisation. There appear to be a number of MH schemes yet to be completed, and it is unclear whether these will be completed after the closure of NRREP.
- Household tariffs are insufficient for long term operation and maintenance and cover only recurrent costs, not potential breakages or future replacement needs.
- The process has been working with local government, which is important for ownership, however, this also means the risk of political interference.
- As noted above there have been significant emission reductions and it would be a valuable source of continuing financing if this could be fed back into NRREP or to CREF.

**Score:** 4.

#### **Coherence.**

As the support has been given within a SWAp, together with several other donors, it has been quite coherent. Donors are working closely together.

**Score:** 6.

#### **Replicability.**

Most of the technologies are not particularly innovative – and the technologies are not difficult to replicate. The effort to work as a SWAp is admirable – though it is a difficult methodology in Nepal due to the high levels of corruption and bureaucracy.

**Score:** 4.

#### **Partner satisfaction.**

General satisfaction with the RE installations – but the compliance issues reduced satisfaction considerably.

**Score:** -.

#### **Danish added value.**

The NRREP targets were well represented in Nepal's Intended Nationally Determined Commitments (INDCs) to the UNFCCC (the steps they commit to take to address climate change). This was probably an attributable contribution from Danida – an important result. But of course not a specifically identifiable Danish feature.

#### **Cross-cutting themes.**



### **GESI.**

- GESI has in theory been mainstreamed across all components – by its nature, the provision of RE technology is saving time (e.g. from cooking and firewood collection) and improving the lives of women and girls in particular. However, there has been insufficient impact on women, poor and disadvantaged households (Multi-donor Renewable Energy Programme Design, Paper 1). Certainly there appears to have been an improvement from the earlier phases.
- During NRREP there was a clear expression for the need for mainstreaming of GESI throughout the components and a gender unit was established, a gender strategy was prepared. The GESI Unit in AEPC carried out some activities related to capacity building in GESI: (a) designed and implemented a Barefoot engineering approach to develop auxiliary technicians for RET supply areas; (b) conducted GESI audit in all RSCs to identify the gap, address the issues and minimise the hurdles in accessing energy to rural poor and disadvantaged; and (c) provided regular technical backstopping to all RSCs in mainstreaming GESI and capacity development of the professionals
- However, limited GESI achievements are reported. Within AEPC and the RSCs there seems to be limited efforts to have women and disadvantaged groups represented within the professional staff (e.g. through positive discrimination in hiring), however it is recognised that this is a challenge all over Nepal.
- Benefits to women of elements such as ICS and biogas are clear, but in general other technologies are presented as gender neutral. The role of women and disadvantaged groups as active partners appears in limited both in AEPC and RSC staff as well as in user committees and trained skilled labour. Very little evidence of HRBA being within the discourse or practice even though by default a programme, which is trying to get energy to rural areas could be considered relevant in terms of HRBA. The objective was to serve remote communities and yet the modality does not seem to serve that purpose as supply is based on demand not on development prioritisation. The requirements on RSC resources are not sufficient at village level to support meaningful strengthening of GESI or reaching remote communities. The SHS Impact Study found that richer and better informed households were more likely to have a SHS. Dalits were less likely.

### **Environment.**

- By definition the programme serves environmental purposes and has positive environmental impact, although it is not explicitly designed or discussed as such. The main focus is on rural livelihoods rather than environment. One indicator of NRREP was “CDM and other carbon market instruments are functional and generate revenue.” In NRREP, the CDM unit was introduced and has achieved some payments although it does not seem integrated into the programme. This is perhaps because the funds do not return to the programme, but go to the Treasury. Not all schemes installed under the programme are registered under CDM. By mid-2015, there was a cumulative estimated achievement of 1 164 510 tons of carbon emissions reductions. By the 5.2017 ‘Final Report On Impact Assessment of Climate and Carbon Activities under AEPC/NRREP and prepare Information Material’, 1.55 million tons of CERs were registered. In addition, NRREP supported AEPC to expand its portfolio in climate change activities. This included the GCF accreditation application and preparation of the NAMA proposal. Support to the ERPA negotiation, technical support to DNA etc. were performed as regular activities.
- Environmental protection is part of the overall objective. Renewable energy technologies are decreasing air pollution (including greenhouse gases) and deforestation for the purposes of firewood. Solar power requires batteries and their disposal constitutes a potential environmental risk. This has been a continuing issue throughout all phases. The potential for establishing a potential battery recycling plant was studied (2010), but this was not found to be viable. During NRREP the battery recycling mechanism was included in the Environmental Protection Act linked to the subsidy for SHS, however is yet to be rolled out. It is also questionable whether the mechanism addresses the problem adequately as it is linked only to the first purchase of the SHS with subsidy. The MTR 12.2014 noted “Regulation regarding recycling of used Lead Acid Batteries has been issued by GoN. This has been a condition by KfW for support to a recycling facility for solar batteries and other batteries, for example from cars. KfW has also initiated a voucher system for solar batteries that would provide an incentive for bringing used lead acid batteries for recycling even from remote sites, i.e. the voucher is a compensation for the transportation effort. Recent progress is reported on lead acid battery collection and recycling with KfW funded consultants on collection and disposal logistics planned for advising AEPC next year.”

### **Connectedness.**

Limited reference to macroeconomic and political externalities in the project documents, other than the earthquake. However, the component provided a strong response to the damage caused by the earthquake. Climate change is addressed in the programme – particularly via the activities to measure emission reductions.

**Score:** 4.

## **Component 3: Business Development for Renewable Energy and Productive Energy Use**

**Overview.**

The component has three anticipated outputs:

- Capacities of existing ‘micro, small and medium-sized enterprises’ (MSMEs) are enhanced;
- New and innovative MSMEs are created and operationalised, with a specific emphasis on integrating women and marginalised section of the population; and
- Appropriate Business Development Services are available to MSMEs in renewable energy catchments areas.

To obtain long lasting and broad impact of community electrification schemes, it is crucial to work towards their financial sustainability. In addition to generating adequate revenues for the operation and maintenance of the schemes, living standards of women and men and socially disadvantaged groups in rural areas will be improved. This implies that renewable rural electrification translates into equitable local economic development in rural and remote areas, a translation that is not automatic and requires specific productive energy use assistance. The Component formulates a broad range of activities that will contribute to increase the income potential of MSMEs in rural areas by removing some of the main barriers to private sector development. The strategy to reach the immediate objective takes MSMEs as ‘entry point’, i.e. the approach is not structured as per renewable energy supply type, but according to economic growth potentials. The main guiding principles of the strategy include:

- that the focus is on removing barriers to economic development;
- that activities must strive towards financially sustainable economic development, and implementing modalities will set appropriate level of cost sharing according to the type of actors and their financial capacities;
- that activities must promote sustainability and economic resilience by prioritising the use of local materials, local potentials and local resources;
- that there is an emphasis on hands-on training and coaching for entrepreneurs;
- that activities will be demand-driven in the sense that technical assistance, training and other supporting measures are provided upon request from the target groups;
- that activities will follow a complete cycle of enterprise development integrating all dimensions of enterprise creation and enterprise growth; and
- that financial incentives and insurances will be targeted on new activities that are perceived as high-risk, and on pilot projects that promote new community-level activities.

The main assumptions are: (a) that Nepal remains politically stable, with government continuing to promote private investment; (b) that a sufficient number of MSMEs are located in catchments areas; (c) that market demand is sufficient to support an increase in output of products; (d) that MSMEs trust renewable energy sufficiently to invest in new electrical equipment; and (e) that there exists a minimum variety of business development service providers at regional and local level showing interest in new markets. The main risks are assessed as being: (a) that AEPC is not geared to develop private MSME development activities; (b) that technical incompatibilities may exist between renewable energy sources and energy uses and users in hilly and mountainous areas; (c) that seasonal variations in the availability of renewable energy will not allow MSMEs energy needs to be met; (d) that inadequate infrastructure will undermine performance; and (e) that there will be a resistance to change and risk-averse behaviour among entrepreneurs in rural communities.

**Immediate objective(s):**

- To contribute to an increase in income and employment generation potential for ‘micro, small and medium-sized enterprises’ (MSMEs) in rural areas, particularly for men and women belonging to socially and economically disadvantaged groups.

**Rationale.** There is a history of the energy from micro-hydro plants being under-utilised due to insufficient SMEs operating during the daytime. The private sector development environment in Nepal is inefficient and problematic, due to the lack of suitable legal and policy frameworks, heavy bureaucracy, corruption, lack of economic infrastructure and political instability. Nepal’s ease of doing business rank (1–190) is 107 in 2017 (World Bank ‘Doing Business 2017’, Country Tables). Despite this, MSMEs contribute significantly to economic growth and employment in Nepal.

**The situation before and after implementation.** Before implementation. Insufficient MSMEs operating in the areas of off-grid energy production.

**Documents consulted:** see bibliography.

**Relevance.**

The MTR of December 2014 noted that “Most MHPs are used only at night, meaning that surplus available energy is either wasted in the form of load controller waste heat to a water tank, or

overflow of water from the intake when the MHP is shut down in daytime. There is therefore a large unused potential for productive use of electricity at negligible marginal cost. Reported average MHP utilization rate is normally 20-25%, mostly for lighting, mobile telephone charging, radios and low wattage use. This results in a relatively high cost per kWh actually utilised in existing MHPs, particularly those of larger size (>50 kW). There is no incentive for energy saving technologies (LED lamps etc.) to be introduced in such MHP systems". Therefore any action to develop SMEs that would use energy during daylight hours would be clearly relevant for improving efficiencies.

**Score:** 5.

#### **Efficiency.**

By March 2016, only 22% of the total budget of US\$ 8.4 million for this component had been spent. This was the slowest expenditure of all components. By June 2017, cumulative expenditure had reached 35% of the budget.

**Score:** 2.

#### **Effectiveness.**

##### **Output 1 (Capacities of existing MSMEs are enhanced).**

- By mid-July 2016, work had mainly consisted of training of MSMEs, particularly in business management issues. Delays in signing the contracts had hampered some activities, including those implemented through RSCs. However, the report was quite activity based, so the outcomes were difficult to assess.

##### **Output 2 (New and innovative MSMEs are created and operationalised, with a specific emphasis on integrating women and marginalised section of the population).**

- By mid-July 2016, although GESI-responsive guidelines, training manuals and an end-use catalogue addressing GESI concerns had been developed the number of MSMEs established/upgraded was only 27% of the original target, and increased employment was only 20%, so the targets were reduced to prepare for exit.

##### **Output 3 (Appropriate Business Development Services are available to MSMEs in renewable energy catchments areas).**

- Implementation modality has been changed. A proposal was received from a national service provider (FNCSI) to implement this output. However, AEPC took too long to evaluate and negotiate the proposal. As a consequence it was agreed in September 2016 to discontinue the negotiations with FNCSI and to request the Regional Service Centres to focus on supporting existing MSMEs and IGAs, and to generally close down the activities of the component as part of the NRREP exit strategy.

#### **General observations:**

The Multi-donor Renewable Energy Programme Design (Paper 2) attributed poor progress to:

- AEPC has given inadequate priority to this component;
- poor understanding of the difference between social organisations and businesses – and the community management committees are unable to maintain the micro-hydros and keep them functioning continuously – thus feeding back to limiting MSME development
- fund freezing for compliance reasons led to the programme stalling
- the earthquake, the Indian blockade and the federalism debate have all contributed to making the business environment problematic.

**Score:** 3.

#### **Impact.**

The under-achievement of the indicators and winding up of this component means that the impact with regard to an increase in income and employment generation potential for MSMEs will not be significant

**Score:** 3.

#### **Sustainability.**

<p>There has very little roll out, and the component has been suspended. However, what achievements there are with regard to development of MSMEs should be quite sustainable.</p> <p><b>Score:</b> 3.</p>
<p><b>Coherence.</b></p> <p>As this is functioning within a SWAp, it is quite coherent with other donor and government activities.</p> <p><b>Score:</b> 6.</p>
<p><b>Replicability.</b></p> <p>Should be moderately replicable to other MSMEs, but weak performance suggests that underlying issues with the model require correction.</p> <p><b>Score:</b> 2.</p>
<p><b>Partner satisfaction.</b></p> <p>Insufficient information.</p>
<p><b>Danish added value.</b></p> <p>None.</p>
<p><b>Cross-cutting themes.</b></p> <p>In theory there should be a good contribution to gender equality and social inclusion, as well as environmental protection. GESI guidelines and training has been given.</p>
<p><b>Connectedness.</b></p> <p>Not particularly linked to external factors, other than the socio-economic situation in the community.</p> <p><b>Score:</b> 2.</p>
<p style="text-align: center;"><b>Bibliography</b></p>
<p>Norad &amp; Danida (2011) <i>Joint Review of Energy Sector Assistance Programme (ESAP II) Nepal</i>. Review Report, February 17, 2011</p> <p>Danida (undated) <i>Context mapping: Nepal Renewable Energy Sector</i>.</p> <p>Danida (2010) <i>Socio-Economic Impact Study of the Users of Solar Home System, 2010</i>.</p> <p>Danida (2011) <i>Concept Paper, Rural and Renewable Energy Programme (2012 - 2017), March 4, 2011</i>. File: 104.Nepal 802-300.</p> <p>Danida (2012) <i>National Rural and Renewable Energy Programme, Nepal, Programme Document, May 2012</i>.</p> <p>Danida (2012) <i>Central Renewable Energy Fund Component, Component Description: Technical Support Component, Component Description, May 2012</i>.</p> <p>Danida (2012) <i>Business Development for Renewable Energy and Productive Energy Use Component: Component Description, May 2012</i>.</p> <p>Danida (2012) <i>Assessment of Programme Support, May 2012</i>.</p> <p>Danida (2013) <i>Joint Inception Review Report, June 2013</i>.</p> <p>Danida (2013) <i>Assessment of Programme Support, June 2013</i>.</p> <p>Danida (2013) <i>Techno-economic Study of Baglung Mini-grid, 2013</i>.</p> <p>Danida (2014) <i>1st Trimester Progress Report (7-11.2014)</i>.</p>

Danida (2014-2015) *Annual Progress Reports 7.2014-15*.

Danida (2016) *Annex 3.B: Updated Results 2nd Trimester Report (11.2015-3.2016)*.

Danida (2016) *Technical review of the Central Renewable Energy Fund (CREF), 6.2016* (preliminary findings, debriefing note and the full report).

Danida (2016) *Draft Phasing Out Note for the Danish Development Assistance to Nepal, 2.3.2016*.

Danida (2016-2017) *Final CDM Report on Biogas Users' Survey 2016/17*.

Danida (2017) *Impact Assessment of Climate and Carbon Activities under AEPC/NRREP, AEPC/NRREP/CCU/2073/74-02, May 2017*.

DfID (2017) *Draft National Small-scale Renewable Energy Framework, May 2017*.

MDREPD'T (2016) Draft reports of the Multi-donor Renewable Energy Programme Design Team, 11.2016. Paper 1: *Effectiveness of NRREP in addressing the challenges in the sector*. Paper 2: *Effectiveness of NRREP at achieving its planned outputs and outcomes*. Paper 3: *Efficacy of operating modality and financing mechanism*.

## Annex F.11 Environment Sector Programme Support (ESPS)

Component 1: Establishment of Institute of Environmental Management (IEM)
<p><b>Overview.</b> In line with Government policy (i.e. the Nepal Environmental Policy and Action Plan, NEPAP 1993), the aims were: (a) to facilitate the initial establishment of the IEM and to use it to build capacity to reduce pollution and increase occupational health and safety (OHS) among key ministries, commercial federations, industrial regulators and managers, trades unions and environmental consultants; and (b) meanwhile to build the IEM into an autonomous, independent and sustainable training institution. With Danida support, the IEM was created and resourced, delivered numerous training courses and developed systems and standards for environmental management, cleaner production, energy efficiency, workplace assessment and OHS. Local willingness to pay for these environmental management training and standards (EMTS) services never achieved levels at which the second aim could be achieved; Danida being unwilling to subsidise the IEM further, the intervention was terminated.</p> <p><b>Rationale.</b> There was understood to be a serious lack of capacity for environmental management in the industrial sector (and weakness too in air quality management), which training, standards (and laws and enforcement) would be required to correct. Taking advantage of favourable government policy, the opportunity was seen to deliver training and standards through a new institution, the IEM, and to place it on a sustainable footing, with a market for its services and the capacity to sell those services effectively and profitably.</p> <p><b>The situation before and after implementation.</b> The IEM was established in 2000. At its end in 2005, a large number of people had received EMTS services, but there was no evidence that the objective circumstances had changed significantly.</p> <p><b>Documents consulted:</b> Development Associates (2003); HMGN &amp; Danida (1999); HMGN &amp; GoD (2001a, b; 2003; 2005a); Ljungman &amp; Thapa (2013) Nepal Democracy (2017); UNIDO &amp; UNEP (2015).</p>
<p><b>Relevance.</b> The Completion Report notes: that there was a strong need for awareness raising and training, especially in view of the “challenge of making the business sector proactive to survive in the situation of Nepal being a member of the WTO, which spells out clear-cut fulfilment of environmental requirements for exports and imports”; that because of past protections, “industries in Nepal are excessive resource users, with low productivity and generating unnecessary wastes [and] without technical support in preventive strategies, cannot survive in strict enforcement situation of the environmental standards.”; and that policy-oriented and applied research on environmental issues, the support of an organisation providing preventive and end-of-pipe treatment solutions to support compliance with environmental standards are urgently needed. There was a strong demand for training (e.g. the Completion Report notes that “Similar courses offered by other organizations/institutions like Local Development Training Academy (LDTA) and private individual consulting firms could not get full enrolment in their courses where as IEM had excess applicants for its courses – this [despite] the fact that the course fee being charged by IEM was higher than the others”).</p> <p><b>Score:</b> 7.</p>
<p><b>Efficiency.</b> The IEM seems to have become steadily more efficient over time in delivering environmental management training and standards to its stakeholders, “with the involvement of more and more number of participants and similarly the services with coverage of wide areas of industrial and urban environmental management”, and although there was a heavy reliance on consultants at first this declined later on.</p> <p><b>Score:</b> 4.</p>
<p><b>Effectiveness.</b></p> <p><b>Result 1 (establishment and use).</b> The IEM seems to have been effective in delivering environmental management training and standards to its stakeholders, but the Completion Report notes that improvements mainly lie in increased awareness, and that “the skill enhancement part has not precipitated in any major improvements”.</p> <p><b>Result 2 (sustainable institutionalisation).</b> The second immediate objective of IEM was the creation of an autonomous body, which according to the Completion Report “was found to be not feasible and thus not created” (the achievement of this objective was elsewhere assessed by the Completion Report as “Satisfactory: objectives largely achieved, despite a few shortcomings” - no explanation for this conclusion is provided).</p>

<b>Score: 4.</b>
<p><b>Impact.</b> The Completion Report observes that the “IEM is very well recognised and accepted as high quality and dynamic organization that delivers excellent courses and interventions. Its strong bond with its stakeholders has contributed to these achievements and wide acceptance of IEM services. The creation of IEM and its continued operation has made significant contribution towards HMG/N’s policy concerning industrial and urban environmental management. As is being clearly reported by other components of the ESPS programme, significant savings both in term of environment and resources (and thus monetary) are being achieved by a number of sectors and individual units. Thus, it has contributed towards the development of Human Resources that are required for attainment of all elements of HMG/N’s targets and goals in this sector. The same is true concerning the development and growth needs of the private sector – more than 60% of all recipients have come from the private sector and this in the end is going to be crucial towards the overall development of sustainable industrial and urban development of Nepal.”</p> <p><b>Score: 5.</b></p>
<p><b>Sustainability.</b> The Completion Report observes that “the recipients have not shown the ability to pay for all the costs that are incurred in receiving inputs from IEM”, and that “if these services are to be provided to the small and cottage sector and to people with no income etc. then they will have to be provided at no cost”, so sustainability depended on continued donor and government support. Although the 2002-2014 Finnish Strengthening of Environmental Administration and Management at the Local Level Project (SEAM-Nepal) provided an alternative and effective model, more closely aligned with the emerging decentralised governance system, this also seems not to have left a permanent institutional legacy (but an environmental laboratory in Biratnagar was considered to have good sustainability). SEAM-Nepal seems to have been a victim of over-reach and territorial diffusion, but may have been more appreciated at the local level than nationally. One future of the IEM and/or the SEAM-Nepal interventions could have been a National Cleaner Production Centre (NCPC) in the UNIDO-UNEP network, but Nepal does not possess such an NCPC (UNIDO &amp; UNEP, 2015) - see Component 2.</p> <p><b>Score: 1.</b></p>
<p><b>Coherence.</b> Although no co-financiers were involved, Danida and the IEM at least saw themselves as having an important role in the international Agenda 21 process, with IEM being described as “one of the few institutions that are actually making the effort of converting the rhetoric of Agenda 21 and the UNIDO concept of Ecologically Sustainable Industrial Development (ESID) into operational reality by incorporating ESID into industrial development projects in Nepal.” The 2003 Joint Review observes that “Danida is the main donor within the brown [i.e. industrial, urban, air quality] sub-sector of the environmental sector. A number of other donors, such as UNDP, FINNIDA, JICA and NORAD are also supporting the sub-sector, however on a smaller scale. The MOPE is the lead government agency within the environmental sector and as such is expected to play a prominent role in relation to co-ordination of support from the various donor organisations for environmental development initiatives. Similarly, the UNDP is playing the lead co-ordination role on behalf of the international donors. However donor coordination should in principle be undertaken by HMG/N. The Ministry of Local Development is in the process of organising a coordination meeting for donors within the urban sector.” Partnerships with multiple national and international governmental and non-governmental organisations are mentioned in the Completion Report, but very few details are given. The trades union stakeholders were NTUC, DECONT and GEFONT, and the political-factionalist nature of these partners is clear (which may have contributed to various difficulties in implementation).</p> <p><b>Score: 3.</b></p>
<p><b>Replicability.</b> The concept of a training institution like the IEM delivering valuable and valued services, sustainably on a locally paid-for basis, is perfectly valid and is the basis for the global NCPC system.</p> <p><b>Score: 5.</b></p>
<p><b>Partner satisfaction.</b> The Completion Report described as “not debatable the fact that the IEM activities and outputs have been highly appreciated, demanded, and have delivered what they were designed/intended to do”, suggesting high levels of partner satisfaction at the level of welcoming a free service.</p>
<p><b>Danish added value.</b> Insufficient information.</p>
<p><b>Cross-cutting themes.</b> The Completion Report observed that “IEM has contributed positively to other aspects of the Nepali society and economy. For instance, the [electric vehicle] drivers are all female [see Component 5]. These women are disadvantaged groups in Nepali society who rely mainly on the male members of the family for their survival. Because of the IEM</p>

intervention, the disadvantaged group has been empowered to carry out their economic activity with dignity and acceptance. Therefore, to a certain level, IEM has contributed to social and cultural and economic empowerment. Encouraging the women group from each sector has helped bring about positive changes in the lives of these women.” It also observed, however, that “Elements of grass roots/social impact elements are found lacking in the programme and thus future programme could/should include these aspects to make the activities/outputs more holistic - especially concerning DANIDA cross cutting themes.”

**Connectedness.** The Completion Report notes that: “demand of the kind of services provided by IEM would go high in future due to Nepal’s entry into the WTO membership, its commitment towards higher industrial contribution in the Gross Domestic Product (GDP) and especially after the improvement in the conflict situation in the country. (In fact, the disturbances due to the call of closure of market, the industrial enterprises and other institutions and the transportation strikes obviously create a lot of problems in the developmental activities, which, consequently de-accelerate the demand of IEM services).”

**Score: 2.**

## **Component 2: Promotion of Cleaner Production and occupational health and safety (OHS) in Industries**

**Overview.** In line with Government policy (i.e. NEPAP 1993), the aims were: (a) to promote awareness of cleaner production and OHS needs and opportunities at businesses in Hetauda Industrial District (HID) and Balaju Industrial District (BID), by assessing them all and inviting them to request a detailed design for cleaner production measures which would then be prepared in collaboration with their own staff; and (b) to enable investment in cleaner production measures by establishing a Cleaner Production Fund and offering loans (and grants) to eligible businesses. A cleaner production and OHS performance monitoring system for businesses in HID and BID was used to show that many ideas were implemented at about one-third of the businesses, but possibly only by those that received loans - HMGN & GoD (2005b) is ambiguous on this point. Awareness of cleaner production opportunities and benefits was also promoted beyond the HID and BID, but without follow-on work or access to capital. A ‘sub-component’ on renewable energy was later also undertaken, the aims of which were: (a) to strengthen the institutional framework for promoting energy efficiency; (b) to enhance the energy efficiency aspects of cleaner production; and (c) to encourage and enable further development of government policy to promote energy efficiency (HMGN & GoD, 2005c).

**Rationale.** Taking advantage of favourable government policy, the opportunity was seen to demonstrate the feasibility and cost-effectiveness of achieving cleaner production (and energy efficiency) and improving OHS, to test supportive financial services, and to establish that a new normal could be created and cemented in place.

**The situation before and after implementation.** Before the intervention, heavy industrial pollution and low OHS standards were the norm in HID and BID, and according to HMGN & GoD (2005b) businesses “did not want to hear about environmental issues. They had the concept that the environmental consideration is always cost entailing and hence, increased the cost of their production. They used to argue that Nepal can not afford environmental considerations.” Similar observations were made by HMGN & GoD (2005c) in respect of energy efficiency. The intervention “clearly demonstrated significant saving in resources while reducing the environmental emissions”, and industrialists had become “more cooperative in environmental issues”. The component piloted and demonstrated an approach that could have led onwards to real, cumulative, overall improvements in environmental conditions across the HID and BID, but there is no evidence that significant change in these overall conditions actually occurred over the time-frame of the intervention.

**Documents consulted:** Development Associates (2003); HMGN & Danida (1999); HMGN & GoD (2001a, b; 2003; 2005b, c); UNIDO (2015); UNIDO & UNEP (2015).

**Relevance.** HMGN & GoD (2005b) highlighted industrial pollution of air, water and soil, low level of OHS for workers in the industrial sector, and the lack of measures taken by businesses to manage the discharge of dangerous pollutants. It further observes that “as the sector grows, the significance of these pollution problems will also increase, and threaten national economic and environmental sustainability. The level of OHS for workers in the industrial sector is extremely low. Dangerous handling procedures, extreme noise levels, dangerous machinery, inhalation of dust and toxic chemicals etc., are daily experiences for the vast majority of the industrial work force. The environmental and OHS problems are to a large extent caused by lack of skills and knowledge amongst owners, managers, and technicians in the industries. Also government officials who are involved with the management of industrial pollution, lack skills and knowledge within the above mentioned areas.” Government policies and laws, and WTO rules, require change, and the principles and practices of cleaner production offer a way forward because they have “demonstrated enhanced productivity and competitiveness of the industrial sectors not only through savings of valuable resource inputs but also through the concept of continuous improvement, sharing in productivity gains and attitudinal change among the management as well as the workforce.” HMGN & GoD (2005c) is also explicit in relating the energy efficiency sub-component to the National Poverty Reduction Strategy and Millennium Development Goals, since productivity can best be increased and emissions reduced through energy efficiency.

**Score: 7.**



**Efficiency.** There was a problem with financial accounting and particularly the tracking of expenditure against budget lines. The component seems to have become steadily more efficient over time in delivering its various outputs, and HMGN & GoD (2005b) concluded that “the component has achieved the desired efficiency and continuously improved it.” Similar performance was noted by HMGN & GoD (2005c) for the energy efficiency sub-component.

**Score:** 4.

**Effectiveness.**

**Output 1 (assessments of businesses).** All the industrial businesses in HID and almost all in BID were assessed for cleaner production needs and opportunities (as were “selected and interested industries” in 18 districts) A total of 289 (or 332, which may include non-HID/BID) businesses were assessed, with 9,181 cleaner production and 2,145 OHS options identified.

**Output 2 (detailed designs).** A total of 207 measures for cleaner production and improved OHS were designed. These seem to have included a total of 2,356 cleaner production and 833 OHS options (their distribution across businesses is not explained in the Completion Report).

**Output 3 (Cleaner Production Fund, CPF).** Himalayan Bank Limited was appointed as CPF manager. Loan approvals increased steadily from 15 or so in Jan 2001 to 100 in early 2005, with loan disbursements rising from almost zero in Jan 2001-Jun 2002 to 50 over the same period (these 50 loans amounted to NPR 90 million, alongside NPR 7.3 million in grant financing). Slow early disbursements were attributed to: “(a) inability of the industries to obtain bank guarantee; (b) security and political situation in the country leading to unfavourable investment climate; and (c) expectation of industrialists that the fund will be made available without proper guarantee.” Loan rules were later simplified and streamlined. The CPF was later transferred to Component 3 - according to Development Associates (2003) to compensate for a shortfall in funds for building waste-water, sewage and drainage systems due to design changes.

**Output 4 (monitoring system).** Monitoring and reporting occurred at 177 businesses, covering about a third of all identified cleaner production and OHS options. The system confirmed annual reductions of 9,600 tonnes of solid waste and 43,600 tonnes of GHGs in total, and cost saving of over NPR 805,000 per business per year).

**Energy efficiency.** The sub-component on energy efficiency organised 65 training events with some 1,700 participants, conducted energy efficiency audits of 360 business units, identified over 2,100 options for energy and emission savings, demonstrated significant energy and emission savings at 117 business units, assisted in the endorsement of an industrial energy efficiency policy by MOICS, and prepared and disseminated various information materials (HMGN & GoD, 2005c).

There was also a wide variety of other (‘miscellaneous’) outputs, including posters, brochures, manuals, schools curricula, and ‘baseline study reports’ on various industrial sub-sectors (leather tanning, vegetable oil & ghee, soap, wool dyeing, sugar, fermentation, textiles, dairy, jute mills, brick-making, pulp & paper, paint, plastic bags, and cement - a comprehensive check-list of problem areas in a South Asian economy).

**Score:** 7.

**Impact.** HMGN & GoD (2005b) concluded that “Participating industries and authorities are convinced that there are tremendous scope and potentials of Cleaner Production in Nepalese industries and that CP is needed to bring the industries to environmental compliance.” HMGN & GoD (2005c) drew attention to the creation of “a pool of about 45 local consultants has been trained as EE consultant and they have gained significant practical experience”, and noted that “participating industries and authorities are convinced that there are tremendous scope and potentials of Energy Efficiency in Nepalese industries and that EE practice is needed to bring the industries to environmental compliance. Other major impacts can be enumerated as, reduction on load shedding because of electricity saving, saving in foreign exchange because of reduction in use of fuel oils by industries, even the general public are aware of energy conservation and energy misuse etc.”

**Score:** 6.

**Sustainability.** HMGN & GoD (2005b) observed that as a result of the intervention some businesses had developed a capacity to continue cleaner production arrangements, and that a pool of highly competent consultants had been developed. It was noted, however, that “the services can not be carried out by any private organization without support from government or donor agencies. The industries are not able to and are not willing to pay for the total cost of such services. However, the component has helped them to develop the habit of bearing some portion of the cost as commitment fee, which ranges from NPR 10,000 to NPR 75,000, depending on the size of the industry, employment, gender considerations, etc.” Similar observations were made by HMGN & GoD (2005c): “a large number of business people are interested to join this programme for energy efficiency intervention, but the participants can afford and intend to pay only a nominal fee. The full charges of these services need to be supported by the government or donors.” In addition, observed that: “Some of the participating industries have developed capacity to

continue EE activities in their units. A Pool of highly competent consultants has been developed and two batches of graduate engineers were trained in energy efficiency improvement tools & techniques with the help of regional consultants. Support to the EE promotion for five years more could very well guarantee its sustainability.” This last is a recurrent theme in the completion reports: that another five years’ or so of support could lead to transformative outcomes.

**Score:** 3.

The combination of technical advice and training (on how to accomplish cleaner production and OHS improvements) with a specialised fund to make grants and loans available to facilitate investments, plus monitoring of the results, is a powerful one whose potential has been demonstrated repeatedly worldwide since the mid-2000s (see summary of cases involving national cleaner production centres, green credit trust funds and environmental and social risk management training). The pioneering Danish efforts along these lines in Nepal appear to have been premature, being attempted prior to the end of the civil war in a factionalised and turbulent political situation.

**Coherence.** Development Associates (2003) observes that for the ESPS as a whole “there is scope of improving donor co-ordination in order to avoid overlaps; to create synergy and to share lessons learned and best practices between donor funded programmes and projects”. The 2001 agreement review notes that although “most donors are increasingly including environment as a cross-cutting issue”, most attention is given to the ‘green’ environment and there is a weakness in donor coordination in the ‘brown’ environment. The CPF depended on bringing in a financial institution to act as fund manager. This bank brought in certain expectations of financial performance and risk management, which posed a challenge for coherence. For example, HMGN & GoD (2005b) noted that “needy and small industries are unable to provide good security such as bank guarantee for drawing loan from CP fund” and that slow initial disbursements were partly due to “inability of the industries to obtain bank guarantee”. The the 2003 agreement review noted that rules and procedures for the CP Fund had been revised (e.g. providing for ‘soft loans’ and assistance “in obtaining a bank guarantee or another, suitable guarantee”), which would have had the effect of transferring risk from the commercial bank to the donor.

**Score:** 3.

**Replicability.** The component built awareness on cleaner production and demonstrated its potential through assessment and implementation in 332 businesses (nearly 10 percent of all those employing ten or more persons in the country - an extraordinary accomplishment in a five-year project), with most low-cost options and a third of higher-cost options that were identified being put into effect. Meanwhile, environmental standards had been gazetted for some sectors and this process was continuing. HMGN & GoD (2005b) observed: that to build on this foundation an institutional structure of some kind would be needed to capture and use the knowledge, skills and experience gained; that an “additional 1,500 units must be covered under Cleaner Production ... including regional distribution” to ensure adequate impact awareness and demonstration nationwide; that a higher proportion of cost-demanding options would need to be implemented; that attention would need to be extended beyond the manufacturing and hotel sectors; and that promoting compliance with new regulations would need to be prioritised. All of these seem to have been accessible from the starting point of the completed cleaner production component. Also to be considered is that at the time - the early and mid-2000s - the interventions that the component was piloting (cleaner production plus green credit and de-risking) were being proven elsewhere.

**Score:** 7.

**Partner satisfaction.** Insufficient information.

**Danish added value.** Insufficient information.

**Cross-cutting themes.** HMGN & GoD (2005b) recorded attention to poverty-orientation, gender equality and environmental concerns as ‘very satisfactory’ [= score 6-7], and to democracy and human rights issues as ‘satisfactory’ [= score 4-5], but no evidence is offered apart from environment where the assessment seems fair.

**Connectedness.** The intervention was attempted at a time of considerable social and political turbulence within Nepal, but neither the component as a whole nor the energy efficiency sub-component reported any impact of conflict on its activities.

**Score:** 4.

### Component 3: Wastewater Treatment in Hetauda

**Overview.** In line with Government policy (i.e. NEPAP 1993), the aims were: (a) to establish a waste-water treatment plant (WWTP) to ensure that all waste-water discharged into the Karra River from the HID complies with effluent standards; (b) to construct a sewerage system to collect and convey industrial and domestic waste-water into the WWTP; and (c) to construct a

storm-water system to collect and convey storm water into the Karra River. It was intended [as a high priority] that the WWTP be built, operated and managed by a private operation and maintenance contractor, and that the sewerage and storm-water systems be operated and maintained on a sustainable basis. With Danida support (in contractual alliance with a commercial design and construction firm), the WWTP was constructed and the sewer and drainage systems built and rehabilitated as needed. The design of the WWTP seems not to have been appropriate to objective need or social demand, and was made less so during construction (also leading to cost overruns that impacted Component 2), and problems arose with operation, maintenance, utilisation by businesses, etc., seriously undermining the potential of the plant.

**Rationale.** It was realised that uncontrolled discharge by industries and industrial districts was polluting surface and ground waters, and the need to establish waste water treatment facilities routinely in all industrial districts was widely recognised in government policies (e.g. NEPAP), plans and vision statements (e.g. IDPP Vision 2020), although financial and technical constraints on government meant that little had been done. The opportunity was seen to establish a capacity for comprehensive waste water management in HID as an integral part of the ESPS. It was also intended that the WWTP would demonstrate an investment model, a set of technologies, and the ‘polluter pays’ principle, thereby promoting replication to other locations.

**The situation before and after implementation.** It might have been expected that the component could have claimed at least some improvement in the management of storm water flow (since the drains had been improved), the capture of sewage into engineered vessels (since these had been built, even if not all connected), and possibly in the quality of water discharged to the river (even if only on those days when there was enough but not too much flow into the WWTP), but this is not stated in the Completion Report.

**Documents consulted:** Development Associates (2003); HMGN & Danida (1999); HMGN & GoD (2001a, b; 2003; 2005d).

**Relevance.** Serious problems of unregulated discharge by industrial businesses to surface and ground water in the HID clearly required action, and an effective and replicable treatment model was clearly needed. The attempt to design such a model was therefore relevant to policy and need, but the model was so flawed in practice that it seemed to have been most relevant to a different set of design criteria (i.e. a sewage rather than an industrial issue in a well-regulated and compliant business environment). Additional sewage connections and a rehabilitated storm-water drainage system were needed, however, so these ‘no regrets’ investments were relevant.

**Score:** 2.

**Efficiency.** There was a problem with financial accounting and particularly the tracking of expenditure against budget lines. More serious was an extra cost of 10 million DKK due to initial under-estimation of costs, delayed acquisition of the construction site, and re-design of the plant itself (including 5 million DKK being the extra cost of changing the lining of the anaerobic ponds from high-density polyethylene to reinforced concrete). The Environmental Impact Assessment Report of May 2002 was based on the assumption that the WWTP would use [appropriate] activated sludge technology, and was not revised in response to the re-design and construction of the WWTP to use [inappropriate] stabilisation pond technology instead. The Completion Report concluded (bizarrely, considering the problems of design and sustainability elsewhere noted, and the other observations on efficiency), that “The construction of WWTP, Sewerage and Drainage systems have been of very high quality, the effluent from treatment plant complying with the prescribed standards for organic loading. Hence the outputs completely justify the costs incurred.”

**Score:** 1.

#### **Effectiveness.**

**Output 1 (waste-water treatment plant).** A WWTP capable of meeting Biological Oxygen Demand and Suspended Solids effluent standards was established and commissioned on 20 Nov 2003. It comprised two anaerobic ponds, three facultative ponds, six maturation ponds, a sludge drying bed, an emergency holding tank and a laboratory facility for on-line monitoring of influent/effluent quality and quantity. Operation and maintenance were contracted out for two years (to MTH), with training of HID Management personnel envisioned to occur before handover (in November 2005).

**Output 2 (sewer system).** A sewer system for industrial wastewater covering the entire district was established, with new water intake flow meters connected to all HID industries.

**Output 3 (drainage system).** The drainage system was extended and rehabilitated for transporting all storm water from HID.

The construction aims of the intervention were therefore accomplished, but the design of the WWTP was based on weak analysis and was anyway changed to a less appropriate form. Thus, the WWTP element of the component was highly effective in delivering the wrong thing, making it hard to score effectiveness in a meaningful way. The sewerage and drainage works do seem to reveal moderate effectiveness.

<b>Score:</b> 4 (sewerage & drainage only).
<p><b>Impact.</b> HMGN &amp; GoD (2005d) concluded that “awareness on the need, concept, and the system of WWTP introduced in HID for industrial effluent has been quite extensive among the industries and the general public. However, the problem of odour and flies from the WWTP, because of improper operation and maintenance by the contractor has created a negative impact.” It also speculated that “once the insurgency situation in the country is solved”, a surge in new applications for investment in the HID might be expected because the enhanced image of the location due to the establishment of the WWTP and the drainage and sewerage works. It listed the following outstanding issues, all of which severely undermine any claim to a positive impact by the investment: (a) “pre-treatment of effluent in several industries still pending”; (b) “connection of effluents to WWTP, and segregation of storm water not yet complete”; (c) “some technical aspects of the WWTP functioning need to be corrected”; (d) “sludge disposal system not yet in place” (considering that industrially-contaminated sludge could not be disposed of on farmland, as originally envisioned for sewage sludge); (e) “institutional setup for operation and maintenance yet to take shape”; and (f) “payment scheme for effluent treatment not finalised yet”.</p> <p><b>Score:</b> 1.</p>
<p><b>Sustainability.</b> HMGN &amp; GoD (2003) observed that “There are no adequate and sustainable solutions pertaining the industries’ connection to the sewer system, long-term operation and maintenance of the WWTP and quality of the sludge. Furthermore, the industries in Hetauda Industrial District (HID) doubt that HMG/N will be able to enforce the effluent standards in other industrial districts. Hence, the industries fear loss of competitive force. This gives rise to concern about the overall financial, technical and institutional sustainability of the WWTP.” HMGN &amp; GoD (2005d) concluded that the component faced serious risk regarding its sustainability, since: (a) full primary treatment of industrial waste water was necessary but not being done; (b) the plant needed to operate at 50% or more of capacity, but was actually running at less than 20%; (c) operation and maintenance capacity building through training and on the job experience was inadequate; and (d) environmental regulations were not being enforced.</p> <p><b>Score:</b> 1.</p>
<p><b>Coherence.</b> Although conceived as an integral part of the ESPS, cost overruns in the WWTP led to the diversion of funds from the Cleaner Production Fund - a clear case of interference between sub-components.</p> <p><b>Score:</b> 1.</p>
<p><b>Replicability.</b> Serious problems of analysis, design, relevance, efficiency, effectiveness, impact, sustainability and coherence suggest that the replicability of the intervention must be considered low. <b>Score:</b> 1.</p>
<p><b>Partner satisfaction.</b> The lack of involvement of stakeholders in the design process, and a lack of subsequent dialogue on expectations and responsibilities, suggests that partner satisfaction was likely to be low.</p>
<p><b>Danish added value.</b> Insufficient information.</p>
<p><b>Cross-cutting themes.</b> The top-line assessment of ‘satisfactory’ performance on poverty, gender, environment and governance in HMGN &amp; GoD (2005d) does not compensate for a lack of other information.</p>
<p><b>Connectedness.</b> The WWTP was vulnerable to the quality and quantity of inputs from industrial businesses in the HID. As a stabilisation pond system, its performance depended on microbial activity that required biological input from sanitary wastes as well as chemical input from industrial processes. Not enough sanitary wastes were being produced by the businesses connected to the WWTP (only 6 of 13 of which could meet pre-treatment requirements for connection), so the WWTP was working at less than 20% capacity. Most HID businesses were themselves operating well below capacity or were closed, mainly because of the conflict situation, and weak enforcement of environmental regulations meant that businesses could get away with not being connected to the <b>WWTP</b>.</p> <p><b>Score:</b> 1.</p>
<p><b>Component 4: Institutional Strengthening of the Ministry of Population and Environment (MoPE), the Ministry of Industry, Commerce and Supplies (MoICS) and the Ministry of Labour and Transport Management (MoLTM)</b></p>

<p><b>Overview.</b> The component aimed: (a) to build capacity for integrating environmental management and industrial development at the Ministry of Industry, Commerce and Supplies (MOICS); (b) to build capacity for formulating and enforcing environmental laws, regulations and standards, for carrying out monitoring and control, and for raising awareness about the environmental problems in Nepal and how they can be remedied at the Ministry of Population and Environment (MOPE); and (c) to build capacity for applying and monitoring OHS measures in industrial and other sectors at the Ministry of Labour and Transport Management (MOLTM) and specifically for control of vehicular pollution at its Department of Transport Management. It also aimed to enhance the capability of social partners (i.e. the Business Membership Organisations and Trade Unions) for integrating environmental management in industrial units, thus encouraging and enabling all businesses in Nepal to comply with environmental management and OHS standards. The component delivered a wide variety of environmental and OHS standards (e.g. for water and air quality), protocols for monitoring, and training courses in fields such environmental administration, management systems, toxicology and technology, cleaner production and energy efficiency, OHS, vehicular emissions control and monitoring, as well as specialised subjects for target audiences such as on OHS for safety officers and women, chemical hazards, fire safety and first aid, safety in construction work, etc. By the end of the component it was concluded that much had been achieved but that capacity building was an open-ended task and the list of things still to do and stakeholders still to reach was very long.</p> <p><b>Rationale.</b> The realisation that pollution negatively affects society resulted in government policies and the establishment of government institutions to protect society from it, but these institutions lacked the necessary capacity and coordination to work effectively. By providing training to the staff of these institution, technical help with inter-institutional dialogue and formulation of regulations, and facilitating outreach to other stakeholders, it was hoped that effectiveness of the whole system could be improved.</p> <p><b>The situation before and after implementation.</b> Before the implementation of the component, none of the targeted ministries were equipped to fulfil their respective mandates. Improved institutional capacity at the end of the component was “solely attributed to this component, and the cooperation of the ministries, industry associations, and trade unions involved” by HMG/N &amp; GoD (2005e), which also attributes to it a significant improvement in air quality within the Kathmandu Valley.</p> <p><b>Documents consulted:</b> Development Associates (2003); HMG/N &amp; Danida (1999); HMG/N &amp; GoD (2001a, c, d; 2003; 2005e).</p>	<p><b>Relevance.</b> HMG/N &amp; GoD (2005e) observed that building capacity of government agencies “to make them capable of environmental administration, formulation and enforcement of standards, integration of environmental management and industrial/urban development, and environmental and OHS management in industries, monitoring and control, compliance plans, information bank etc. are all very much relevant still. Obviously, the institutional strengthening of the Ministries and Departments has helped very much towards the achievement of most of these objectives, and partial addressing of current environmental problems.” It also concluded that the component was “highly relevant to the need of HMG/N in executing [relevant] functions”.</p> <p><b>Score:</b> 6.</p>
<p><b>Efficiency.</b> HMG/N &amp; GoD (2005e) concluded that the efficiency of the component was higher than expected.</p> <p><b>Score:</b> 5.</p>	
<p><b>Effectiveness.</b></p> <p><b>Output 1 (HRD and staff performance):</b> “MOICS staff trained in environmental concepts and tools, and capability enhanced for coordination, reviewing existing and formulation of new policies, strategies, tools and concepts in relation to industrial pollution. MOPE staff trained in various aspects of overall environmental administrative requirements, and institutional set-up reviewed. MOLTM staff trained in OHS concepts, cleaner technology, and formulation of OHS policies, legislation, standards and monitoring. HMG/N staff have also been trained in IT aspects for improving performance.”</p> <p><b>Output 2 (institutional strengthening):</b> “MOICS strengthened in relation to formulation of Standards, and IEE and EIA Monitoring; MOPE strengthened in relation to Formulation and Enforcement of Environmental Standards as well as control and enforcement/compliance to standards; MOLTM strengthened in relation to Compilation of OHS data and formulation of Standards. Employers’ and workers’ organizations strengthened with respect to environmental management practices and OHS implementation.”</p> <p><b>Output 3 (compliance plans):</b> “a system for preparation, evaluation and monitoring of Compliance Plans for industries and Issuance of Pollution Control Certificates in place in MOICS.”</p> <p><b>Output 4 (ambient monitoring):</b> “monitoring of ambient pollution levels of air quality in Kathmandu Valley and data dissemination system in place in MOPE.”</p> <p><b>Output 5 (databank):</b> “a system of collection and cataloguing information on cleaner technology in a databank for dissemination to industries in place in IEM (MOICS); information related to</p>	

OHS and basic data on actual accidents and injuries in the workplaces as well as the details of trainings conducted are in place in OSH Centre (MOLTM). Also a system for flow of environmental information into the databank in MOPE established for dissemination to all concerned.”

**Output 6 (awareness raising):** “dissemination of information about MOPE's role on environmental administration, pollution prevention and control especially on cleaner production, energy efficiency, OHS and environmental management systems, environmental rules and regulation and dissemination of OHS needs particularly on accidents to industries, staff, and workers.”

**Output 7 (demonstration and integration):** “MOICS initiated demonstration of Environmental Management System in Industries through IEM. Cleaner production and energy efficiency policy integrated into the Industrial Policy, and [related concepts] integrated into the regular skills training activities of the Department of Cottage and Small Industries.”

**Output 8 (legislation reviewed):** “EPA and Environment Protection Regulation reviewed especially focusing on compliance of standards and changed roles and responsibilities of MOPE and MIOCS. The existing labour legislation has also been reviewed with the inclusion of newly drafted OHS provisions with tripartite involvement, though not yet implemented.”

In addition, HMGN & GoD (2005e) concluded that the effectiveness of the component was higher than expected.

**Score:** 6.

**Impact.** The impact of the component was summarised by HMGN & GoD (2005e) as follows:

- **at MOICS**, staff capacity had increased for overall pollution control/management of the industrial sector, and for responsibly carrying out duties and functions as mandated by EPA and EPR;
- **at MOPE**, the ministry had taken “a step closer to being the lead ministry in the environmental sector”, while MOPE and MOICS had agreed to a rational distribution of roles and responsibilities and several industry-specific and generic waste management and emission standards had been gazetted;
- **at MOLTM**, staff capacity had increased for overall labour administration, especially in relation to OHS concepts, policies, regulations, code of practices, standards, workplace assessment and monitoring, while a ‘tripartite committee’ (the Nepal Occupational Safety and Health Association) and OHS Cells and Committees at various districts and plants had all been established and were functioning.

**Score:** 6.

**Sustainability.** HMGN & GoD (2005e) observed only that further external support would help to maintain momentum. Some aspects of impact do suggest sustainability, however, including the agreement of roles and responsibilities between MOPE and MOICS, the establishment of new regulations and standards, and the creation of the Nepal Occupational Safety and Health Association (NOSHA) by the three ministries. Another move in the same direction was the proposal under MOPE to establish an Environmental Management and Promotion Centre (EMPC).

**Score:** 5.

**Coherence.** Insufficient information.

**Replicability.** Capacity building is in principle always needed and always replicable, and the particular distribution of inputs used, tasks and partnerships here seems to be a good example of how to do it.

**Score:** 5.

**Partner satisfaction.** HMGN & GoD (2005e) concluded that “for the past six years the component has been successful in raising the efficiency of MOICS, MOPE and MOLTM as well as making them and the social partners self sustainable at a very reasonable level”. Since partners typically appreciate the feeling of being better able to do their jobs, it would be surprising if satisfaction with the component was not reasonably high.

**Danish added value.** Insufficient information.

**Cross-cutting themes.** Insufficient information.

**Connectedness.** The intervention was attempted at a time of considerable social and political turbulence within Nepal, but HMGN & GoD (2005e) observed that: “the effect of the conflict, in general, to the ESPS programme has been somewhat indirect, as ESPS is mostly working in urban and industrial areas, and also working mostly with the private sector, though the net

environmental benefit is for all the people of Nepal. But the conflict has resulted in a very unfavourable investment environment as well as market shrinkage in the country, and hence industrial development has almost ground to a standstill, making the industries very hesitant in implementing all the environmental options generated, though they are quite aware of the possible savings for themselves as well as to the country. Many a time, the activity schedules have been affected and resulted in several postponements or rescheduling, because of restricted movements caused by the conflict.”

Score: 4.

### Component 5: Air Quality Management in the Kathmandu Valley

**Overview.** In line with government priorities (i.e. the National Transport Policy 2002, and the Sustainable Development Agenda for Nepal, SDAN 2003, which were presumably accessible in draft when the component was being formulated), and drawing on preceding activities to promote electric vehicles (EVs) in the area, the purpose of the component was to reduce air pollution from vehicles in the Kathmandu Valley, which would be achieved by: (a) promoting the use of EVs; (b) improving fuel quality; (c) establishing and enabling the enforcement of vehicles emission standards; (d) establishing an ambient air quality monitoring system (plus awareness creation); and (e) establishing a vehicle engine maintenance training centre to support the other activities with trained human resources. Danida paid for several advisers to support strategy, training, advocacy, monitoring, testing, etc., equipment, operating costs of the monitoring system and training centre, and other facilities and running costs. The component orchestrated and resourced a number of partnerships between governmental institutions, local bodies, NGOs, private sector and academic institutions, and these were encouraged and enabled to deliver complementary parts of a complex but coherent programme (see effectiveness) that contributed to and demonstrated improving air quality (see impact).

**Rationale.** Air pollution in the Kathmandu Valley was serious, increasing, and politically unpopular, and government was committed to reducing it. The main sources were obsoletely-designed brick kilns and old, poorly-maintained, dirtily-fuelled petrol, LPG and diesel vehicles. Policy, technology, public opinion and pilot programmes underway during the 1990s had converged to make it feasible to begin phasing out many sources of air pollution, and replacing some of them with electric vehicles (EVs).

**The situation before and after implementation.** Air pollution has long been a serious environmental problem in the Kathmandu Valley, especially during the dry winter months, with high concentrations of pollutants in the lower atmosphere being a health risk to residents and leading to a high and increasing incidence of respiratory disorders, eye, throat, and skin problems, and cardiovascular diseases in Kathmandu during the 1990s (Pradhan *et al.*, 2012). This was largely driven by increasing numbers of vehicles, which multiplied more than four-fold in that period. The component was established to head off some of the worst consequences of unregulated growth in pollution sources, and seems to have taken the edge off by achieving some improvement in air quality (e.g. a 10% reduction in PM10 - particulate matter with a diameter of 10 µm or less), and facilitating the emergence of regulatory and monitoring systems that would continue to work after project's end. On the other hand, during the 2000s the number of vehicles in the Kathmandu Valley tripled, industrialisation doubled, and urbanisation increased at 4-5% annually, all accompanied by growing use of diesel generators to compensate for an increasingly irregular power supply. Deterioration in air quality since the ESPS was concluded means that Kathmandu now has some of the most unhealthy air in the world (Lodge, 2014). It is unfair to judge an effective programme with reference to long-term context, except to note that rather than a stand-alone investment, Component 5 could have been used as a starting point for the much more ambitious process that would have been required to head off threats to air quality at sufficient scale to make a real difference to outcomes.

**Documents consulted:** Moulton & Cohen (1998); HMG & Danida (1999; 2000); HMG & GoD (2001a, b; 2003; 2005f); Development Associates (2003); Pradhan *et al.* (2012); Lodge (2014); Basnet (2016)

**Relevance.** HMG & GoD (2005f) observed that the “Sustainable Development Agenda for Nepal (SDAN) has specific objectives in the field of air quality management, which are: ‘Setting strictly enforced ambient air quality standards, whose exceedance requires immediate cuts in activities responsible for emission as well as adequate control of emissions from vehicle tailpipes and industry smoke-stacks. HMG will encourage the shift towards zero emission vehicles, especially in dense urban areas, and the shift towards clean sources of industrial energy. HMG will also create conditions that foster the growth of institutions that increase domestic research and monitoring capability of air quality, and to create conditions that facilitate the establishment of domestic research and monitoring capacity of trans-boundary transport of air pollution into Nepal to provide necessary data for effective international negotiations.’ In relation to the global environmental issue of climate change SDAN defines the road-map as: ‘moving towards investing in cleaner, energy efficient vehicles will make increasing economic sense and provide other benefits, including less air pollution, and less fuel import dependence’.” It concluded that the objectives of the component are completely in line with these objectives, so (since they are also in line with objective need), relevance is by definition high.

<p><b>Score: 7.</b></p> <p><b>Efficiency.</b> HMGN &amp; GoD (2005f) observed that: “As HMGN and DANIDA have agreed not to continue the activities in fuel quality improvement in the third JASR, all the planned activities have been achieved with comparatively less costs and therefore the component have been very efficient in achieving the outputs and justify the costs.” It also concluded that “The component has continuously enhanced its efficiency and performance over the periods. Timely establishment of VAPP training centre has been instrumental to initiate the vehicle emission testing and monitoring activities and intensify over time.”</p> <p><b>Score: 6.</b></p>
<p><b>Effectiveness.</b></p> <p><b>Output 1 (institutional support to EVs and other clean vehicles):</b> (a) <u>enable creation of an EV lobbying group</u> (EVAN) and helped it influence government policy, regulations, electricity tariffs, etc. in favour of the EV sector; (b) <u>focus training activities</u> on developing skills of mechanics working in charging stations to enhance battery life, creating job opportunities to women as EV drivers, and skill enhancement of mechanics and technicians working in manufacturing industries; (c) <u>establish a Clean Vehicle Promotion Fund</u> to make grants to promote EV use (e.g. EV bus routes, public information materials); (d) <u>improve battery technology and EV design</u> (not yet effective); and (e) <u>design a battery recycling programme</u> (not yet effective).</p> <p><b>Output 2 (improving fuel quality):</b> research found that emissions were due more to the condition of the vehicles than to the quality of the fuel, so this effort was discontinued.</p> <p><b>Output 3 (vehicle emission standards):</b> the component encouraged amendment of existing vehicular emission standards and continued to develop proposals and recommendations to MOPE (and a system for “continuous review and modifications on vehicle emission standards can be done when needed” was established).</p> <p><b>Output 4 (vehicle emission control and enforcement):</b> provide equipment and training to Kathmandu Valley Traffic Police and the Department of Transport Management for testing vehicles under the government’s ESPS-supported Vehicle Anti Pollution Program (VAPP, which have since been testing about 60,000 vehicles per year).</p> <p><b>Output 5 (ambient air quality monitoring):</b> (a) <u>establish an air quality monitoring system</u> (AQMS) in the Kathmandu Valley, with six permanent and one mobile stations used to monitor particulates, benzene, nitrogen and sulphur oxides; (b) <u>build and maintain operational capacity and public information</u> on air quality (e.g. electronic notice/warning boards for monitoring results); (c) <u>status reporting on air quality</u>; (d) <u>institutional arrangements for AQMS</u>, by establishing a permanent working group with the participation of all five municipalities of Kathmandu Valley (Kathmandu, Lalitpur, Bhaktapur, Madhyapur, Kirtipur), MOPE, other knowledge holders, and contracted laboratories; (e) <u>health implications reporting on air quality</u>; (f) <u>use of AQMS as a management tool</u>, in which information was used to guide policy and regulatory change (see impact).</p> <p><b>Output 6 (public awareness):</b> major activities have included seminars, broadcasts, posters, electronic hoardings, and web-site content.</p> <p><b>Output 7 (vehicle maintenance training):</b> the ESPS/government VAPP included a training facility and delivered a series of popular training courses on vehicle engine maintenance and emission control. By the end of 2004, a total of 1,653 people had been trained during 550 training days.</p> <p>In addition, cooperation with the five municipalities of Kathmandu Valley has been a priority, both in the AQMS and through the placement of an ESPS advisor with Lalitpur municipality and establishment of a permanent working group in which all five municipalities participate. The Completion Report concluded that “The dissemination of status of the air quality to the general public has been very effective and led to many policy decisions aimed towards reducing air pollution level in the valley. The component provided in time support in the implementation of these policy decisions. The effectiveness of the performance is proven from the results achieved in the reduction of pollution level in Kathmandu Valley over time despite over 15% annual increase in the vehicle numbers in the valley. The component perceived as sector program in itself, activities and outputs are extremely relevant in the context of heavily polluted ambient air quality in Kathmandu Valley having direct positive impact to the people living here.”</p> <p><b>Score: 7.</b></p>
<p><b>Impact.</b> In response to knowledge on the deteriorating quality of ambient air in Kathmandu Valley, HMGN had made a number of policy decisions, including: introducing the Nepal Vehicle Mass Emission Standard, 2056 B.S. (only vehicles complying with these standards can be imported to the country); banning the import of second-hand and reconditioned vehicles; banning the import of two-stroke engine vehicles; phasing out three-wheeler diesel ‘tempos’ from Kathmandu Valley; phasing out three-wheeler two-stroke engine vehicles from Kathmandu Valley; phasing out taxis 20+ years old from Kathmandu Valley (later extended to all vehicles 20+ years old); and banning the new registration of Bull’s Trench Kiln brick manufacturing industries in the valley and requiring all those already in operation to be changed to cleaner technology. Although some of this policy dynamic is rooted in events that pre-dated the ESPS in the 1990s, the component</p>



<p>certainly contributed to its development. Meanwhile, the component's public awareness activities have built concern over air pollution in the Kathmandu Valley, leading to media coverage and policy influence. The Completion Report concluded that the impact of the component is clearly indicated by the 10% annual average reduction in the residential area of Kathmandu Valley in the concentration of the PM10 during the year 2004 as compared to the annual average concentration in the residential area during the year 2003. The reduction in air pollution level in the valley will have direct benefits in reducing the mortality, morbidity and other health related problems to the citizen of the valley leading to enhanced productivity of the city."</p> <p><b>Score:</b> 6.</p>
<p><b>Sustainability.</b> There has long been a strong trend in government policy and public opinion in favour of reducing air pollution in the Kathmandu Valley, of which an important feature is the use of EVs and the introduction of regulations to favour them and other cleaner vehicles. Being based on this trend, and continuing, amplifying and resourcing it through training and equipment, the component is likely to be associated with multiple sustainable outcomes.</p> <p><b>Score:</b> 7.</p>
<p><b>Coherence.</b> HMGN &amp; GoD (2005f) reported that "a permanent working group with representation from all the five municipalities in the valley was formed with the aim of enhancing the coordination among five municipalities and between these and MOPE in the area of air quality management in the valley. By the end of December 2004, 9 working group meetings were organised involving the municipalities in the assessment of the air quality status and also developing some promotional works to be jointly implemented."</p> <p><b>Score:</b> 5.</p>
<p><b>Replicability.</b> The component and its predecessors demonstrated that although multiple processes have to happen at once (involving battery and power-unit technology, battery charging, exchange, reuse and recycling, electricity supply and distribution, training, targeted investment incentives, institutional cooperation, etc.) EVs can take off within an urban economic system, and with other things going on as well (legislation, monitoring, enforcement, awareness-raising, etc.) they can have an important role alongside an integrated AQMS that actually improves air quality. The principle that it can be done, and the combination of things that are needed to make it work, provide an extremely replicable model for use in other urban situations (and these very same issues are currently under discussion in London, for example).</p> <p><b>Score:</b> 7.</p>
<p><b>Partner satisfaction.</b> HMGN &amp; GoD (2005f) observed that: "building partnership and enhancing cooperation between governmental institutions, local bodies, NGOs, private sector and academic institutions was given top most priority and the activities were designed accordingly. All the stakeholders were made part of the Component Committee to be directly involved in the planning of the activities, implementation of the activities and evaluation. Steering committees, task force and working groups were formed involving all the relevant stakeholders." With the component built in such an inclusive way, it would be surprising if the documented substantial international recognition of air quality improvements in the Kathmandu valley was not accompanied by a high level of satisfaction among the partners.</p>
<p><b>Danish added value.</b> Insufficient information.</p>
<p><b>Cross-cutting themes.</b></p> <p><b>Gender:</b> a total of 289 women received the EV driver's trainings organised at IEM of which around 100 have been employed as EV drivers.</p> <p><b>Poverty:</b> enhanced tourism (from cleaner air), more sustainable public transport and employment generated by the introduction of new technologies at the grass-roots and supported by inclusive training are all likely to benefit the poor with little excessive benefit capture by elites.</p> <p><b>Environment:</b> newer, better maintained and non-fossil-fuel powered vehicles are all likely to contribute to reduced environmental pollution, including GHG emissions (especially where hydroelectricity is being used). Holistic accounting of net GHG emissions and other environmental impacts from dam construction, battery manufacture, etc. would be needed to confirm the final cost-benefit outcome.</p> <p><b>Governance:</b> Insufficient information.</p>
<p><b>Connectedness.</b> The intervention was attempted at a time of considerable social and political turbulence within Nepal. HMGN &amp; GoD (2005f) noted that "the component activities are confined to Kathmandu Valley and therefore there was no direct impact on the activities from the prevailing conflict situation. However, the conflict situation has indirectly affected the</p>

component in the sense that the policy decisions to support the component activities could not take place as promptly as expected, e.g., the delay in implementing the recommendations by Task Force on Review of Vehicle Emission Standard and Monitoring System.”

**Score:** 5.

In addition, events in India and between India and Nepal (often linked to the political dynamic surrounding links between the Maheshi peoples of the Terai and northern India) often have influence in Nepal. A later example is the 2015 ‘Indian Blockade’, during which sales of electric cars in Nepal soared (Basnet, 2016). Meanwhile, Bhutan has made a commitment that 70% of all its vehicles will be electric by 2025 (*ibid*).

#### Bibliography

- Basnet, S. (2016) Be smart, go electric. *Nepali Times*, 27 May-2 Jun 2016. <http://nepalitimes.com/article/nation/Be-smart-go-electric,3062>.
- Development Associates (2003, May) *Final Technical Working Paper, Second Joint Annual Sector Review: the Environment Sector Programme Support, Nepal*.
- HMGN & Danida (1999, Jun) *Final Sector Programme Support Document: Environment Sector, Nepal*. His Majesty’s Government of Nepal and Danida/MFA.
- HMGN & Danida (2000, May) *Annex 5 to the Environment Sector Programme Support Document (Industrial and Urban Development), Nepal: Component Brief, Support to Air Quality Management in Kathmandu Valley*. His Majesty’s Government of Nepal and Danida/MFA.
- HMGN & GoD (2001a, Nov) *First Joint Annual Sector Review Agreement, Environment Sector Programme Support*. His Majesty’s Government of Nepal and the Government of Denmark.
- HMGN & GoD (2001b, Aug) *Environment Sector Programme Support (ESPS), Nepal, Annual Work Plan 2001/2002, Component no. 3 - WWTTP in Hetauda*. His Majesty’s Government of Nepal and the Government of Denmark.
- HMGN & GoD (2001c, Jul) *Environment Sector Programme Support (ESPS), Nepal, Annual Work Plan 2001/2002, Component no. 4 - MOLT*. His Majesty’s Government of Nepal and the Government of Denmark.
- HMGN & GoD (2001d, Jul) *Environment Sector Programme Support (ESPS), Nepal, Annual Work Plan 2001/2002, Component no. 4 - Institutional Strengthening of Environmental Authorities*. His Majesty’s Government of Nepal and the Government of Denmark.
- HMGN & GoD (2003, Mar) *[Second] Annual Sector Review Agreement, Environmental Sector Programme Support*. His Majesty’s Government of Nepal and the Government of Denmark.
- HMGN & GoD (2005a, Jun) *Environment Sector Programme Support (ESPS), Nepal: Completion Report 1999-2005, Component No. 1: Institute of Environmental Management*. His Majesty’s Government of Nepal and the Government of Denmark.
- HMGN & GoD (2005b, Jun) *Environment Sector Programme Support (ESPS), Nepal: Completion Report 1999-2005, Component No. 2: Promotion of Cleaner Production in Industry*. His Majesty’s Government of Nepal and the Government of Denmark.
- HMGN & GoD (2005c, Jun) *Environment Sector Programme Support (ESPS), Nepal: Completion Report 1999-2005, Sub-Component No. 2.1 EE: Strengthening Energy Efficiency Aspects of Cleaner Production*. His Majesty’s Government of Nepal and the Government of Denmark.
- HMGN & GoD (2005d, Jun) *Environment Sector Programme Support (ESPS), Nepal: Completion Report 1999-2005, Component No. 3: Drainage and Wastewater Treatment Plant in HHD (WWTTP)*. His Majesty’s Government of Nepal and the Government of Denmark.
- HMGN & GoD (2005e, Jun) *Environment Sector Programme Support (ESPS), Nepal: Completion Report 1999-2005, Component No. 4: Institutional Strengthening of Environmental Authorities*. His Majesty’s Government of Nepal and the Government of Denmark.
- HMGN & GoD (2005f, Jun) *Environment Sector Programme Support (ESPS), Nepal, Annual Work Plan 2001/2002, Component No. 5 - Air Quality Management in Kathmandu Valley*. His Majesty’s Government of Nepal and the Government of Denmark.
- Ljungman, C.M. & Thapa, M.M. (2013, Mar) *Evaluation of Danish Support to Civil Society, Annex G: Nepal Country Study*. Intrac, Tana and Indevlop.
- Lodge, A. (2014) Has air pollution made Kathmandu unliveable? *The Guardian*, 21 Mar 2014 (<https://www.theguardian.com/cities/2014/mar/21/air-pollution-kathmandu-nepal-liveable-smog-paris>).
- Moulton, P. & Cohen, M. (1998) *Promoting Electric Vehicles in the Developing World*. Global Resources Institute (Eugene, Oregon). From: <http://www.grilink.org/ev.htm>.
- Nepal Democracy (2017) *Origin of trade unions in Nepal*. [http://www.nepaldemocracy.org/institutions/trade\\_unions.htm](http://www.nepaldemocracy.org/institutions/trade_unions.htm).
- Pradhan, B.B., Dangol, P.M., Bhaunju, R.M. & Pradhan, S. (2012) *Rapid Urban Assessment of Air Quality for Kathmandu, Nepal*. International Centre for Integrated Mountain Development (ICIMOD, Kathmandu).

UNIDO (2015) *Principal Achievements*. United Nations Industrial Development Organisation (Vienna). [www.unido.org/index.php?id=o5133](http://www.unido.org/index.php?id=o5133).  
 UNIDO & UNEP (2015) *National Cleaner Production Centres: 20 years of achievement towards decoupling resource use and environmental impact from manufacturing growth*. United Nations Industrial Development Organization (UNIDO), and the United Nations Environment Programme (UNEP).

## Annex F.12 Natural Resource Management Sector Assistance Programme (NARMSAP)

### Component 1: Community and Private Forestry (CPF)

**Overview.** The CPF Component was designed as a continuation of the Danida-funded Community Forestry Training Project. It supported MoFSC in the implementation of training and extension programmes in 38 hill districts, and five Regional Training and Extension (RTE) Centres. It was mainly focused on training and capacity building of District Forest Office (DFO) staff and Community Forest User Group (CFUG) members. The strong convergence of policy support and public demand for community forest management meant that large numbers of training events of various kinds were delivered, including about 5,000 in 38 hill districts and five Regional Training and Extension (RTE) Centres involving nearly 165,000 CFUG members (aimed at building their capacity to manage their Community Forests), nearly 1,100 events that involved over 18,000 government field staff (mainly on technical issues concerning inventory and mapping of the Community Forests, non-timber forest products (NTFPs) and basic education of forest guards, as well as over 700 events oriented to income-generating activities and nearly 1,100 CFUG networking workshops.

**Immediate objective(s):** Increased benefits accruing to local communities from sustainable and equitable community forestry management.

**Rationale.** The livelihoods of many rural people in Nepal depend on goods and services provided by natural forest ecosystems. These livelihoods can be safeguarded and potentially improved if groups (communities, or, in principle, companies or individuals) possess the authority, ecological knowledge and managerial skills to control specific forest areas and use them exclusively and permanently in their own interests. Since 1978, first with World Bank and later Danida support, the Government of Nepal accepted this logic and established a framework of policy and law to encourage and enable the process of appointing Community Forest User Groups (CFUGs) among traditional forest users as exclusive and autonomous managers of Community Forests within the national forest estate. The expectation was that community forest owners would have an interest in maintaining and improving forest condition and in inventing ways to generate revenues and other livelihood benefits, so they would be willing to accept, adopt and apply new ideas and skills that facilitate these outcomes.

**The situation before and after implementation.** Major changes to governance in Nepal were underway during NARMSAP, especially including administrative decentralisation and the promotion of local control over forests. The design and implementation of NARMSAP responded to this and was ‘on the right side of history’ in the sense of pushing in the same direction as government, people and ecological need. The result was that “The programme has contributed positively to improved physical conditions of forests and formation of new partnership between the government and local people in the management and utilisation of natural resources” (NARMSAP Completion Report, HMGN & Danida, 2005a). There are few baseline data against which forest recovery can be measured objectively, but the same source observes that NARMSAP worked with over a million households and “as several of the supported interventions by their nature are long term there are grounds to believe that NARMSAP also will have some future impact on the overall national key development objectives: full benefits from well managed young forest patches will only materialise in 10 to 20 years time; successful sustained social change processes at the community level will have far reaching long-term impacts; the effects of support to gene base preservation and distribution of more than 10,000 kilos of improved tree seeds will only show its full value in 10 to 50 years time.” It is impossible to say whether NARMSAP might have been substituted by other initiatives given the encouraging policy environment, but it is clear that the programme contributed strongly to the multiplication, empowerment and enlightenment of community forest management enterprises at a large scale, and that this had a beneficial environmental and social impact that is likely to have continued indefinitely (the fact that similar models are still being used, for example in Nepal’s 2014 ER-PIN to the Carbon Fund of the FCPF, suggests that the approach is still seen as valid - and there are hundreds of similar processes around the world that are equally relevant). The NARMSAP Completion Report does make the point that the programme was “less successful in contributing effectively to social equity. Promoting equitable access to resources and benefits in the forestry sector means addressing imbalances and barriers for access of women, poor, Dalits and other excluded groups. Although the programme has started to respond to these imbalances by introducing measures such as increased access to fuel-wood, fodder, training, and other livelihood improvements, there is still much room for improvement. Lessons from programme implementation demonstrate the need for better governance systems to ensure that access and benefits are equitably distributed among the diverse members of society.” The main research question for the evaluation is therefore the long-term impact and sustainability of the socioecological changes introduced, amplified and facilitated by NARMSAP over the following 15 years, and the potential for knowledge-sharing and networking among community resource management initiatives in the context of the

global response to mass extinction, desertification and climate change.

**Documents consulted:** Quotations are from HMGN & Danida (2005b) unless otherwise stated.

**Relevance.** The process of establishing community forests and building capacity among CFUGs to manage them with the support of government forestry staff was strongly in line with government policy and the needs of forest users. On the other hand, “The problems are: improvement of management of community forests, post-formation support to communities to ensure proper follow-up of operational plans, improvement of rural communities’ income based on forest products and responding to market demand, and improvement of agro-forestry and other private forestry practices. The immediate objective [of the Component] has mainly reflected management and poverty problems. Both problem-areas have been, and are still relevant, but only the management issue has been adequately addressed by providing capacity building within forestry technical skills. The economic uplifting of the CFUGs and their members should have been more addressed, as there have been limited efforts in providing skills and knowledge to promote this.”

**Score:** 6.

**Efficiency.** It is hard to assess efficiency because of “the unfortunate lack of baseline survey and ongoing information collection with relation of training provided and utilisation of the acquired knowledge to each other”. Progress fell below targets and demand (“The expenditure was not according to the annual budget for each year as the progress was less than the target. At the same time, the budget allocated to the training heading was not sufficient for the training in the last years as norms were increased and more training events at district and regional level were carried out under indirect funding.”), but effectiveness was adequate especially for the training of CFUG members in forest management although this led to some competition between NARMSAP objective (“the heavy emphasis on training did seem to divert the attention of the DFO staff from other post formation support. This hampered the revision of the OPs, establishment of new CFUGs and preparation of new OPs”). Conclusions on efficiency are mixed, since “the backlog of the OP preparation and revision points in a negative direction, however the improved forest condition indicates the opposite.”

**Score:** 4.

**Effectiveness.** “it is a major problem that the effectiveness and efficiency of the programme has not been sufficiently evaluated”.

**Result 1 (“training and extension activities related to CF[community forest]-management for both CFUGs and HMG field staff”).**

- Over 6 years, the Component organised about 5,000 training events in 38 hill districts and five Regional Training and Extension (RTE) Centres, involving nearly 165,000 Community Forest User Group (CFUG) members, and aimed at building their capacity to manage their Community Forests.
- In addition, nearly 1,100 training activities involved over 18,000 government field staff, mainly on technical issues concerning inventory and mapping of the Community Forests, non-timber forest products (NTFPs) and basic education of forest guards.

**Result 2 (“IGA [income generating activity] training to CFUG-members and in social and economic issues”).** “... after three years of implementation some initiatives were taken to provide IGA training to CFUG-members and in social and economic issues and the contribution in this context is not to the expected extend.” Almost 200 training activities focused on IGA and involved nearly 6,000 CFUG members.

**Score:** 5 (somewhat higher for Result 1, lower for Result 2).

**Impact.**

- “The effect of this support enabled the CFUGs technically to manage and especially protect their Community Forests and accordingly the vegetative cover in the hills was positively influenced. It also positively contributed in poverty reduction, however; the scale was not to the expected [extent].”
- “The quality of the activities is harder to assess – as only few impact studies and no baseline studies have been made. There is, however, no doubt that training and activity needs analysis should have been utilised to a much stronger degree.”
- “Due to the violent countrywide conflict the quality - both in terms of impact and in terms of reaching relevant beneficiaries of especially the field-based trainings - could have been better as they have been implemented in the district head quarters. However, since no impact study of the training programme was conducted, it is difficult to comment on the quality aspects of the training.”

<p>Legacy effects that can be attributed to Danida's involvement were found to be extremely significant.</p> <p><b>Score:</b> 5.</p>
<p><b>Sustainability.</b></p> <ul style="list-style-type: none"> <li>“The Component has supported CFUGs in their post formation stage, mainly in the development of their forestry technical skills. The capacity building has increased their capacity to manage the forests. This has contributed positively to the sustainability of the programme. However, the less emphasis on capacity building of the CFUGs as democratic and inclusive organisations and on the economic development of the groups hampers the sustainability of the positive results achieved.”</li> <li>“Adding to the problems with the RTECs is the fact that the mandate and the structural position in the MFSC system still are unclear. Due to the very big NARMSAP input, which eventually will decrease, the sustainability of the institution is highly questionable unless alternative funding modalities are identified by HMG.”</li> <li>“The Community Forestry Programme has been successful in protecting and restoring the forests, but it is still necessary to address the second-generation issues: Sustainable management of forest resource, livelihood, and good governance.”</li> </ul> <p>Legacy effects that can be attributed to Danida's involvement were found to be extremely significant.</p> <p><b>Score:</b> 5.</p>
<p><b>Coherence.</b> A Forestry Sector Coordination Committee (FSCC) was established in 1993 at the central level for coordinating the joint efforts of MFSC and donors, and some progress was made on some issues although only amongst the major donors (Danida, SNV, DFID, AusAid and sometimes SDC). “Even though the Master Plan for the Forestry Sector set the scene for a move towards a sector wide approach (SWAP), NARMSAP was not explicitly designed to promote a SWAP. The programme has however especially in recent years made significant contributions to the central-level enabling environment in the sector by being pro-active, process-oriented, and promoting broad-based ownership of change processes especially vis-à-vis strategic crosscutting concerns in the sector” (e.g. on the NARMSAP NGO Task Force, coordination among the RTE Centres, an MoFSC Human Resources Strategy, and the MoFSC's Gender and Equity Working Group), and these are seen as “a model for further cooperation in the forestry sector”. On the other hand, the Completion Reported noted a consistent lack of coordination between Danida and government. This seems to have been a problem for the whole NARMSAP, since HMGN &amp; Danida (2005a) observes “Despite efforts, it has been difficult to promote co-ordination and co-operation between the community forestry and watershed management activities, especially at the departmental level. Harmonization of implementation principles and guidelines has improved in the latter part of the programme period, but the departments are reluctant to capitalise on their joint presence in district headquarters and to develop common approaches to working with CF and SCWM user groups.”</p> <p><b>Score:</b> 4.</p>
<p><b>Replicability.</b> Remarking on lessons learned, the Completion Report notes: weak response to central, regional and district government capacity and absorption capacity; weak diversity and inclusivity in capacity building and extension; narrow focus of livelihood improvement initiatives, without a balance between training and seed money; weak efforts to address gender and social equity concerns; excessive reliance on training government staff rather than community facilitators; weak commitment to follow-through by government (also a partner satisfaction issue); high rates of turnover among government staff (also a partner satisfaction issue); lack of coordination between Danida and government (also a coherence issue); lack of flexibility in adjusting targets and working modalities to objective reality (political/social conditions). The basic concept of encouraging and enabling community forestry through training (and thereby promoting cooperation among local people and between them and government) is of course highly replicable (see Appendix 1), but much depends upon whether the content of the training is adapted to local needs and circumstances, and here there were significant weaknesses that should not be replicated.</p> <p><b>Score:</b> 5.</p>
<p><b>Partner satisfaction.</b> The Completion Reported noted the failure of government to deliver agreed human and financial resources, weak commitment to follow-through by government and high rates of turnover among government staff, implying frustration on the Danida side. “There seems to have been an imbalance in the partnership between the donor and the recipient in terms of the donor providing high benefits to staff members participating in training activities. Thereby focus of the staff members has been taken away from other crucial activities and the role of DFO staff as service providers has been diminished.”</p>
<p><b>Danish added value.</b> Denmark's long-term role in community forestry training since 1989 and catchment landscape management since 1996 positioned Danida to have a uniquely constructive</p>

role in a formative period in Nepal's forest governance history in 1999-2005. This role was brought to an end by a decision in early 2005, whereby the ecosystems and peoples of Nepal were deprived of further assistance for political reasons. Whether residual or legacy effects that can be attributed to Denmark's involvement can be detected 12 years later remains to be seen.

**Cross-cutting themes.** Almost 40% of those involved in CFUG training were women, implying an active female presence in the CFUGs and a strong and increasing contribution to gender inclusion by NARMSAP. "There are no figures to show the participation of poor and Dalits, but the general indications from various reports have been that the privileged groups of the local communities have received significantly more training and capacity building than other groups, as selection of participants has not sufficiently reflected gender and social equity concerns. It should of course be noted that the concepts of gender/equity and good governance are new to many in a programme which initially had a technical focus and that the issues are subject to increased attention in the activities."

#### **Connectedness.**

The field activities of NARMSAP were strongly affected by the insurgency, especially in preventing participation by government staff in workshops, training and meetings in the villages. The fact that so much progress was made despite this confirms firstly that NARMSAP's aims of supporting local empowerment, benefit capture and sustainability were in line with village priorities and not opposed by the Maoists, and secondly that direct government participation may not be essential in achieving these particular aims. The Completion Report observed that the conflict was not considered in the planning of NARMSAP activities until the final year and concluded that "the programme has not been taking a conflict sensitive approach", but it can also be argued that NARMSAP could have made progress only to the extent that the Maoists allowed it to, that Maoist opposition could not have been overcome regardless of any level of 'conflict sensitivity' by NARMSAP. Thus, NARMSAP was vulnerable to external factors over which it had no control, but these factors did not in fact interfere with it significantly. Moreover, the potential contribution of community forestry to promoting natural forest regeneration and hence climate-proofing landscapes and catchments is considerable.

**Score:** 5.

### **Component 2: Community Forestry Field Implementation (CFFI)**

**Overview.** The CFFI Component was designed in 1999 as a continuation of Community Forestry Development activities in the 38 Hill districts, previously supported by the World Bank, and as a complement to the CPF Component, with both being in line with the *Master Plan for the Forestry Sector* (1989) and the 8th Five-year Plan (1992/93-1996/97). While the CPF Component focused on training CFUG members and government forestry staff, the CFFI Component was about facilitating the legal establishment of the CFUGs themselves and the Community Forests for which they would be responsible, and the preparation or revision of Operational Plans (OPs, i.e. community forest management plans) for the Community Forests by the CFUG members supported by the government forest staff (to the extent that they were able to go into the field given the Maoist insurgency at the time, which rose to a crescendo during NARMSAP). The strong convergence of policy support and public demand for community forest management meant that 2,050 new CFUGs and Community Forests were established and 3,720 OPs prepared or revised.

#### **Immediate objectives.**

- Community Forest User Groups (CFUG) are formed and developed based on the active participation of all community members, with special consideration given to the poor and the women.
- Community Forest User Groups are able to manage their community forests as an environmentally and economically sustainable operation that meets their basic needs for fodder, fuel wood, and timber and generates income for forestry and community development from sale of timber and non-timber forest products.
- District Forest Offices are able to undertake their statutory duties and, in co-operation with others' expertise, provide efficient and effective facilitating support to the Community Forest User Groups in their pre- and post-formation stages.

**Rationale.** See Component 1.

**The situation before and after implementation.** See Component 1.

**Documents consulted:** Quotations are from HMG & Danida (2005c) unless otherwise stated.

**Relevance.** "The Component had envisaged three immediate objectives that were relevant to the problems addressed in the document. The problems are: Poverty reduction, gender and equity

<p>issues, environmental sustainability, and democratisation. The success of the efforts lies mainly in addressing the environmental concerns.”</p> <p><b>Score:</b> 6 (See Component 1).</p>
<p><b>Efficiency.</b></p> <p><b>Score:</b> 4 (See Component 1).</p>
<p><b>Effectiveness.</b></p> <p><b>Result 1 (formation of CFUGs and constitution of Community Forests):</b> “... 2,050 Community Forest User Groups (CFUGs) were formed [82% of target] and accordingly 188,487 ha of national forest [108% of target] were handed over to 232,267 households”.</p> <p><b>Result 2 (preparation and/or revision of Operational Plans):</b> “CFUGs revised 3,720 Operational Plans [89% of target]”.</p> <p>“The effect of this support enabled the CFUGs technically to manage and especially protect their Community Forests and accordingly the vegetative cover in the hills was positively influenced. It also positively contributed in poverty reduction, however; the scale was not to the expected [extent].”</p> <p><b>Score:</b> 6 (See Component 1).</p>
<p><b>Impact.</b></p> <p><b>Score:</b> 5 (See Component 1).</p>
<p><b>Sustainability.</b> “The support to the CFUG members in the development of their forestry technical skills has clearly increased the local communities’ capacity to manage the forests, and is a positive factor regarding the sustainability of the components efforts. However, as the CFUGs need to be enhanced in their abilities as democratic self-sustained entities, and as the economic development of these groups also is lacking behind, the organisational sustainability of the groups is questionable.”</p> <p><b>Score:</b> 5 (See Component 1).</p>
<p><b>Coherence.</b></p> <p><b>Score:</b> 4 (see Component 1).</p>
<p><b>Replicability.</b></p> <p><b>Score:</b> 5 (see Component 1).</p>
<p><b>Partner satisfaction.</b></p> <p>“DFO-staff seemed more interested in conducting training rather than providing services to CFUGs, and the role as service provider to the groups is therefore not adequately addressed.” See Component 1.</p>
<p><b>Danish added value.</b> Denmark’s long-term role in community forestry training since 1989 and catchment landscape management since 1996 positioned Danida to have a uniquely constructive role in a formative period in Nepal’s forest governance history in 1999-2005. This role was brought to an end by decision in early 2005, whereby the ecosystems and peoples of Nepal were deprived of further assistance for political reasons. Legacy effects that can be attributed to Danida’s involvement were found to be extremely significant.</p>
<p><b>Cross-cutting themes.</b> See Component 1.</p>
<p><b>Connectedness.</b></p> <p><b>Score:</b> 5 (see Component 1).</p>
<p><b>Component 3: Soil Conservation and Watershed Management (SCWM)</b></p>

**Overview.** The SCWM Component grew out of the Nepal-Denmark Watershed Management Project (1996-2001), which focused on the three pilot districts of Dhading, Rasuwa and Nuwakot but later also covered nine districts in the Eastern and Western regions, and with NARMSAP in 1998 was further extended to 17 districts. These investments all involved supporting MoFSC's Department of Soil Conservation and Watershed Management activities in the field. Up to the end of FY 2003/2004, the SCWM Component covered 22 'sub-watersheds' (i.e. catchments with a mean size of 58 sq. km) in 20 hill districts in all 5 development regions of Nepal. Thereafter, support was phased out in districts where there was no community forestry activity, leaving full NARMSAP engagement in 14 hill districts from the start of FY 2004/2005. The SCWM Component supported government partners and 715 local Community Development Groups (CDGs) in the implementation of natural hazard prevention, development infrastructure protection, land productivity conservation and income generation activities among. The approach to implementation has been participatory using CDG formation, bottom-up planning, household budgeting and extension teams of District Soil Conservation Office (DSCO), Mid-Level Technicians (MLTs) and SCWM Component Community Motivators as vehicles for field implementation. The support modality, known as 'intensive support to a small area', was formulated on the assumption that successes would be replicated, but activities often required intense technical and material inputs that made replication unlikely [without external investment]. Lower-input activities that built the capacity of local Community Development Groups (CDGs) were therefore favoured later in NARMSAP, and these "may have had positive impact on the capacity of local communities to take responsibility for their own development concerns".

**Immediate objective:**

- Increased benefits accruing to the communities from improved sustainable and integrated watershed management and increased income from farming systems.

**Rationale.** The deposition of material eroded from the recently-uplifted mountains gives Nepal an unconsolidated and fragile geology, making it vulnerable to erosion and landslides. Land uses that promote soil erosion and reduce soil fertility in the hills of Nepal are widespread and include the cultivation of food crops in vulnerable areas and excessive livestock grazing in forests and scrublands. In these circumstances, catchment management would require attention to environmental education, introduction of techniques (such as terracing) for farming safely in fragile locations, finding ways to manage and incentivise grazing to allow forest recovery, and the active restoration and strengthening of vulnerable landscape elements (slopes, water-courses, banks, etc.). Such catchment management activities are most effectively and most sustainably done through self-organised and self-motivated community groups supported by technical advice and laws, policies and governance systems that encourage and enable adaptive, responsive and accountable participation in ecosystem management and equitable access to benefit flows. This is all roughly what is meant by government's emphasis on soil and water conservation, forest management and related extension and education efforts in a decentralising context, and support to this is the main theme of the SCWM Component.

Regarding the strategy of an 'intensive support to a small area' approach (i.e. support being limited to 58 sq. km on average within each district), two rationales are discussed in the Completion Report: (a) that a lack of knowledge, funding and other resources is keeping farmers from managing catchments sustainably, so after a few years of intensive input in one place support could be moved elsewhere until all sub-watersheds in Nepal had been 'treated' (interest in this argument was said to have been exhausted by "resource constraints and fatigue in trying to accomplish a perhaps improbable goal"); and (b) that new, affordable and successful practices will be copied by farmers elsewhere, but no evidence in support of this expectation is available and most inputs were anyway too expensive to be copied spontaneously. In other words, no plausible rationale for the approach is presented (a common failing in catchment management projects that tend to rely on external expertise and investment in technical solutions to underlying ecological problems that cannot be solved in these ways).

**The situation before and after implementation.** There is a confidence in all the completion reports that, taken as a whole and over the entire duration of the programme, NARMSAP has influenced ideas, confidence, motivation and collective capacity among rural communities in the direction of managing their forests and farmlands more sustainably and productively, and among government forestry staff in the direction of accepting and supporting these priorities. There are few cases where specific changes can be attributed to NARMSAP, but in the case of Component 3 "the outcome of the support has mainly been local livelihood improvements with improved management practices, mainly on private land, as positive side effects [and] land productivity conservation activities have had a positive effect on the status of the [catchment] resources."

**Documents consulted:** Quotations are from HMGN & Danida (2005d) unless otherwise stated.

**Relevance.** The Completion Report observes that "The majority of the Nepalese population, particularly the less wealthy and socially excluded, depend on natural resources for the sustainment of their livelihood", so supporting the improved local management of these resources is relevant to local needs, and that a good way to do this is through partnerships between governmental and non-governmental actors. "The outputs of the component were revised during the Joint Technical Review of SCWMC in April/May 2003. This was done to enhance the poverty and gender and social equity focus of component interventions, which is relevant given the 10th plan of His Majesty's Government (HMG) and the Sector Programme Support Strategy of Danida."

**Score:** 6.



### Efficiency

- With two-thirds of expenditure going to extension services, it was noted that “In some cases, focus has been on physical constructions that require high technology and material inputs. In other cases, structures have been placed or built in a technically unfeasible manner, at the request of dominating CDG members. This has limited the utility and the quality of the structures, and often, they are not in use. Investments in maintenance and replication of physical structures are mostly observed where utility is high and maintenance/replication costs are affordable.” This suggests rather patchy efficiency, impact and sustainability in the extension services sub-component.
- The fact that the capacity building sub-component (with a minor share of the expenditure) is singled out as having high effectiveness implies that other sub-components were less satisfactory.
- The Completion Report tries to make the point (several times) that even though the rather expensive catchment restoration work could have been done more efficiently, perhaps using a different approach than ‘intensive support to a small area’, this approach had “positive side effects, in the form of organisational capacity building of local communities and skill development of mid-level technicians and community motivators” that should be considered as contributions to component efficiency.

Score: 3.

### Effectiveness.

**Result 1 (Capacity building of Community Development Groups).** This accounted for about 16% of expenditure, but “has been recorded as one of the greater achievements of the component”, mainly due to ‘learning by doing’, ‘coaching’ and ‘back-stopping’ (i.e. rather than, say, lecturing). Most of the resources went to training for the CDG members themselves and the NARMSAP-hired Community Motivators, as well as some for participation by government mid-level technicians. The motivators and mid-level technicians were responsible for much of the coaching and back-stopping. For the CDGs, activities included: Record Keeping and Accounting training and coaching, basic and advanced literacy classes (each involving “about 20 female participants”), leadership training, ‘conservation days’, ‘school conservation education’ activities, and film shows.

**Result 2 (Delivery of extension services).** This accounted for two-thirds of expenditure. Extension services were ‘user-defined’ (implying need and request), and included **planning** (i.e. preparation of ‘area potentiality plans’ [correction of ‘Area Potentially Plan’] that incorporated the forest operation plans from Component 2 as appropriate), **natural hazard prevention** (i.e. stabilisation and rehabilitation of gullies, land-slides, ‘torrent’ [flash-flood] damage, ‘conservation’ [flood impoundment] ponds, and water sources), **development infrastructure protection** (i.e. stabilisation and rehabilitation of irrigation canals, trails, road slopes and stream banks), **land productivity conservation** (i.e. on-farm conservation, degraded land rehabilitation, fruit-tree planting) and **income-generating activities** (supported by loans, mostly concerning mammal livestock, vegetable farming, perennial cash crops, annual cash crops, water mills, bamboo planting, feathered livestock, veterinary training, and ginger processing, but with small elements of bee keeping, herbal farming, mat/basket/broom making, community nursery, fish farming, sericulture, wood craft and carpentry, plumbing/sanitation, and nursery management).

Various additional items included preparation of training manuals, interagency workshops, and logistical support that added up to about 17% of the total expenditure.

Score: 5 (higher for Result 1, lower for Result 2).

### Impact.

- “The outcome of the support has mainly been local livelihood improvements with improved management practices, mainly on private land, as positive side effects. Though not abundantly documented, it has been indicated that particularly land productivity conservation activities have had a positive effect on the status of the watershed resources. The outcome from the participatory approach to implementation has been local level institutional strengthening, high degree of transparency in implementation and enhanced local ownership to supported activities. The local [SCWM Component Community Motivators] have positively contributed to the inclusion of women in CDG activities.”
- “... it is likely that only physical activities, which have a continuous utility and do not require high input for maintenance/replication, will have a long-term impact in the community. Particularly in the initial stages of the component less emphasis has been on activity implementation in accordance with these principles. The extent to which Income Generation Activity (IGA) generated funds [that were] immediately consumed and the extent to which they [were] re-invested have not been systematically documented.”

Score: 4.

### Sustainability.

- The Completion Report concluded that expensive, high-tech construction was favoured by local planners and CDG members, but the sustainability of these is “questionable, as maintenance, replication and further technique development require inputs, which are not immediately accessible to the average farmer in the watersheds.”
- Meanwhile, loans made to finance income-generating activities were often spent by households “for immediate consumption rather than reinvestments in revenue creating assets”, although elsewhere the Completion Report assumed that “creating knowledge among [income generating activity] beneficiaries about financial management and market analysis would positively affect the longer-term impact of IGA support.”
- “In spite of the neutral name and the ‘one hamlet – one group – one plan’ [intentions], the CDGs [continued to be] perceived as SCWM support groups exclusively. This has enforced the concept of ‘group hierarchy’ in the local communities and not contributed to the processes of decentralisation.”
- “[although] the groups may not exist beyond five years as CDG entities, the organisational experience and the obtained knowledge on how to organise community work [should persist for a while].”

**Score:** 3.

#### **Coherence.**

- “The coordination between the supported departments under Ministry of Forests and Soil Conservation (MFSC) has been limited throughout the first phase of support. The coordination between field implementing components under NARMSAP has been more or less absent as well.”
- “Coordination between line agencies in the sector has been limited throughout the first phase of the programme. The same can be said about the coordination between the field implementation components of the programme, at least at CSU level.”
- “The initial idea with the CDGs was that other line agencies would implement field activities also through this group and not forming their own. This has not taken place and the CDGs remain as SCWM groups in the communities”, which facilitated the emergence of a ‘group mafia’ effect (i.e. where multiple development actors establish different community groups, which then compete for attention and participation from villagers).

**Score:** 2.

#### **Replicability.**

- It was hoped that “improved watershed management practices applied would be [copied] to areas outside the focus of support, [but] in many cases physical activities have required high technical and material input, limiting the likelihood of local replication.” This account does not distinguish between technical solutions that have been tested, found to be effective, and might be used elsewhere with external investment, and those that might be copied using internal investment because they are cheap, easy to learn, and pay for themselves.
- “The bottom-up CDG approach, with its CDG level decision making and direct management of financial resources has brought about the, perhaps, most widely acknowledged but least documented achievements derived from component support.”
- The CDG approach has been widely used in rural development, so was highly replicable, and the fact that the capacity building element was so effective (and cost-effective) meant that important lessons were available for replication.

**Score:** 5.

**Partner satisfaction.** “Given the working conditions (staffing, conflict, department support), the engagement of district staff in supported interventions is often remarkable. However, from a management perspective, the staffing in many of the district offices is far behind of what was originally agreed to between the partners.” The Completion Report Component 3 has far less to say about under-performance by government than those for Component 1 or 2.

**Danish added value.** Denmark’s long-term role in community forestry training since 1989 and catchment landscape management since 1996 positioned Danida to have a uniquely constructive role in a formative period in Nepal’s forest governance history in 1999-2005. This role was brought to an end by a decision in early 2005, whereby the ecosystems and peoples of Nepal were deprived of further assistance for political reasons. Whether residual or legacy effects that can be attributed to Denmark’s involvement can be detected 12 years later remains to be seen.

**Cross-cutting themes.** “Hiring [100% female] Community Motivators has positively contributed to inclusion of women in CDG activities; this has increased the accountability of component

interventions to this target group. Poverty and social equity concerns have, however, been addressed only to a limited extent as it was not in focus during intervention design. It is possible that poverty and social equity concerns can be addressed by building the capacity of MOTs in this respect. MOTs' contracts have, however, been terminated by the end of first phase" (also a sustainability issue).

**Connectedness.** "The ongoing conflict has negatively affected the quality of implemented interventions. Throughout the first phase the greatest risk to the component has, however, not been the conflict in itself but the limited extent to which it has been taken into consideration in design, planning and implementation of interventions." The Completion Report notes that numerical targets for planning (which were 80% or more achieved) may not accurately reflect the implementation of those plans ("Field reports and stories widely told, but not documented or reported, reveal that the quality of activities implemented has deteriorated significantly as the conflict has escalated"). It might be speculated that Maoist interference might be less for planning, if it mainly involved CDG members and non-governmental (i.e. NARMSAP) Community Motivators, than for field implementation, which might have required government staff supervision. The underlying climate-proofing nature of the component's activities, and its strong impact on social capital at the community level should also be considered.

**Score:** 4.

#### Component 4: Tree Improvement and Silviculture (TIS)

**Overview.** The Tree Improvement and Silviculture Component was designed with the aim of addressing the preservation, improvement and availability of a gene base of important tree species and improving management practices in seed handling and silviculture methods applicable to forest and farmland trees. It was developed based on experiences and lessons learnt from the Tree Improvement Programme (TIP), and made progress on: (a) the identification and registration of seed stands in natural Community Forests; (b) establishment and management of Breeding Seed Orchards (BSOs); and (c) preparation of ecological potential vegetation and seed zoning maps of Nepal. It also continued supporting seed cooperatives in two districts and applied research on North Indian rosewood (*Dalbergia sissoo*), and began gene conservation activity for two endangered species in the Terai. These being long-term initiatives, their impact cannot be assessed fully but are seen as having made a positive contribution to sustainable environmental practices. Challenges included inadequate ownership by the government forest service, the lack of government approval of a seed procurement protocol, limited clarity over roles and responsibilities of the Regional Seed Centres, and unfulfilled potential for collaboration with national and global institutions.

#### Immediate objectives:

- The gene base of tree species important to rural households' economies as well as the national forest programmes, preserved, improved, and made available to users.
- Improved management practices with regard to seed handling and seed handling and silviculture methods applied to forests and farmland trees developed and made to user.

**Rationale.** Natural forests in Nepal were in decline, and were increasingly being handed over to local control as community forests. Communities lacked the knowledge and skills to manage these forests sustainably, and government foresters lacked the silvicultural skills needed to advise them. These challenges were to be addressed: (a) by ensuring the supply of seeds for commonly-used species (by establishing Regional Seed Centres and Breeding Seedling Orchards, identifying and registering seed stands, and collecting and distributing seeds); (b) by training people in how to grow trees better (by establishing silvicultural demonstration plots in different forest types of the mid-hills, and by producing a manual and a handbook on silvicultural management of forests); (c) by formulating a seed procurement policy for endorsement and use by government; and (d) by promoting 'conservation through use' (i.e. the care, harvesting, processing and marketing of NTFPs from local tree species).

**The situation before and after implementation.** There is a confidence in all the completion reports that, taken as a whole and over the entire duration of the programme, NARMSAP has influenced ideas, confidence, motivation and collective capacity among rural communities in the direction of managing their forests and farmlands more sustainably and productively, and among government forestry staff in the direction of accepting and supporting these priorities. There are few cases where specific changes can be attributed to NARMSAP, but in the case of Component 4 some groundwork was laid for improvements relative to business as usual (e.g. by preserving some genetic material, organising some ecological, semenological and silvicultural knowledge, and distributing some seeds to farmers).

**Documents consulted:** Quotations are from HMGN & Danida (2005c) unless otherwise stated.

**Relevance.** The sustainable management of forest ecosystems requires paying close attention to forest genetics, the genetic dimension of ecosystem restoration, the conservation of naturally-occurring genetic lineages, and the selective management of lineages for human use. This is fundamental but often neglected, so the TIS Component was highly relevant to the long-terms aims

<p>of Danida, government, and local people (although could have been formulated far better).</p> <p><b>Score:</b> 6.</p>
<p><b>Efficiency.</b> Weak or non-existent baselines, monitoring and evaluation meant that “ineffective strategies and activities were supported for longer than they should have been, with associated financial costs”.</p> <p><b>Score:</b> 3.</p>
<p><b>Effectiveness.</b> It is hard to differentiate the activities and results associated with the two immediate objectives: (1) improved quality and availability of gene base; and (2) improved seed management and silviculture. The main outputs produced in the component period were:</p> <ul style="list-style-type: none"> <li>• identification and registration of 51 seed stands of different species in natural forests;</li> <li>• establishment and management of 16 Breeding Seedling Orchards of endangered and popular species;</li> <li>• finalization and production of <i>Ecological Map of Nepal</i> and 38 district forest maps to be used as a planning tool;</li> <li>• preparation of seed zonation maps;</li> <li>• registration of farmland tree species as seed sources in Kaski and Kavre districts (about 25 species);</li> <li>• survey of ecological distribution of seabuckthorn (<i>Hippophae</i> spp., a genus with edible fruits that are also used in traditional medicine) in Mustang, Manang, Mugu, Jumla and Dolpa districts and formation of nine seabuckthorn user groups in Mustang;</li> <li>• 58 Silviculture Demonstration Plots of different forest types established in Community Forest;</li> <li>• distribution of 10,000 kg of improved seeds (although there is no information on what happened as a result).</li> <li>• Two seed co-operatives have been established, extension of seed networking from which quality seeds of multiple purpose species were collected, produced and marketed.</li> </ul> <p><b>Score:</b> 4.</p>
<p><b>Impact.</b> No information was collected to allow any judgement to be made on the impact of any aspect of the Component, although the Completion Report does assert that “it seems that some activities could have had some positive impact although no hard data is available in this regard.”</p> <p><b>Score:</b> 2.</p>
<p><b>Sustainability.</b></p> <p>The TIS Component had a mandate to deliver services to all districts in Nepal and operated largely in isolation from the other NARMSAP components. No studies have been done on the long-term interests and priorities of beneficiaries in continuing its activities, so it is hard to assess to what extent the Component’s activities will be continued by users. The Component established scattered silviculture demonstration plots and seed sources, and regional units to provide technical support in the Far Western and Eastern Regions, but there are doubts over local involvement and continued use of these facilities. “The gene base of tree species have been preserved and improved, and will be available to the users whenever seed production is started. The two seed co-operatives have been distributing (one in Kavre district and another in Kaski district) quality seeds to the farmers since their establishment (in 1996 and 1997 respectively).</p> <p><b>Score:</b> 3.</p>
<p><b>Coherence.</b></p> <ul style="list-style-type: none"> <li>• “The component has given low focus to Soil Conservation and Watershed Management (SCWM) and agro forestry activities, which are equally important in contributing to benefits of the farmers. The component has never endeavoured to coordinate with the Department of Soil Conservation and Watershed Management (DSCWM).”</li> <li>• “At the central level, MFSC ought to be more persistent with regards to donor coordination. The institutional memory of international organizations have always been questionable but it seems that MFSC to a large extend is suffering from the same predicament leading to a situation where experiences are not fully capitalized upon.”</li> <li>• “The TISC was functioning as per government rules and regulations and did not sufficiently seek cooperation with the other Natural Resource Management Sector Assistance Programme</li> </ul>

(NARMSAP) components.” <b>Score:</b> 2.
<b>Replicability.</b> As noted under relevance, paying attention to genetics is not an ‘optional extra’ in managing living systems, so the principles explored by the TIS Component are highly replicable. In addition, the methods used are all more-or-less replicable, or at least applicable, in other circumstances, but the details will vary greatly from ecosystem to ecosystem. <b>Score:</b> 6.
<b>Partner satisfaction.</b> Although government did fulfil its quota of senior positions, and those junior positions that were unfilled made no difference, its failure to approve the seed procurement protocol raised legal questions of quality seed insurance, and the general lack of interest in Component activities by government staff was unhelpful.
<b>Danish added value.</b> Denmark’s long-term role in community forestry training since 1989 and catchment landscape management since 1996 positioned Danida to have a uniquely constructive role in a formative period in Nepal’s forest governance history in 1999-2005. This role was brought to an end by a decision in early 2005, whereby the ecosystems and peoples of Nepal were deprived of further assistance for political reasons. Whether residual or legacy effects that can be attributed to Denmark’s involvement can be detected 12 years later remains to be seen.
<b>Cross-cutting themes.</b> The Component was not planned for and did not address gender, equity, democracy, governance, poverty, decentralisation, participation or human rights concerns, and no data were collected to shed light on any impacts relevant to these. Women were not encouraged to play a central role in the decision-making and administration of field activities, and were poorly represented in all the Component’s activities except for those involving seabuckthorn management training.
<b>Connectedness.</b> “The poor security situation has adversely affected the implementation of the field activities, especially activities concerning in-situ gene conservation and to some extent other activities related to tree improvement and silviculture management.” <b>Score:</b> 2.
<b>Component 5: Central Level Support (CLS)</b>
<b>Overview.</b> The CLS Component aimed to strengthen MoFSC by: (a) supporting workshops and consultations to enable an improved planning process; (b) providing in-service training, courses and educational opportunities to enhance staff capacity; and (c) meeting equipment procurement and maintenance/running costs, and other recurrent costs, to allow participation in and support for NARMSAP operations. Until 2003, however, MFSC priorities were scattered and only later did a more strategic, sector-wide approach in forestry begin to emerge, allowing fuller collaboration in field work, and especially with the Community Forestry and SCWM components of NARMSAP. <b>Immediate objective:</b> <ul style="list-style-type: none"> <li>• Institutional Capacities of the Ministry of Forests and Soil Conservation and its constituent departments strengthened at the central level, especially with respect to methods of planning, management, monitoring, evaluation, and extension.</li> </ul> <b>Rationale.</b> “During the original design of NARMSAP, lack of sufficient institutional capacity was identified as a major obstacle to successful implementation of field activities in soil conservation and community forestry. The CLS Component was developed to address this challenge.” <b>The situation before and after implementation.</b> There is a confidence in all the completion reports that, taken as a whole and over the entire duration of the programme, NARMSAP has influenced ideas, confidence, motivation and collective capacity among rural communities in the direction of managing their forests and farmlands more sustainably and productively, and among government forestry staff in the direction of accepting and supporting these priorities. There are few cases where specific changes can be attributed to NARMSAP, but in the case of Component 5 the possibility of sustainable institutionalisation of change in the direction of a coherent forest SWAp was clearly raised in the last two years, with increasing capacity within MoFSC of participating fully in field work, and especially with the Community Forestry and SCWM components of NARMSAP. <b>Documents consulted:</b> Quotations are from HMGN & Danida (2005f) unless otherwise stated.
<b>Relevance.</b> “The component continues to be relevant in its present shape. It is consistent with the objectives of the PRSP/HMG 10th FYP, and major forest sector policies such as the Master Plan for Forestry Sector, 1988 (MPFS), and the Forest Sector Policy, 2000 (FSP). The main challenges in the forestry sector in Nepal, further accelerated by the conflict and the stalled national

process of devolution, are related to improving good governance. The need for sector reforms is evident.”

**Score:** 4.

**Efficiency.**

- “The support to recurrent costs and capital expenditure contributed to the creation of a more conducive environment in MFSC and its departments including RDFs, which provided a good foundation for a positive working relationship between programme partners. On this basis, the programme was able to improve the process of annual planning and trimester progress review, and carried out joint monitoring, which resulted in improved financial discipline and quality completion of field activities. However, for the first five years of implementation, efforts were concentrated on fulfilling short-term operational requirements. This compromised the potential component efficiency as opportunities for a significant positive impact on MFSC institutional capacity were missed.”
- “Regarding CLS Component support to human resource development, concerns about the efficiency of the provided international fellowships and scholarships have been raised as they were not planned and delivered according to identified needs. NARMSAP supported MFSC to develop a MFSC HRD Strategy Report to improve the management and thereby the efficiency of such support.”

**Score:** 3.

**Effectiveness.** “From 1998-2003, the CLSC in practice was narrowly interpreted as a “funding source” for recurrent cost coverage. In consequence, there were very few initiatives aiming at improvement of the management of the MFSC and departments, including planning and monitoring. At the same time, the practice was that each key donor defined its own priority areas for support and no explicit MFSC mechanism coordinated institutional strengthening functions. In early 2003, the MFSC took an initiative to streamline central level support for the consequent [= subsequent] fiscal year. In the process, it was agreed between MFSC and key donors that central level support (CLS) should be a value addition to contribute to the annual output of the divisions, departments and constituents under MFSC. Linked to this, there was agreement that the support areas should reflect the content of the respective sector programme or project and the MFSC should link the support to sector policy and strategy formulation and refinement, including crosscutting issues. The initiative resulted in an improved understanding of priority areas for CLS.”

**Score:** 4 (lower in 1998-2003, higher in 2003-2005).

**Impact.** Pre-2003, the Component “was not consistent enough to keep an eye on the long-term vision of institutional strengthening. Instead efforts were concentrated on fulfilling annual or short-term operational requirements. CLSC activities were carried out as discrete events and their potential contribution to institutional change were not adequately tapped and the effectiveness of the CLSC compromised. As a consequence, opportunities for a significant positive impact on the institutional capacity of MFSC did not materialize.” In 2003-2005, the Component was re-designed “to contribute to improving the management and strategic sector framework required centrally to address insufficient institutional capacity.”

**Score:** 4 (lower in 1998-2003, higher in 2003-2005).

**Sustainability.** Pre-2003 support to the MoFSC was fragmentary and unsustainable. Post-2003, support was coordinated with other donors and focused on coherent and strategic aspects of institutional development, creating the possibility of sustainable institutionalisation change.

**Score:** 3 (lower in 1998-2003, higher in 2003-2005).

**Coherence.**

- The Forest Sector Policy (2000) and the Forestry Sector Master Plan (1988) encouraged an holistic approach to the development of the forestry sector and cooperation with donor agencies. “At central level, the Forestry Sector Coordination Committee (FSCC) has been operating for the last 10 years with the aim to coordinate the joint efforts of the MFSC and donors. Unfortunately, the FSCC meetings are highly irregular, despite the joint agreement of two meetings a year (restated in the Annual Sector Review Agreement (ASRA) 2004). Full institutionalization of NARMSAP supported MFSC initiatives, such as joint monitoring, streamlining of central level support and gender and social equity concerns is still required.” Some specific efforts were made to build dialogue on gender and social equity within MoFSC and with other institutions (see cross-cutting themes).
- “Continuous dialogue and coordination meetings on CLSC activities were effective means to improve the understanding between NARMSAP and partners.” The Component distributed training and educational opportunities across MoFSC entities, so there must have been a degree of *de facto* coordination.

<ul style="list-style-type: none"> <li>“The NARMSAP Programme Office managed the CLSC (including the separate budget line HRD, CONS, and RES) in close coordination with MFSC-P&amp;HRD. In the final extension year [2005] an ISC-team has been established to discuss the CLSC activity planning and implementation under the leadership of the Chief of P&amp;HRD. The ISC-team included representation from Foreign Aid Coordination Division (FACD), Monitoring &amp; Evaluation Division (M&amp;ED), Environment Division, Department of Forests (DoF) and Department of Soil Conservation and Watershed Management (DSCWM) as well as NARMSAP Programme Support Unit (PSU).”</li> </ul> <p><b>Score:</b> 4 (lower in 1998-2003, higher in 2003-2005).</p>
<p><b>Replicability.</b> The basic model of giving a needy government ministry what it needs to function while building trust over several years, and then making further support contingent upon systemic reform is highly replicable.</p> <p><b>Score:</b> 5.</p>
<p><b>Partner satisfaction.</b> “Difference of opinion between partners on the type of inputs required has remained an issue throughout component implementation. Much of the input was operational support to infrastructure, facilities and logistics of the MFSC. In line with the objective of the component, the programme staffs argued that assistance should only be provided that would support MFSC in improving planning, monitoring, and HRD/M including a longer term vision for institutional strengthening. This ultimately led to the development of the ISC description, including the pledge to support the MFSC to take the lead in developing a sector-wide institutional support mechanism (SWISM).”</p>
<p><b>Danish added value.</b> Denmark’s long-term role in community forestry training since 1989 and catchment landscape management since 1996 positioned Danida to have a uniquely constructive role in a formative period in Nepal’s forest governance history in 1999-2005. This role was brought to an end by a decision in early 2005, whereby the ecosystems and peoples of Nepal were deprived of further assistance for political reasons. Whether residual or legacy effects that can be attributed to Denmark’s involvement can be detected 12 years later remains to be seen.</p>
<p><b>Cross-cutting themes.</b></p> <ul style="list-style-type: none"> <li>The Gender and Equity Working Group (under MoFSC) was instrumental in catalysing sector-wide discussions on gender and social equity, and in bringing field realities back to the centre as an input to policy revision or development. It also collaborated with the Gender and Social Equity Learning Group (initiated by IUCN and SDC) to develop a common monitoring framework for equity issues in natural resource management. While such MFSC and donor cooperation have demonstrated a model for further cooperation in the forestry sector, it must be acknowledged that multi-stakeholder processes also have its limitations. Progress is not at expected pace, as those involved are juggling many demands. Unless dedicated resources are available to steer the process and undertake key inputs, the momentum can be lost (also a coherence issue).</li> <li>“In the latter years of CLSC implementation, initiative and progress was made by the main partner, i.e., MFSC, in several strategic areas such as strategy development for improved human resources development and management; the institutionalisation of gender and equity concerns in the MFSC; and the involvement of civil society organisations. With this in mind, NARMSAP support for the final year was designed to support innovative MFSC initiatives; building on and formalising ongoing work in strategic crosscutting areas.”</li> </ul>
<p><b>Connectedness.</b> “The escalating conflict provided the context for the implementation of the CLSC. The forestry sector was not considered a high priority sector in the HMG 10th Plan. The MFSC suffered severely from this prioritization, as its budgets allocations were drastically cut back, which resulted in increased pressure on NARMSAP to support MFSC recurrent expenditure.”</p> <p><b>Score:</b> 2.</p>
<b>Bibliography</b>
<p>Asare, R.A., Kyei, A. &amp; Mason, J.J. (2013) The community resource management area mechanism: a strategy to manage African forest resources for REDD+. <i>Philosophical Transactions of the Royal Society B (Biological Sciences)</i>, <b>368</b>(1625): 1-9. <a href="http://rstb.royalsocietypublishing.org/content/368/1625/20120311">http://rstb.royalsocietypublishing.org/content/368/1625/20120311</a> (consulted 8 Apr 2016).</p> <p>Caldecott, J.O. (1996) <i>Designing Conservation Projects</i>. Cambridge University Press (Cambridge).</p> <p>Caldecott, J.O. (2005) Lessons learned and the path ahead. Pages 276-285 in: <i>World Atlas of Great Apes and Their Conservation</i> (edited by J.O. Caldecott &amp; L. Miles). California University Press (Berkeley, California).</p>

- Child, B. (1996) Zimbabwe. Pages 122-138 in: *Decentralization and Biodiversity Conservation* (edited by E. Lutz & J. Caldecott). The World Bank (Washington, DC).
- Danida (1997a) *Nepal: Natural Resource Management Sector Assistance Programme (NARMSAP), Programme Document*. Ministry of Foreign Affairs (Danida), September 1997.
- Danida (1997b) *Nepal: Natural Resource Management Sector Assistance Programme (NARMSAP), Final Appraisal Report*. Ministry of Foreign Affairs (Danida), September 1997.
- Danida (1997c) *Nepal: Community and Private Forestry Component, Component Description for the Natural Resource Management Sector Assistance Programme (NARMSAP)*. Ministry of Foreign Affairs (Danida), September 1997.
- Danida (1997d) *Nepal: Soil Conservation and Watershed Management Component, Component Description for the Natural Resource Management Sector Assistance Programme (NARMSAP)*. Ministry of Foreign Affairs (Danida), September 1997.
- Danida (1997e) *Nepal: Central-level Support to the Ministry of Forests and Soil Conservation, Component Description for the Natural Resource Management Sector Assistance Programme (NARMSAP)*. Ministry of Foreign Affairs (Danida), September 1997.
- Danida (1998) *Nepal: Natural Resource Management Sector Assistance Programme (NARMSAP), Inception Report of the Programme Coordinator*. Ministry of Foreign Affairs (Danida), July 1998.
- Danida (2003) *Review of Regional Forestry Training and Extension Centres in Nepal, Final Draft Report*. Danish Ministry of Foreign Affairs (Danida), December 2003.
- Danida & DA (1999) *Component Description: Community Forestry Field Implementation Component, Natural Resource Management Sector Assistance Programme (NARMSAP)*. Ministry of Foreign Affairs (Danida) and Development Associates a/s, May 1999.
- Forslund, J. (2007) *Wildlife Management on Communal Land in Namibia - An Economic Approach*. Uppsala, Sweden: Department of Economics at the Swedish University of Agricultural Sciences. [http://ex-epsilon.slu.se:8080/archive/00001898/01/Johanna\\_Forslund.pdf](http://ex-epsilon.slu.se:8080/archive/00001898/01/Johanna_Forslund.pdf) (consulted 16 Jan 2016).
- Gardner, A. (2002) *Community forestry in the Bamenda Highlands region of Cameroon: a partnership for conservation*. Second International Workshop on Participatory Forestry in Africa. <ftp://ftp.fao.org/docrep/FAO/006/y4807b/Y4807B12.pdf> (consulted 16 Jan 2016).
- Graudal, L. (2003) *Consultancy Report on TISC Programme Development, December 2002*. Danida Forest Seed Centre and Natural Resource Management Sector Assistance Programme (NARMSAP), January 2003.
- HMGN & Danida (2003) *Joint Technical Review of the Soil Conservation and Watershed Management Component (SCWMC), Final Technical Review Report, Nepal*. His Majesty's Government of Nepal and Danish Ministry of Foreign Affairs (Danida), August 2003.
- HMGN & Danida (2005a) *Final Programme Completion Report, Natural Resource Management Sector Assistance Programme (NARMSAP), February 1998 - July 2005, NEPAL*. His Majesty's Government of Nepal and Danish Ministry of Foreign Affairs (Danida), November 2005.
- HMGN & Danida (2005b) *Final Component Completion Report, Community and Private Forestry Component, Phase I (July 1998 - July 2005), NEPAL*. His Majesty's Government of Nepal and Danish Ministry of Foreign Affairs (Danida), November 2005.
- HMGN & Danida (2005c) *Final Component Completion Report, Community Forestry Field Implementation Component (July 1999 - July 2005), NEPAL*. His Majesty's Government of Nepal and Danish Ministry of Foreign Affairs (Danida), November 2005.
- HMGN & Danida (2005d) *Final Component Completion Report, Soil Conservation and Watershed Management Component (February 1998 to July 2005), NEPAL*. His Majesty's Government of Nepal and Danish Ministry of Foreign Affairs (Danida), November 2005.
- HMGN & Danida (2005e) *Final Component Completion Report, Tree Improvement and Silviculture Component (February 1998 to July 2005), NEPAL*. His Majesty's Government of Nepal and Danish Ministry of Foreign Affairs (Danida), November 2005.
- HMGN & Danida (2005f) *Final Component Completion Report, Central Level Support Component (July 1998 to July 2005), NEPAL*. His Majesty's Government of Nepal and Danish Ministry of Foreign Affairs (Danida), November 2005.
- Hulme, D. & Murphree, M.W. (2001) *African Wildlife and Livelihoods: the Promise and Performance of Community Conservation*. James Currey (Oxford).
- IUCN (2015) *Ghana bridges existing local forest governance with design of REDD+ benefit sharing*. <http://www.iucn.org/about/work/programmes/forest/?22100/ghana-bridges-existing-local-forest->



- governance-with-design-of-redd-benefit-sharing (consulted 16 Apr 2016).
- Jones, B. (2010) The evolution of Namibia's Communal Conservancies. Pages 106-120 in: *Community Rights, Conservation and Contested Land: the Politics of Natural Resource Governance in Africa* (edited by F. Nelson). Earthscan (London).
- Kiss, A. (editor, 1990) *Living With Wildlife: Wildlife Resource Management With Local Participation in Africa*. The World Bank (Washington, DC).
- Living Earth (2008) *Community Resource Management Areas CREMAs (Ghana): Training Manual, Draft Constitution and Bye Laws*. Living Earth Foundation and Forestry Commission of Ghana (Accra).
- Martin, R.B. (1986) *Communal Areas Management Programme for Indigenous Resources*. Department of National Parks and Wildlife Management (Harare).
- MoFSC & Danida (2004) *Review Aide Memoire of 12th of March 2004 between His Majesty's Government of Nepal and the Government of Denmark for Natural Resource Management Sector Assistance Programme (NARMSAP)*. Ministry of Forests and Soil Conservation and Royal Danish Embassy for the Ministry of Foreign Affairs (Danida), March 2004.
- MoFSC (2014) *People and Forests – An SMF-Based Emission Reduction Program in Nepal's Terai Arc Landscape*. Forest Carbon Partnership Facility Emission Reductions Program Idea Note (ER-PIN). REDD Cell, Ministry of Forests and Soil Conservation (Kathmandu).
- Nelson, F. (2010) Introduction; the politics of natural resource governance in Africa. Pages 3-31 in: *Community Rights, Conservation and Contested Land: the Politics of Natural Resource Governance in Africa* (edited by F. Nelson). Earthscan (London).
- Oyono, P. (2004) One step forward, two steps back? Paradoxes of natural resources management decentralisation in Cameroon. *Journal of Modern African Studies*, **42**(1): 91–111.
- Ross, M.L. (2001) *Timber Booms and Institutional Breakdown in Southeast Asia*. Cambridge University Press (Cambridge).
- ten Kate, K. & Laird, S.A. (1999) *The Commercial Use of Biodiversity: Access to Genetic Resources and Benefit-Sharing*. Earthscan (London).

## Annex F.13 The dairy sector interventions

**Overview.** Danida support Project to National Dairy Development Board (NDDB) Nepal was a large project i.e. Bilateral agreement between government of Nepal and Denmark. NDDB was established as a recommendation of 10 year Dairy Development Plant in Nepal. This study was conducted in support of Government of Denmark during 1990 in Nepal. The project was agreed and signed to commence in 1996. But due to some technical difficulties, the project started 1998.

### Objective(s):

- Increased availability and self-sufficiency for milk in Nepal with an overall positive balance between exports and imports through the introduction of more productive dairying methods that are economically and environmentally sustainable;
- An improved organisational framework for the dairy sector to secure a maximised farmers share of the consumers price for milk.

**Rationale.** Despite receiving support from Denmark for milk hygiene, training and processing facilities since the early 1970s, milk produced in Nepal was still of low quality and irregular in supply. It was thought that quality could be improved by organising milk producers into co-operatives and unions, and providing them with technical advice, and that production could be increased by targeting inputs and marketing opportunities on farms in the hills near the roads, with both strategies needing to be organised in accordance with a ten-year Dairy Development Plan, and orchestrated by a new parastatal institution, the National Dairy Development Board (NDDB) according to lessons learned from a previously successful NDDB intervention in India. In practice it has proved impossible to establish such a body in Nepal, due to a lack of markets and processing facilities, and large seasonal variation in milk production, and the NDDB project was perhaps doomed from the start. Denmark decided that the dairy sector was no longer a priority.

**The situation before and after implementation.** Before implementation. Milk produced in Nepal was of low quality and irregular in supply. After implementation. Under the ten-year Dairy Development Plan, the NDDB was intended to be a national autonomous body, independent of government, financed by the industry, and able to formulate and recommend policies and plans for dairy development in Nepal. Milk quality had improved, the institutions involved (DDB, NDDB, DDF) all continue to exist, and there has been a marked proliferation of private dairy

companies.
<b>Documents consulted:</b> Mid term review and Project Completion Report, draft reports from consultants.
<p><b>Relevance.</b> Dairy development is one of the priorities of HMG/N. There is increasing trend in participation of farmers in the dairy development process through farmers' (producers') co-operatives. More than 70,000 farmers supply milk to the formal market through the co-operatives. NDDDB can create a favourable climate to milk producers' co-operatives by channelling the marketing activities, helping to produce quality milk and providing necessary technical and managerial support. Likewise, NDDDB can also provide a conducive climate to the private dairies as well to promote the dairy sector. Dairying is a vital source of income for more than half the farmers of rural Nepal. Therefore, it could play a critical role in poverty reduction.</p> <p><b>Score:</b> 5.</p>
<p><b>Efficiency.</b></p> <p>The progress of the project was slow, with considerable under-spending. Finances were controlled by the Chief Technical Adviser appointed by Danida and Danish Counsellor.</p> <p><b>Score:</b> 3.</p>
<p><b>Effectiveness.</b></p> <p>The project aimed to support the NDDDB as well as dairy farmers, farmer co-operatives, a dairy extension service, and the Dairy Development Corporation (DDC) and private/co-operative processors. It contributed to improving livelihoods and self-empowerment among dairy farmers and non-dairy farmers. It did this indirectly, by supporting dairy processing facilities, and especially by supporting institutional capacity building of MPCs and MPCUs. The ten-year DDP was prepared in 1998-2000, and called for: (a) preparing booklets; (b) training of 200 dairy industry employees, 60 cheese producers, 1,700 co-operative employees, and 28,000 farmers; (c) training of yak and cow's milk cheese producers; (d) training in Nepal and internationally on technical and business studies, including 18 ToT trainers in Denmark; (e) technical support provided to farmers, starting with basic hygiene and milk testing; (f) benchmark survey to assess the quality of milk and milk products in Nepal; (g) organising private dairy groups in Nepal under the umbrella of Nepal Dairy Association; (h) supporting the Himali Yak Cheese Association in establishing a cheese cold store in Kathmandu; and (i) establishing central and regional milk analysis laboratories to support a 'science-based' payment system for milk in Nepal (i.e. based on the idea that milk with higher fat and protein content and less bacteriological contamination is worth more). The laboratories were not established and the 'Pricing System on Raw Milk According to Quality' was unsuccessful. A review led to the addition of a Dairy Development Fund (DDF), which allowed 70 bulk coolers to be purchased from a Danish supplier and distributed to farmers as a DDF loan. It also called for the establishment of a Dairy Training Centre, the feasibility of which was studied but it was not implemented. The Himali Cheese store was not commercially viable and was closed down. The programme terminated early, when the Government of Denmark decided that dairy was no longer a priority sector, and also in response to political pressures within Nepal that made implementation difficult. On the other hand, the quality of milk did improve.</p> <p><b>Score:</b> 3.</p>
<p><b>Impact.</b> There was no quality grading of milk or incentive payments to farmers, so difficult to document much impact. Implementation and continuation was hampered by the changing political situation with changing general managers at the DDC as well as at the NDDDB. Some respondents considered that Danida closed the programme too early, however at least in the NDDDB activities, there was difficulty making progress. There were very few dairies before Danish support – but now there are many private sector dairies – that is healthy – probably helped by the project – the farmers saw that there was a market for their work. By the year 2000 more than 50% of milk supplied to the industry was handled by private dairies. Considerable development of the dairy cooperative movement – although it wasn't supported for long enough to be sustainable. 40,000 members trained in various skills.</p> <p><b>Score:</b> 4.</p>
<p><b>Sustainability.</b></p> <p>The project ended unexpectedly, with little time to hand the project over to the Government of Nepal. The expectation was that the Board would be able to function independently of the Government, but in practice that was not possible because of political interference. The private sector organisations were also uncomfortable about sharing information with the NDDDB. Interviewees confirm that: (a) the DDF is still operational; (b) few milk-producing cooperatives are economically viable; (c) few of the District Milk Cooperative Unions are doing well; and (d) the Central Level Cooperative Union is remains functional but has little impact on cooperatives at district or producer level.</p>

<b>Score:</b> 3.
<b>Coherence.</b> Insufficient information. <b>Score:</b> -.
<b>Replicability.</b> During the 1990s the EU and ADB both planned dairy projects, although neither went ahead. In the case of the EU project, this was on the grounds that there were “no data on supply and demand while what evidence there was suggested there might actually be oversupply and that incremental milk was having difficulty finding a market.” On the other hand, the NDDDB in Nepal was based on the successful NDDDB in India (and similar mechanisms have worked well in other countries, including the UK), so it is hard to tell if the concept was flawed or Nepal-specific circumstances were unsupportive. Another point of view is that the original idea of a state-planned dairy industry based around co-operatives was sound, but that an attempted switch to a private-sector modality was inappropriate, or attempted too quickly, or was not seen to be working fast enough, leading to early abandonment of the initiative by Denmark. <b>Score:</b> 4.
<b>Partner satisfaction.</b> With the focus of the intervention on the public sector, the government role was naturally large and working with the private sector was a challenge. Danida’s efforts to secure an elected executive Director in NDDDB, and a system where farmers and dairy entrepreneurs would select their own leaders, were frustrated by the government appointing political candidates instead. There was very little contact between the parties with the GoN demonstrating a lack of interest in project activities.
<b>Danish added value.</b> One interviewee considered that the support to develop co-operatives in the dairy sector was a specific Danish concept, and one that was very successful as some 95% of dairy farmers are members of co-operatives now. Cooperativism is not only a Danish interest, since it has been promoted in many countries, but as an active movement it may be more associated with Nordic approaches than with others.
<b>Cross-cutting themes.</b> Gender and social inclusion were not really addressed by the project, although it was recognised that this was a gap. The MTR found that “despite the fact that rural women are the de facto dairy farmers and milk producers, too few project activities are specifically directed towards promoting the active participation of women and disadvantaged groups in MPCs and MPCU work. It has to be emphasised that milk hygiene and quality, as well as MPCs activities and management, are unlikely to improve unless women are more actively involved in both hygiene and quality training and in MPCs operations. To continue training men in what are women’s areas of responsibility is largely a waste of time and resources.”
<b>Connectedness.</b> Insufficient information. <b>Score:</b> -.
<b>Bibliography</b>

## Annex F.14 HIV/AIDS prevention and care

**Overview.** The aims of the first phase were: to reduce the risk of new infection among youths; to improve the quality of lives of those living with HIV/AIDS; and to strengthen the organisational capacity for long-term sustainability of HIV/AIDS programmes. For the second phase the following objectives were formulated:

**Objective 1: Prevention among youth**

- NKP conducted various activities in the first phase targeted among youth at school, factories, police and military personnel. NKP will continue to work among youth in the second phase through the Positive Speakers Bureau (PSB) sessions. However due to the prioritization and focus among children there are only a limited activities among youth. We have proposed to publish IEC materials focused amongst youth and distribute through our district offices and positive speakers.

**Objective 2: Treatment Literacy**

- Treatment literacy programs are essential part of the overall treatment rollout in Nepal. In the absence of treatment literacy programs adherence to treatment and management of side effects become almost impossible. NKP with the support from embassy of Denmark is the only organization providing TL trainings and develop/distribute TL materials in Nepal. Hence it is crucial to continue the TL program in the second phase as it is estimated that over 3000 new people will be put on ART in the coming years. Currently there are 2300 people on treatment and the treatment success rate is very high and AIDS related mortality has gone down significantly.

**Objective 3: Staff Training**

- The continuation of refresher training for NKP staff. This will also help in efficient project management and implementation and build strong linkages whereby we will be able to learn lessons and challenges from the field.

**Objective 4: Orphan Care**

- With the support from the embassy NKP has pioneered in programs focused amongst children affected by AIDS (CABA) in Nepal. This was a grossly ignored area yet there is still a big gap in services. To continue supporting the CABA in Nepal NKP proposes to run the centre in Kathmandu and extend its services in Kailali as there is a significant burden in the far western region due to the migration trend and poverty. NKP propose to support at an average of 70 children at one time through these centres. It is crucial to provide residential care for children at the moment however it is not a longer term solution. NKP is also pioneering a community based model focused amongst children affected by AIDS. In Kathmandu and Kailali centres priority will be given to children who are double orphans (lost both parents), are poor and living with HIV. NKP will focus on community based model for CABA who have either one of the parents alive and willing to look after.

**Rationale.** See situation below. The urgent need is the basis for action.

**The situation before and after implementation.** Before implementation. As of September, 2006 a total of 7,904 HIV infection cases were self reported in health facilities. Actual HIV/AIDS infection in Nepal is feared to be many times higher than the recorded cases. Limited testing facilities in all parts of the country, fear of discrimination and ignorance are the major factors responsible for the low reporting of HIV/AIDS. Nepal is in the stage of a concentrated epidemic among migratory populations, commercial sex workers and their clients, and intravenous drug users. However street children, transport workers, construction workers, police, military, prisoners and people living in urban slums are also at great risks. Adolescents and youths who constitute the largest segment (32 percent) of the total population in Nepal are predominant among those at risk. The partner Nava Kiran Plus (NKP) was established by a group of courageous people living with HIV who felt that it is their responsibility to safeguard the future of this country from a raging epidemic and at the same time do what they believed would turn the tide of this epidemic when others were failing. After implementation. Project awareness-raising activities reached about 120,000 people, but the extent to which this has had any effect regarding the numbers who carries the HIV/AIDS infection is unknown.

**Documents consulted:**

Appropriation notes for Phase 1 & 2 (2006 and 2009).

**Relevance.** Very relevant based on the needs analysis (target group) and the priorities of Danish cooperation (cross-cutting issue).No reference to Government policies though.

**Score:** 5.

**Efficiency.** No information.

**Score:** -.

**Effectiveness.**

<p>The appropriation note for the second phase state these achievements from the first phase:</p> <ul style="list-style-type: none"> <li>NKP with the support from the DE has been able to reach out to over 850 schools and 400 factories and workplace reaching to approximately 120,000 youths directly through the PSB interventions.</li> <li>NKP produced and distributed 60,000 IEC materials specially focused amongst youths on HIV prevention</li> <li>NKP organised 120 community events such as folk song competition, poem and essay competition and rallies to engage and educate local communities about HIV/AIDS in 10 districts.</li> <li>To educate PLHAs on treatment adherence and care NKP produced nearly 200,000 copies of posters, booklets, factsheets, 4 documentaries and 52 episodes of radio program. NKP also conducted 40 Treatment Literacy trainings to over 1200 PLHAs and care-givers.</li> <li>NKP provided care and treatment to over 130 children with HIV and continuously provides shelter to 40 AIDS orphans</li> </ul> <p>According to the Project Completion Report, during the project's first phase (2007-2008) and second phase (2009-2010) all activities were implemented successfully. The activities are assessed as positive steps towards achieving the project objectives. About 120,000 youths were reached through positive speaker sessions at 850 schools and 400 factories and workplaces and various awareness activities were conducted: Youth discussion forums, community meetings, and 200 community events engaging people in rallies, quiz, essay- and poem writing and folk song competitions. Furthermore, 100,000 IEC (information, education and communication) materials focusing on youths and HIV prevention were produced and distributed.</p> <p>In order to improve the quality of life of PLHAs NKP conducted 80 Treatment Literacy trainings for more than 2,500 PLHAs and care-givers, thereby educating them in treatment adherence, care, side effect management and opportunistic infections. Additionally, 400,000 copies of posters, booklets, factsheets, 8 documentaries and 52 episodes of radio programs were produced to educate PLHAs. More than 234 children received care and treatment and 67 AIDS orphans were continuously sheltered in two care centres in Kathmandu and Kailali. Capacity building in Nava Kiran Plus was achieved through finance management training, administrative managements training, proposal- and report writing training, computer training and project implementation training for NKP staff.</p> <p><b>Score:</b> 6.</p>
<p><b>Impact.</b> The mentioned outcome may take time to be actual impact. We do not have information about specific impact.</p> <p><b>Score:</b> -.</p>
<p><b>Sustainability.</b> No information.</p> <p><b>Score:</b> -.</p>
<p><b>Coherence.</b> We don't have information about link to other donors. However, apparently the activities were carried out in close collaboration with the education programme.</p> <p><b>Score:</b> -.</p>
<p><b>Replicability.</b> There is too little information to conclude, although awareness-raising activities are always possible to replicate.</p> <p><b>Score:</b> -.</p>
<p><b>Partner satisfaction.</b> No information.</p> <p><b>Score:</b> -.</p>
<p><b>Danish added value.</b> No information.</p>
<p><b>Cross-cutting themes.</b> HIV/AIDS is a cross-cutting activity.</p>
<p><b>Connectedness.</b> The demand is affected by immigration from other countries.</p> <p><b>Score:</b> -.</p>

### Bibliography

MFA (2006) *Project Document Regarding HIV/AIDS prevention and care*. Ministry of Foreign Affairs of Denmark (Copenhagen).

MFA (2009a) *Project Completion Report: HIV/AIDS Prevention and care, phase I*. Ministry of Foreign Affairs of Denmark (Copenhagen).

MFA (2009b) *Proposal for the Continuation of the Project 'HIV/AIDS Prevention and care'*. Ministry of Foreign Affairs of Denmark (Copenhagen).

MFA (2011) *Project Completion Report: HIV/AIDS Prevention and care, phase II*. Ministry of Foreign Affairs of Denmark (Copenhagen).

## Annex F.15 Performance summary

Component	Performance score by evaluation criterion (7 best to 1 worst)								
	Relevance	Efficiency	Effectiveness	Impact	Sustainability	Coherence	Replicability	Connectedness	Mean
<b>1. Human Rights, Good Governance and Decentralisation Support Programme, 1999-2003</b>									
1: Election Commission	6	3	5	4	5	4	2	1	3.8
2: Parliament Secretariat	3	2	2	1	5	2	2	1	2.3
3: Central Police Science Laboratory	6	3	5	4	4	5	3	-	4.3
4: DanidaHUGOU	6	5	6	6	4	4	4	5	5.0
5-8: Decentralisation Support Programme	6	2	4	5	4	4	4	3	4.0
Total	27	15	22	20	22	19	15	10	150
Mean	5.4	3.0	4.4	4.0	4.4	3.8	3.0	2.5	
<b>2. Human Rights, Good Governance and Decentralisation Support Programme, 2003-2008</b>									
1: Human Rights	6	5	6	5	2	5	5	5	4.9
2: Social Inclusion	6	5	5	5	2	4	4	4	4.4
3: Independent media	6	5	6	6	5	5	6	5	5.5
4: Justice	6	5	4	4	2	4	-	3	4.0
5: Anti-corruption	6	5	3	2	2	4	2	2	3.3
6: Elections & Democracy	5	4	5	5	4	5	4	4	4.5
7: Local Governance	5	5	6	5	4	5	5	5	5.0
Total	40	34	35	32	21	32	26	28	248
Mean	6.4	4.9	5.0	4.6	3.0	4.6	4.3	4.0	4.5
<b>3. Human Rights and Good Governance Programme, 2009-2013</b>									
1: Inclusive Democracy	6	5	5	5	4	4	5	6	5.0
2: Human Rights & Justice	6	5	6	4	4	4	6	5	5.0

Component	Performance score by evaluation criterion (7 best to 1 worst)								
	Relevance	Efficiency	Effectiveness	Impact	Sustainability	Coherence	Replicability	Connectedness	Mean
3: Local Governance	6	3	4	5	6	7	6	6	5.4
Total	18	13	15	14	14	15	17	17	123
Mean	6.0	4.3	5.0	4.7	4.7	5.0	5.7	5.7	5.1
4. Peace Support Programme, 2006-2013									
Whole programme	6	4	4	4	4	5	5	5	4.6
5. Peace, Rights & Governance Programme, 2014-2018									
1: Peace	5	3	5	-	5	5	5	5	4.6
2: Local Governance	6	3	4	-	5	5	5	4	4.6
3: Access to Justice & Rights	5	3	4	-	4	-	4	4	4.0
Total	16	9	13	-	14	10	14	13	89
Mean	5.3	3.0	4.3	-	4.7	5.0	4.7	4.3	4.5
6. Tax Reform (VAT) Programme, 1997-2015									
Whole programme	6	5	5	5	5	6	6	4	5.3
7. Education Sector Reform & Development Programme, 1992-2012									
1: Improving Access	6	5	6	6	4	5	5	5	5.3
2: Learning Achievement/Quality Edu.	6	5	4	3	3	4	6	5	4.5
3: Strengthening Institutional Capacity	6	5	5	6	3	3	4	3	4.8
Total	18	15	15	15	10	12	15	13	113
Mean	6.0	5.0	5.0	5.0	3.3	4.0	5.0	4.3	4.7
8. Energy Sector Assistance Programme (ESAP), 1999-2007									
1: Support to AEPC	5	5	5	4	4	4	4	-	4.4
2: Improved Cooking Stoves	6	5	5	4	5	-	4	-	4.8
3: Micro-hydro Development	6	3	4	5	4	3	3	-	4.0



Component	Performance score by evaluation criterion (7 best to 1 worst)								
	Relevance	Efficiency	Effectiveness	Impact	Sustainability	Coherence	Replicability	Connectedness	Mean
4: Promotion of Solar Energy	6	4	5	4	3	3	4	-	4.1
5: Rural Energy Investments	6	5	5	5	5	4	4	-	4.9
Total	29	22	24	22	21	14	19	-	151
Mean	5.8	4.4	4.8	4.4	4.2	3.5	3.8	-	4.4
<b>9. Energy Sector Assistance Programme Phase II (ESAP II), 2007-2012</b>									
1: Institutional Strengthening	5	3	3	4	2	4	3	-	3.4
2: Rural Energy Investments	6	5	4	5	5	4	4	-	4.6
3.1: Biomass Energy	5	3	4	4	5	4	4	-	4.1
3.2: Solar Energy Support Programme	5	3	4	4	5	3	4	-	4.0
3.3: Mini-Grid Rural Electrification	5	3	5	5	5	4	4	-	4.4
Total	26	17	20	22	21	19	19	-	144
Mean	5.0	3.4	4.0	4.4	4.2	4.0	3.8	-	4.1
<b>10. National Rural &amp; Renewable Energy Programme (NRREP)</b>									
1: Central Renewable Energy Fund	6	4	3	2	3	6	5	3	4.0
2: Technical Support	5	3	4	4	4	6	4	4	4.3
3: Business Development	5	2	3	3	3	6	2	2	3.3
Total	16	9	10	9	10	18	11	9	92
Mean	5.3	3.0	3.3	3.0	3.3	6.0	3.7	3.0	3.8
<b>11. Environmental Sector Programme Support (ESPS)</b>									
1: Institute Environmental Management	7	4	4	5	1	3	5	2	3.7
2: Cleaner Production	7	4	7	6	3	3	7	4	5.2
3: Wastewater Treatment Plant	2	1	4	1	1	1	1	1	1.4
4: Institutional Strengthening	6	5	6	6	5	-	5	4	5.8
5: Air Quality Management	7	6	7	6	7	5	7	5	6.3

Component	Performance score by evaluation criterion (7 best to 1 worst)								
	Relevance	Efficiency	Effectiveness	Impact	Sustainability	Coherence	Replicability	Connectedness	Mean
Total	29	20	28	24	17	12	25	16	171
Mean	5.8	4.0	5.6	4.8	3.4	2.4	5.0	3.2	4.4
<b>12. Natural Resource Management Sector Assistance Programme (NARMSAP)</b>									
1: Community and Private Forestry	6	4	5	4	4	3	5	3	4.9
2: Community Forestry Implementation	6	4	6	5	5	4	5	5	5.0
3: Soil Conservation & Watershed Mgt	6	3	5	4	3	2	5	4	4.0
4: Tree Improvement and Silviculture	6	3	4	2	3	2	6	2	3.5
5: Central Level Support	4	3	4	4	3	4	5	2	3.6
Total	28	17	24	20	19	16	26	18	168
Mean	5.6	3.4	4.8	4.0	3.8	3.2	5.2	3.6	4.2
<b>13. Dairy sector interventions</b>									
Whole programme	5	3	3	4	3	-	4	-	3.7
<b>14. HIV/AIDS prevention and care</b>									
Whole programme	5	-	6	-	-	-	-	-	5.5
Total score all interventions	269	183	224	191	181	178	202	133	1,561
Number of scores	48	46	48	44	47	43	46	35	357
Mean score	5.6	4.0	4.7	4.3	3.9	4.1	4.4	3.8	4.4
Overall performance	Very strong relevance	Moderate efficiency	Strong effectiveness	Moderate impact	Moderate sustainability	Moderate coherence	Moderate replicability	Moderate connectedness	

## Annex F.16 Comparing design with performance

Annexes and Components	Design score	Design rank	Performance score	Performance rank	d <sub>i</sub>	d <sub>i</sub> <sup>2</sup>
E10/F11 Air Quality Management	7	1	6.3	1	0	0.00

E10/F11 Institutional Strengthening	6	6.5	5.8	2	3.5	12.25
E13/F14 HIV/AIDS (all)	6	6.5	5.5	3.5	3	9.00
E3/F2 Local governance	6	6.5	5.4	5	1.5	2.25
E6 Tax/VAT (all)	6	6.5	5.3	6.5	0	0.00
E7/F7 Improving access	6	6.5	5.3	6.5	0	0.00
E10/F11 Cleaner production	6	6.5	5.2	8	1.5	2.25
E1/F1 DanidaHUGOU (Dalits)	6	6.5	5.0	12	5.5	30.25
E11/F12 Community forestry implementation	6	6.5	5.0	12	5.5	30.25
E11/F12 Community and Private Forestry	6	6.5	4.9	16.5	10	100
E4/F4 Peace support (all)	6	6.5	4.6	21	14.5	210.25
E2/F2 Independent media	5	19	5.5	3.5	15.5	240.25
E1/F2 DanidaHUGOU (Justice)	5	19	5.0	12	7	49
E2/F3 Local Governance	5	19	5.0	12	7	49
E3/F4 Inclusive Democracy	5	19	5.0	12	7	49
E3/F4 Human Rights & Justice	5	19	5.0	12	7	49
E2/F2 Human Rights	5	19	4.9	16.5	2.5	6.25
E8/F8-9 Financing (mean performance)	5	19	4.8	18.5	0.5	0.25
E5/F5 Peace	5	19	4.6	21	2	4
E5/F5 Local Governance	5	19	4.6	21	2	4
E2/F2 Social Inclusion	5	19	4.4	25	6	36
E8/F8-9 biomass/solar/hydro (mean performance)	5	19	4.2	28	9	81
E1/F1 Decentralisation Support Programme	5	19	4.0	31	12	144
E2/F2 Justice	5	19	4.0	31	12	144
E5/F5 Access to Justice & Rights	5	19	4.0	31	12	144
E12/F13 Dairy (all)	5	19	3.7	36.5	17.5	306.25
E1/F1 DanidaHUGOU (Media)	4	31.5	5.0	12	19.5	380.25

E7/F7 Institutional Capacity	4	31.5	4.8	18.5	13	169
E2/F2 Elections & Democracy	4	31.5	4.5	23.5	8	64
E7/F7 Learning Achievement	4	31.5	4.5	23.5	8	64
E1/F1 Central Police Science Laboratory	4	31.5	4.3	26.5	5	25
E9/F10 Technical Support	4	31.5	4.3	26.5	5	25
E8/F8-9 AEPC support (mean performance)	4	31.5	3.9	34	2.5	6.25
E1/F1 Election Commission	4	31.5	3.8	35	2.5	6.25
E11/F12 Central Level Support	4	31.5	3.6	38	6.5	42.25
E11/F12 Tree Improvement and Silviculture	4	31.5	3.5	39	7.5	56.25
E11/F12 Soil Conservation & Watershed Management	3	38	4.0	31	7	49
E9/F10 Central Renewable Energy Fund	3	38	4.0	31	7	49
E9/F10 Business Development	3	38	3.3	40.5	2.5	6.25
E10/F11 Institute Environmental Management	2	40.5	3.7	36.5	4	16
E2/F2 Anti-corruption	2	40.5	3.3	40.5	0	0.00
E1/F1 Parliament Secretariat	1	42.5	2.3	42	0.5	0.25
E10/F11 Wastewater Treatment Plant	1	42.5	1.4	43	0.5	0.25
<b>Total</b>	<b>197</b>	<b>-</b>	<b>191.2</b>	<b>-</b>	<b>263.00</b>	<b>2,661.50</b>
<b>Mean</b>	<b>4.6</b>	<b>-</b>	<b>4.6</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>r<sub>s</sub></b>	$1 - 6(2,661.50)/3,418,758 = 1 - 15,969/3,418,758 = 1 - 0.00467$					<b>0.995</b>
<b>t</b>	$0.995 \times \sqrt{(43-2/1-0.990)} = 0.995 \times \sqrt{(41/0.01)} = 0.55 \times \sqrt{410} = 0.55 \times 20.249$					<b>11.137</b>