

**International Economic Cooperation
Coordination Division (IECCD); Ministry of
Finance; Government of Nepal**

**UNITED NATIONS DEVELOPMENT
PROGRAMME (UNDP)**

**Mid Term Review of
Effective Development Financing and
Coordination project (EDFC)**

April-June 2019

M Amanullah (Mak) Khan, PhD

International Consultant/Team Leader

Prakash Bhattarai, PhD

National Consultant

*Disclaimer: the current report represents the views of the reviewers and not
necessarily those of IECCD or UNDP.*

ACKNOWLEDGEMENTS

We thank all who contributed to this exercise in so many different ways!

धेरै धेरै धन्यवाद

We could not have completed the review without the support of a wide range of stakeholders who generously shared their time and ideas throughout the process. We express our sincere appreciation to the Government of Nepal for its support and whole hearted involvement in the conduct of this review. We acknowledge, in particular, the contribution of Mr Shreekrishna Nepal, Joint Secretary of MoF and the National Project Director, and Mr Narayan Dhakal, Under Secretary, MoF and the National Project Manager throughout the entire exercise. Mr Dhakal accompanied us to several meetings, despite his heavy schedule. This is gratefully acknowledged.

We wish to acknowledge the cooperation from the UNDP country office in Nepal, and would like to thank the Resident Coordinator Ms Valerie Julliard for her time to share her insights to the team. We also acknowledge the support given to the team by the UNDP Resident Representative Ms. Ayshanie Medagangoda-Labe, who shared her views, experience and insights to the review team. This was extremely valuable. We would also like to extend our sincere thanks to Mr Dharma Swarnakar, Policy Analyst and UNDP Focal Point for the EDFC project, and the Inclusive Economic Growth cluster, for his substantive intellectual support to the team from day one until the end of the process.

We cannot, but extend our deepest gratitude to Ms Ashley Palmer, the CTA of the EDFC project for her relentless support to us, providing considerable day-to-day intellectual and operational support throughout the evaluation, often beyond the work hours and on weekends.

The administrative support provided by our colleagues in the EDFC project was vital to the evaluation. Mr Bishesh Pradhan, IT specialist of the EDFC project provided research support, and shared information with regard to the AMP/AMIS and the DCR. We also thank Mr Ajaya Hamal, Administrative and Finance Assistant, EDFC project for helping us with logistical and administrative support. Finally, Mr Chakra Bahadur Tamang, the gentleman who drove us to various meetings in time must be thanked also.

Mak Khan

Prakash Bhattarai

Acronyms and Abbreviations

AMIS	Aid Management Information System
AMP	Aid Management Platform
BMIS	Budget Management Information System
CBO	Community Based Organizations
CPD	Country Programme Document
CSOs	Civil Society Organizations
CTA	Chief Technical Adviser
DCEAMC	Developing Capacities for Effective Aid Management and Coordination (project)
DCP	Development Cooperation Policy
DCR	Development Cooperation Report
DFID	Department for International Development [United Kingdom]
DPs	Development partners
DQS	Data Quality Standard
EDFC	Effective Development Financing and Coordination [project]
FNCCI	Federation of Nepal Chamber of Commerce and Industry
FY	Fiscal Year
FYP	Five Year Plan
GoN	Government of Nepal
GPEDC	Global Partnership for Effective Development Cooperation
HLM	High Level Meeting
IDPG	International Development Partners Group
IECCD	International Economic Cooperation Coordination Division
IATI	International Aid Transparency Initiative
INGO	International Non-Governmental Organization
MAF	Mutual Accountability Framework
MoF	Ministry of Finance
LDC	Least Developed Country
MTR	Mid Term Review
NGO	Non Governmental Organization
OD	Organizational Development
ODA	Official Development Assistance
PSTD	Public Service Training Department, GoN
SDGs	Sustainable Development Goals
SSC	South-South Cooperation
SWAp	Sector Wide Approach
TrC	Triangular Cooperation
UN	United Nations
UNDP	United Nations Development Programme
UNDAF	United Nations Development Assistance Framework

Table of Contents

<u>EXECUTIVE SUMMARY</u>	<u>1</u>
<u>1. INTRODUCTION AND BACKGROUND</u>	<u>8</u>
<u>2. PURPOSE, SCOPE, USE AND OBJECTIVES OF THE MTR</u>	<u>10</u>
<u>3. MTR APPROACH AND METHODOLOGY</u>	<u>11</u>
<u>4. PROJECT PROGRESS AND OUTPUTS</u>	<u>12</u>
<u>5. FINDINGS AND ANALYSIS OF THE REVIEW CRITERIA</u>	<u>23</u>
<u>6. GAPS AND LESSONS LEARNT</u>	<u>33</u>
<u>7. CONCLUSION</u>	<u>35</u>
<u>8. RECOMMENDATIONS</u>	<u>37</u>
<u>ANNEXES:</u>	<u>41</u>

EXECUTIVE SUMMARY

The International Economic Cooperation Coordination Division (IECCD) of the Ministry of Finance (MoF), Government of Nepal, is implementing the Effective Development Financing and Coordination project (EDFC) project which is in the fourth year of its implementation. Funded by UK/DFID in the tune of USD 1.7 million, matched by UNDP's contribution of USD 500,000, totaling USD 2.2 million, the project is the successor to the earlier intervention, 'Developing Capacities for Effective Aid Management and Coordination project (DCEAMC; 2009 - 2015)', implemented by IECCD. The current EDFC project aims to further enhance the capacity of MoF and other relevant stakeholders with a strengthened enabling environment to effectively and efficiently plan, manage and coordinate Official Development Assistance (ODA).

With the recent approval of the new Development Cooperation Policy, the project takes on additional challenges. These include rigorous planning and implementing interventions that can adapt to rapid changes in the ODA coordination architecture, especially given the country's move to the federal government system. MoF is leading the effort to adapt previous practices of ODA mobilization and management to the new context. EDFC is providing support to MoF in this critical reform process.

Purpose, scope, use and objectives of the MTR

UNDP, in close consultation with GoN, and the principal funding partner, UK/DFID, has initiated a Mid-term Review (MTR) to cover the period 2016-2018. The MTR has two critical purposes as follows: i. to take stock of the progress of activities and achievements; and thus, assess the results achieved over the last three years of its life, as well as document lessons learnt that will help in the learning and knowledge management process of GoN, UNDP and DFID; and ii. to take a forward-looking approach by suggesting ways and means to strategize the project implementation during the remain life of the project, as well as provide direction for a potential follow-up phase of the project.

Project Progress and Outputs

The EDFC project, operating within a complex developmental, political and social context, has made the required progress as per its work plan in achieving the three outputs, albeit to a varying degree of results and outcomes. The development climate in Nepal is now at a difficult crossroad. On one hand, Nepal's reliance on Official

Development Assistance (ODA) has increased over the years, partly as a result of the recovery and response following the 2015 earthquake; on the other hand, the country's imminent graduation from the Least Developed Country (LDC) to a developing country status, and graduation to a low-middle income country by 2030, is likely to see a decrease in the external aid flow. Coupled with it remains the challenge for Nepal to rationalize, improve and sustain a strong aid and development management capacity, together with its capability to mobilize and manage internal resources in the context of the new federal government system.

The MTR team has made a number of observations which respect to the three components as under.

Output 1: Enhanced institutional capacity for leadership and coordination to plan, manage and coordinate ODA : The EDFC project played an important role towards enhancing the institutional capacity of MoF (particularly the IECCD) to plan, manage and coordinate ODA. This includes EDFC's support to facilitate the initial consultation meetings with development partners (DPs) on the new Development Cooperation Policy 2019, and subsequently in the formulation of the Aid Mobilization Guidelines, which outline procedures for ODA mobilization and management in the new federal system in Nepal. However, there has been some concerns expressed by a number of DPs and the INGOs/ NGOs regarding their limited engagement in the consultation processes convened and led by MoF/IECCD, especially during the final stage of the DCP formulation. The MTR team understands that as a living document, there will be adequate opportunity for the DCP to be amended from time to time.

Training, under the broad capacity building domain is another important activity under this component. EDFC provided a number of skills-based learning opportunities to officials from MoF, line ministries, and INGOs. The most common capacity building activities were negotiation training, aid literacy training, English language training, and the facilitation of 15 monitoring visits of foreign-aid funded projects to identify implementation bottlenecks. Aid literacy trainings were organized by the project in all 7 provinces with the participation of over 200 GoN officials. Given the absence of an impact assessment of the various trainings, IECCD's enhanced capacity is difficult to be judged in terms of the holistic outcomes of the project towards better and effective development cooperation and management.¹ Likewise, the MTR team also noted the ad hoc and fragmented nature of capacity building activities, without systematically assessing the training needs of individuals across the spectrum of government.

¹ Interviews with government officials from [Line mMinistries](#)

Furthermore, there were concerns expressed by several stakeholders, to which the evaluation team largely subscribes, about the selection process of the trainees, without conducting proper trainee profiling and needs assessment exercises. The positive aspect of some of these training activities, however, is that the selection of training providers, course contents and pedagogy, mostly delivered by national entities, were generally sound that aroused significant enthusiasm and interest among the trainees.

The knowledge gathering and knowledge management activities of the project were impressive. This includes publication of the regular Development Cooperation Report (DCR). The quality of DCR has significantly improved over the years, as expressed by several DPs and government agencies. Other knowledge products, such as the Newsletter, and proceedings of the first Policy Seminar were impressive, and are used by external researchers and development partners alike. Further discussions are available in the subsequent sections.

The MTR team noted some weaknesses in the aid and development planning process. There is a lack of adequate information related to the Aid Management Cycle (AMC) of the Government of Nepal. A proper framework for the AMC could be developed as an important tool for creating transparency in aid management, as well as enhancing the planning and aid resource mobilization process, that are integral to development effectiveness principles and actions.

Output 2: Capacity of Ministry of Finance strengthened for high quality and evidence based analysis to inform policy decisions : The MTR team has noted the EDFC project's contribution to create a good foundation within IECCD for developing a culture of evidence-based policymaking with a proactive role to manage, analyze, and disseminate aid data. The DCR, which is MoF's flagship annual report using data from the AMP, was published eight times so far, supported by the earlier DCEAMC and the current EDFC project. The most recent publication is the 2017/18 DCR (December 2018). There has been significant improvement in the timeliness of the report publication, which is now occurring within 5 months after the close of the fiscal year, compared to the earlier 8 to 9 months of lead time. The DCR also saw a significant improvement in the area of data synthesis and analysis, which is due to improved quality assurance mechanisms by the EDFC management. New analysis, such as on gender, in easy language has been added, and impressive data presentation gives added value to the publication. The DCR is now a complete one-stop document used in research, policy development and sectoral analysis, within the government, DPs, INGOs/NGOs, as well as academic and think tank bodies.

The MTR team noted that the EDFC project has provided the much needed support to MoF in generating evidence-based analysis on key areas of development finance and aid effectiveness, which increased the knowledge base and provided evidence to inform dialogue and decision-making. Publication of a report reviewing Nepal's experience with Sector Wide Approach (SWAp) aid modality in the health and education sectors, a study on foreign aid mobilization in Nepal's new federal set-up, and the Development Finance Assessment for Nepal are all regarded as timely studies for evidence-based policymaking in the changing governance scene of the country.

Output 3: Aid Management Information System (AMIS) is institutionalized with enhanced user interfaces, collection and validation process, functionalities : One of the major contributions of the project is its successful support to IECCD/MoF in developing a homegrown online aid portal called the Aid Management Information System (AMIS). The AMIS, which was initiated in 2017 will succeed the Aid Management Platform (AMP) in 2019, and serve as a single-entry window for all ODA related information in the country. MoF, with support from EDFC, has also initiated an exercise exploring automatic data import from the International Aid Transparency Initiative (IATI) repository into the Nepal AMIS, on a pilot basis. A key expected benefit of the IATI pilot is to reduce data entry burden for the AMIS by importing compatible data directly from IATI. In addition, DP focal points and IECCD/line ministry and INGO focal points have begun receiving training on the AMIS data entry process and AMIS related core functions.

AMP/AMIS can be considered a good beginning to consolidate aid disbursement related data, where a number of DPs including INGOs have participated. AMIS's usefulness is also understood by its use by IECCD for the mapping of donor engagement in different sectors. Information obtained through this process have been useful in periodic quality negotiations with the DPs.

Recommendations

The following recommendations emanate from the MTR, and the preceding analysis, for consideration by IECCD, UNDP, and the funding DP, i.e, DFID.

Recommendation 1: A comprehensive institutional needs assessment with respect to IECCD for effective ODA management and mobilization should be undertaken. This could provide an understanding of specific skills assets and gaps in IECCD, knowledge management and production needs, technical needs, communication and coordination needs, and ways to improve and strengthen its mandates.

Recommendation 2: Any future phase should consider a mapping of mutual responsibilities of the GoN and the DPs alike, and a Framework of Mutual Responsibility (MAF) should be prepared, and agreed upon by both parties for greater accountability and transparency in development transactions. This does not in any way, nullify or amend the respective bilateral agreements the DPs have with the GoN. The MAF is a part and parcel of the Paris and Accra declarations where over 100 countries have committed to a new model of partnership, in which donors and partner countries hold one another mutually accountable for development results and aid effectiveness.

Recommendation 3: Capacity building training, such as negotiation training, should be scaled down. Instead, a comprehensive capacity gap and needs assessment involving IECCD and the foreign aid coordination sections of the line ministries should be conducted and should inform areas of capacity assets and gaps, and possible modalities in support of a whole-of-government approach.

Recommendation 4: Capacity building initiatives should be extended to areas such as inter-agency coordination, South-South Cooperation (SSC), and various financing engagement models (blended financing, private sector financing); contract management, development project preparation and monitoring and evaluation. The extended phase of EDFC should, as a priority, consider targeted interventions in South-South Cooperation. MoF may consider establishing under the new phase, a South-South Knowledge and Innovation Unit within IECCD to strengthen its SSC functions.

Recommendation 5: Capacity building trainings related to development cooperation should be integrated within the in-service training plans of the NASC/Public Service Training Department (PSTD), as a matter of routine practice. The role of MoF/IECCD in advocating and institutionalizing this will be strategic, and can bring quick results in adding this new concept into the overall curriculum of PSTD.

Recommendation 6: To enhance the understanding of aid mobilization issues among the parliamentarians, provincial and local government leaders and officials, the EDFC project can initiate aid literacy training targeting these key stakeholders. The EDFC project, or its successor phase, should focus on training, advocacy, and opening the opportunity for dialogue between the central and sub-national/provincial actors on the importance of managing ODA funds, the accountability triggers, and the importance of ODA in the overall budgetary process of Nepal.

Recommendation 7: In line with the above, and considering the new federal governance structure of Nepal, it is important to set up a new and vibrant coordination

mechanism between and across federal and provincial governments on development finance/ODA. A coordination mechanism in the form of periodic face-to-face dialogue, opportunities to share the progress of aid funded projects, and strategic visits of MoF officials to the field to observe the progress of the projects can be some of the activities in this regard.

Recommendation 8: Training, specifically focusing on the use of data for policymaking is also recommended for officials from the line ministries and MoF. Such training over the years can create a critical mass of human resources within the government structure, which eventually can contribute to a culture of evidence-based policymaking. No matter where the officials are transferred, the portability of the knowledge to be gained from these training programmes will be useful and sustainable across the wider government machinery.

Recommendation 9: In line with the above recommendation, IECCD should gradually build its research capacity by creating a Research and Knowledge Management Unit within IECCD to house a number of quality researchers, and new generation policy analysts. These trained research professionals could assist IECCD in the data analysis and research, as well as train researchers within the government. Such capacities could, inter alia, support institutions like the National Planning Commission in the preparation of key documents, such as the Five Year Plan. The exact institutional arrangements, including short and long term financing arrangements for such a unit should be further scoped through consultations. The aspect of avoiding any duplication of functions with research and knowledge management units in other parts of MoF/GoN, should also be considered.

Recommendation 10: The Development Cooperation Policy (DCP) should be followed up by an action plan for its operationalization. This will give an opportunity to engage the line ministries, INGOs, NGOs, media, parliamentary committees and think tanks with regard to clarifying any issues and building a shared understanding pertaining to the DCP.

Recommendation 11: IECCD/EDFC project can facilitate a change in the Nepal aid consultative mechanism, with the GoN remaining at the helm of affairs. The Government could take the leadership role as Chair of a Development Coordination Group, with co-chair from the DPs on a rotational basis. The separate sector/thematic groups can also be led by individual line ministries, where DPs mandated for technical areas (health, education, etc) could co-chair these forums on a rotational basis. The existing International Development Partners Group (IDPG) will have the opportunity to work in

greater harmony with the government established mechanism on development coordination.

Recommendation 12: A future phase should consider engagement with media on development effectiveness subjects, through occasional briefings, and perhaps organizing training programmes and regional study tours for building capacity of local media to report on development effectiveness issues with accuracy. Engagement with media should be led by MoF/IECCD, with EDFC remaining as the support provider. There is also considerable scope for engaging INGOs; NGOs; private sector representatives; Civil Society Organizations (CSOs), think tanks, and the Parliamentary Committee on Sustainable Development and Good Governance, as potential watch dogs in various forums, as a matter of routine and institutionalized practice.

1. Introduction and Background

Nepal has been a recipient of foreign aid for over six decades for addressing its pressing development needs, particularly on issues around education, health, and infrastructure development. During the Fiscal Year 2017/18, the volume of Official Development Assistance (ODA) disbursement was USD 1,622.8 million, which is a 16 percent increase in the aid volume in FY 2016/17, where the total disbursement was USD 1,394.6 million. Foreign aid represented about 22 percent of the total national budget for FY 2017/18. The annual disbursement volume has been between USD 960 million and USD 1,394.6 million over the past seven years, through FY 2016/17. Likewise, loans made up the largest proportion of disbursement in 2017/18 compared to the past fiscal year. Of the total amount disbursed in FY 2017/18, the contribution of loans was USD 819.1 million (50.5 percent), grants USD 570.3 million (35.1 percent), and technical assistance USD 233.3 million (14.4 percent).² This data suggests Nepal's considerable reliance on foreign assistance, in the form of loans, grants, as well as technical assistance.

With the new federal structure of the country, the pressure to generate resources remains high. As a result, the Government of Nepal (GoN) for quite some time to come, will continue to depend on ODA. As evidence of this, of the total 1532.97 billion Rupees (approximately USD 13.75 billion) budget allocated for fiscal year 2019/20, the Government of Nepal would need to generate 57.99 (approximately USD 570 million) and 298 billion Rupees (approximately 2.76 billion) respectively through grants and foreign lending, representing over 20 percent of its total annual budget.³

Over the years, Nepal has put in place national systems, policies, and institutional mechanisms for aligning aid to national priorities and for adapting global development cooperation principles to the national context. Milestones include, the enactment of national development cooperation policies (2014; 2019), establishment of coordination platforms, and establishment of a transparent and

² Development Cooperation Report 2017/18 published by MoF

³ Budget Speech 2076/77 (2019/20)

a functioning aid management information system, the Aid Management Platform (AMP). These achievements were made possible in part due to the support provided through the Developing Capacities for Effective Aid Management and Coordination (DCEAMC) project, which was established in the Ministry of Finance (MoF) with support from UNDP, DFID and DANIDA and implemented during 2009-2014. Following the DCEAMC project, the Effective Development Financing and Coordination (EDFC) project was formulated to build on DCEAMC's accomplishments, while supporting MoF to strengthen its approaches to effectively plan, manage, and coordinate international development cooperation and finance. The EDFC project, with support from UNDP and DFID, is being implemented during the five-year period of 2016-2020.

The EDFC project assumes a key strategic intervention within the development management priorities of MoF. It also occupies an important place in the portfolio of the current Country Programme of UNDP Nepal. The project, with an outlay of USD 2.2 million is funded by DFID (USD 1.7 million) and partly by UNDP (USD 500,000) and executed by the International Economic Cooperation Coordination Division (IECCD) of the Ministry of Finance (MoF), the Government of Nepal. Building on the achievements of the predecessor phase, institutional capacity development of IECCD is the core strategy of the EDFC project which mainly promotes evidence-based analysis and effective coordination with development partners, line ministries and other development stakeholders for aid effectiveness.

The initial years of the project focused on establishing and strengthening the development coordination process in line with the Development Cooperation Policy, 2014. With the recent approval of the new Development Cooperation Policy, the project takes on the renewed role to support its implementation, including various aspects of adapting ODA coordination, including in the context of operationalizing the federal government system in Nepal. As the move from the unitary to a federal system of governance takes place, MoF is leading the effort to adapt previous practices of ODA mobilization and management to the new context, and EDFC is providing support to backstop MoF on this critical and complex reform process.

The overarching goal of the EDFC is to ‘further enhance the capacity of the Ministry of Finance and other relevant stakeholders with a strengthened enabling environment to effectively and efficiently plan, manage and coordinate Official Development Assistance’.⁴ Key project objectives include:

- Strengthening GoN management and coordination capacity for ODA, in particular within MoF/IECCD.
- Strengthening capacity of key development stakeholders in the management, coordination and implementation of ODA through robust institutionalized mechanisms and analytical capacity.
- Supporting MoF/IECCD to lead on adapting approaches of ODA mobilization and management to the new federal context of Nepal.
- Improving capacity in the area of ODA transparency and monitoring of ODA activities; and
- Facilitating more integrated approaches to the management of different types of development finance, and the role of ODA and international public finance within the broader financing landscape.⁵

2. Purpose, Scope, Use and Objectives of the MTR

UNDP, in close consultation with GoN, and the principal funding partner, UK/DFID, has initiated a MTR to cover the period 2016-2018. The MTR has two critical purposes as follows:

- (i) to take stock of the progress of activities and achievements; and thus, assess the results achieved over the first three years of its implementation, as well as document lessons learnt that will help in the learning and knowledge management process of GoN, UNDP and DFID; and
- (ii) to take a forward-looking approach by suggesting ways and means to strategize the project implementation during the remain life of the project, as well as provide direction for a potential follow-up phase of the project.

⁴ Prodoc of EDFC, 2016

⁵ Prodoc and Annual Reports through 2018.

In conducting the review, the team also reflects on the relevance, efficiency, effectiveness, and sustainability of project interventions, as required by the TOR. The review team takes the approach that the MTR is not to support a mere standard ‘compliance factor’; rather it needs to be strategic, positive in approach, and forward looking.

3. MTR Approach and Methodology

The MTR team followed the TOR for the assignment and adopted a methodology in consultation with IECCD officials and the project team. The National Project Manager and CTA/Aid Effectiveness Specialist of EDFC provided support to the team on a regular basis by providing related documents, participating in meetings, and clarifying key questions and issues.

Desk/Document review: Consulting key background documentation on the EDFC project was part of the pre-mission stage of work. These documents include, inter alia: the project document; annual work plans and budgets; annual progress reports, quarterly and annual expenditure reports; minutes of Project Board meetings; Development Cooperation Policy 2014; Development Cooperation Reports; Aid Mobilization Guidelines (internal draft); AMP related documents; and other reports and communication materials developed by the project. The Nepal UNDAF and Government’s plans (the current 5 Year Development Plan); and documents related to transition to federalism were also consulted as useful resource documents. A list of documents is contained in Annex 3 to this report.

Consultation: This included meeting key stakeholders during the 21-27 April mission to Nepal, as well as via skype and other electronic means whilst at home-office, including representatives from EDFC, and consultations with stakeholders and partners. They included: the MoF/IECCD Joint Secretary and the Project Manager/Under-Secretary and other IECCD officials; former project managers; and project board members representing the Ministry of Education; Ministry of Urban Development, Ministry of Industry, Commerce and Supplies; and the National Planning Commission; UN Resident Coordinator, UNDP officials; DFID, EU, USAID, ADB, World Bank, JICA and the EDFC project team. Meetings

were held also with the Chair of the Parliamentary Committee for Sustainable Development and Good Governance, private sector representatives from FNCCI; and representatives from the INGO and NGO groups. A list of stakeholders is annexed to this report.

Debriefing: A debriefing was held on the final day of the mission to Nepal to debrief the MoF team, EDFC management, UNDP and DFID where the key findings and recommendations were shared by the review team members.

Draft MTR Report and the Final MTR Report: This final report contains the consensus reached between the review team and the key stakeholders from the EDFC project, MoF, UNDP and DFID. Comments from these stakeholders were considered by the MTR team in finalizing this document.

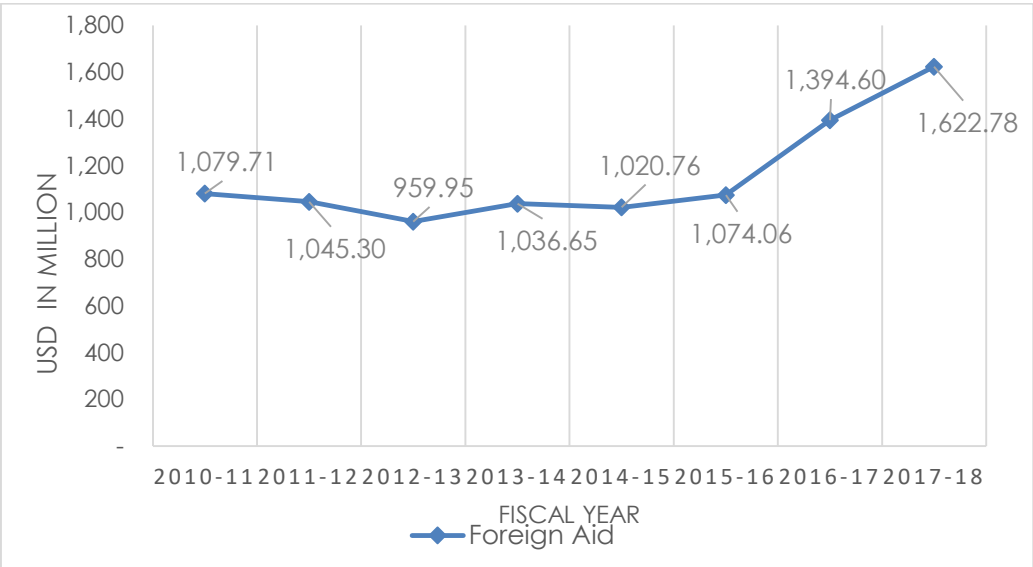
The team also ensured that the stakeholders interviewed had equal, meaningful and unbiased opportunities to express opinions during the interview process. The team also took into consideration the Quality Control and Conflict of Interest issues by adhering to the UN system evaluation norms and standards and Data Quality Standards (DQS) for Evaluation.

4. Project Progress and Outputs

The EDFC project while remaining within the prescribed design, has made the required progress as per its work plan in achieving the three outputs, albeit in a varying degree of results and outcomes. The project, although appearing to be a straightforward intervention, operates within a complex developmental, political and social context. This is more so given that the development climate in Nepal is now in a difficult paradoxical stage. Nepal's reliance on Official Development Assistance (ODA) has increased over the years due to various reasons, including support for the rehabilitation and reconstruction related to the 2015 earthquake. On the other hand, the country's gradual graduation from the Least Developed Country (LDC) to a developing country status, and eventually rising to the level of a low-middle income country in less than a decade, would mean a decrease in the external aid flow. Coupled with it remains the challenge for Nepal to rationalize, improve and sustain a strong aid and development management

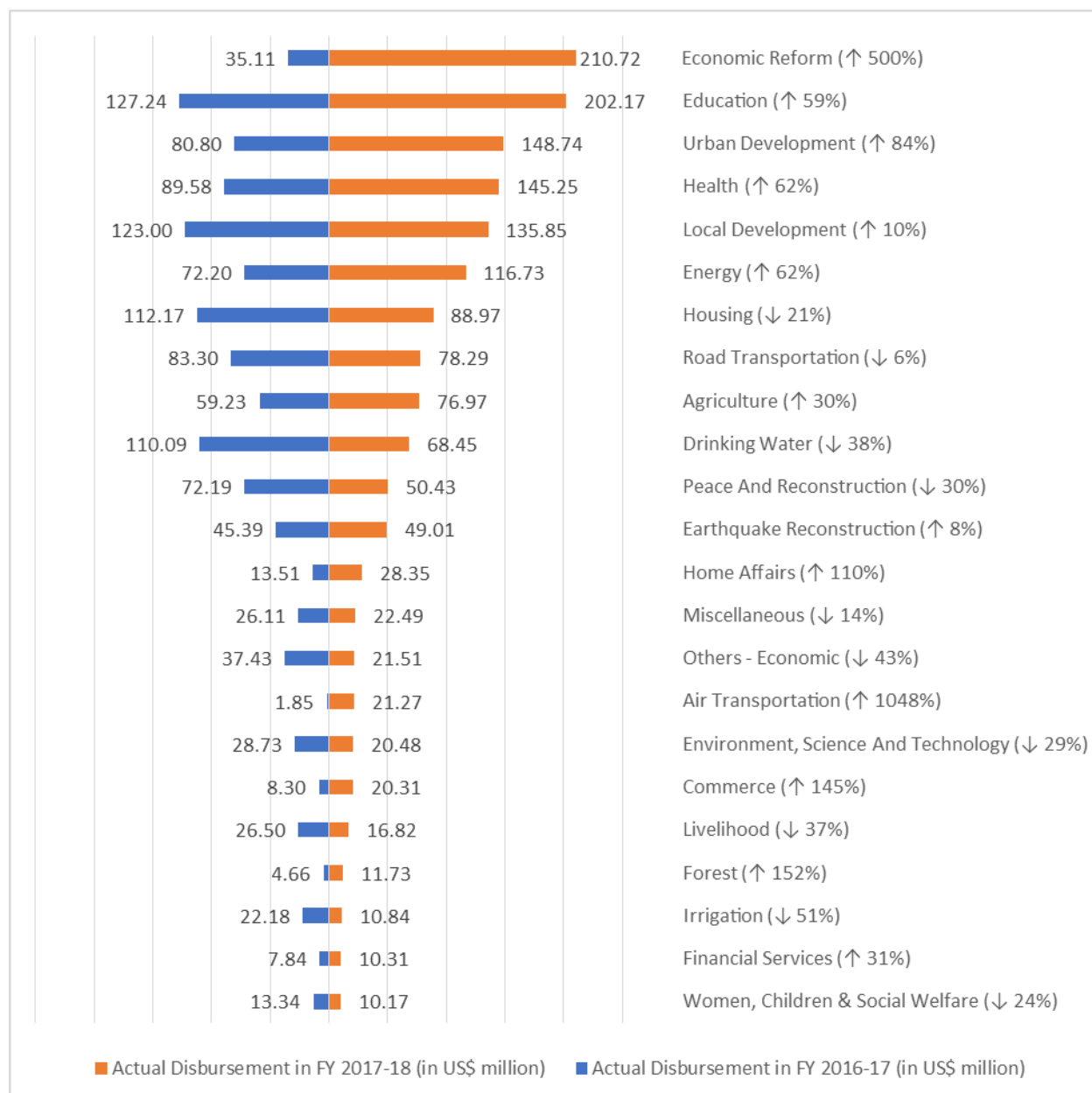
capacity, together with its capability to mobilize and manage internal resources in the context of the new federal government system.

The following Chart 1 shows the volume of ODA disbursement from FY 2010/11 to FY 2017/18.



Source: MoF DCR 2017/2018

Chart 2 reflects the sector-wise distribution of ODA disbursement from FY 2016/17 to FY 2017/18.



Source: MoF DCR 2017/2018

The MTR team has made a number of observations which respect to the three components as under.

Output 1: Enhanced institutional capacity for leadership and coordination to plan, manage and coordinate ODA.

The EDFC project played an important role towards enhancing the institutional capacity of MoF (particularly the IECCD) to plan, manage and coordinate ODA. This includes EDFC's support to facilitating the initial consultation meetings with DPs on the new Development Cooperation Policy 2019, which was recently approved by the cabinet, and subsequently in the formulation of the Aid Mobilization Guidelines⁶, which outline procedures for ODA mobilization and management in the new federal system, within the context of the overall development assistance architecture of Nepal. However, there have been some concerns expressed by a number of DPs and the INGOs/ NGOs regarding their limited engagement in the consultation processes, initiated and led by MoF/IECCD, especially during the final stage of the DCP formulation.

Training, under the broad capacity building domain, is another important activity under this component; EDFC has provided a number of skills-based learning opportunities to officials from MoF, line ministries, and INGOs. The most common capacity building activities were negotiation training, aid literacy training, English language training, and the facilitation of 15 monitoring visits of foreign-aid funded projects to identify implementation bottlenecks. Aid literacy trainings were organized by the project in all 7 provinces with the participation of over 200 GoN officials.

However, no impact assessment of the various trainings has been undertaken, although several participants expressed their satisfaction in that these capacity building initiatives gave them a better understanding of the evolving nature of ODA management in Nepal, and enhanced their negotiation capacity while dealing with the development partners. In the absence of a post-training impact assessment, and tracer studies, where needed, IECCD's enhanced capacity in the entire Aid Management Cycle (AMC) is difficult to judge in terms of the holistic outcomes of the project towards better and effective development cooperation and management.⁷ Likewise, the MTR team also noted the ad hoc and fragmented nature of capacity building activities, without systematically assessing the training needs of individuals across the spectrum of government. Furthermore,

⁶ Aid Mobilization Guidelines are currently in the form of an internal draft, expected to be finalized following approval of the new Development Cooperation Policy.

⁷ Interviews with government officials from Line Ministries

there were concerns expressed by several stakeholders, to which the evaluation team largely subscribes, about the selection process of the trainees, without conducting a proper trainee profiling and needs assessment exercise. The positive aspect of some of these training activities, however, is that the selection of training providers, course contents and pedagogy, mostly delivered by national entities, were generally sound and aroused significant enthusiasm and interest among the trainees.

The following table gives a year-wise breakdown of events and participants in various training activities (2016-2018).

Table 1: Year-wise Training Activities

Events	Project Year 2016		Project Year 2017		Project Year 2018	
	No of events	Participants	No of events	Participants	No of events	Participants
International visit/training	2	9	1	12	1	2
Aid Literacy Training	2	77	7	217	0	0
English Language Training	1	12	1	18	1	26
AMP Training	7	137	5	147	4	109
Negotiation Training	0	0	1	20	0	0
Project Monitoring Visits					15	53

Source: EDFC Project Office, April 2019

The MTR team examined a number of issues relating to the sustainability of the interventions, and absorptive capacity of IECCD. One common concern raised during the interview process was this: although IECCD takes a greater responsibility to manage and coordinate aid in Nepal, it is overburdened with an increased aid portfolio in the most recent years, thus limiting its time and

effectiveness in dealing simultaneously with several donors and an increased portfolio of projects. The institutional capacity of IECCD is also affected by regular civil service transfers. As a result, development partners often face difficulties to carry on dialogue and day to day affairs with a stable point of contact.⁸ A focus on proper handovers and the transfer of institutional memory is therefore key. There was also concern that in the absence of an Organizational Development (OD) needs and capacity assessment for IECCD, the activities undertaken remain ad hoc in nature, and are largely reactive pursuits.

The knowledge gathering and knowledge management activities of the project were impressive, albeit with varied outcomes. This includes publication of the regular DCR as discussed in several areas of this report. The quality of the DCR has significantly improved over the years, as expressed by several DPs and government agencies. The recent visiting lecturer's presentation in 2018 (Mr. Pierre Jacquet) to MoF and other stakeholders on the topic of 'global trends in ODA and implications for Nepal' looked at the nexus of ODA and other finance in Nepal. The delivery of this series should be continued as a Public Policy Seminar Series, should include lecturers from the region as well, and cover topics that could be of contemporary interest to Nepal's economy, society, culture and politics in the context of development cooperation and SDGs. This will be an opportunity to showcase mutual good practices in the region and in Nepal in the area of development cooperation.

The MTR team also noted the lack of adequate information related to the Aid Management Cycle (AMC) of the Government of Nepal. The planning process, as explained by IECCD and the line ministries consulted is somewhat ad hoc, and devoid of a proper planning and monitoring instrument that can be uniformly pursued across the whole of government. This largely points to weaknesses in the aid and development planning process. A proper framework for AMC could be developed as an important tool for creating transparency in aid management, as well as enhancing the planning and aid resource mobilization process, that are integral to development effectiveness climate. This could further enhance the

⁸ Interviews with Development Partners

basis for designing needs-based trainings towards capacity building of government officials, within and beyond IECCD.

Engagement of DPs and line ministries in joint training and occasional dialogues, taking a ‘whole of government/whole of partners’ approach can also give credence to the principle of an inclusive development approach, thus making development partnerships effective and mutually beneficial. In this regard, the review team strongly advocates for the development of a Mutual Accountability Framework (MAF) with roles, responsibilities and accountability of the government and DPs clearly articulated and periodically assessed. This does not in any way, nullify or amend the respective bilateral agreements the DPs have with the GoN. The MAF is a part and parcel of the Paris and Accra declarations where over one hundred countries have committed to a new model of partnership, in which donors and partner countries hold one another mutually accountable for development results and aid effectiveness.⁹ Mutual Accountability Framework is a practical response to recent experiences in building greater transparency and accountability at country level, and to lessons learned about the role of country ownership in delivering development results.¹⁰

Despite these challenges, there has been a general appreciation of IECCD’s increased commitment to the principles of development effectiveness, and gradual improvement in its capacity and efficiency over the years to make the ODA management process transparent and efficient. This is evident from the publication of a high quality and analytical DCR, setting up AMP/AMIS as a homegrown tool, and emergence of a better climate for consultative dialogue and interactions with DPs. There was also an appreciation from DPs regarding IECCD’s improved communication (e.g. mission clearance, prompt response to emails and so on) with them in the most recent years. Many of them

⁹ Liesbet Steer and Cecilie Wathne. Mutual Accountability at Country Level : Emerging Practices. Background Note of ODI, UK. 2009

¹⁰ Despite the strong focus in the Paris Declaration (PD) on mutual accountability, it remains little explored in conceptual and practical terms. To fill this void, the German development agency (GTZ) commissioned a research (2008) to clarify the concepts and highlight emerging good practices on behalf of the task team on mutual accountability of the Development Assistance Committee (DAC) Joint Venture on Managing for Development Results. The study covers experiences in 19 countries, with a special focus on Rwanda, Mozambique and Vietnam. The work on mutual accountability at the country level has also been complemented by an analysis of international level mutual accountability mechanisms. The practice of MAF is increasing as the GPEDC HLMs/SLMs are putting emphasis on this over the years.

acknowledged IECCD's role as 'effective and inspiring' in terms of regular communication and responding to issues towards redressing bottlenecks in project implementation. DPs also shared that they have been increasingly using DCR and AMIS for their own internal policy checks, country program formulation and assessments, as well as for reporting purposes.

Output 2: Capacity of Ministry of Finance strengthened for high quality and evidence based analysis to inform policy decisions

The MTR team has noted EDFC project's contribution to create a good foundation within IECCD for developing the culture of evidence-based policymaking with a proactive role to manage, analyze, and disseminate aid data. The DCR, which is MoF's flagship annual report using data from the AMP was published eight times so far, supported by the earlier DCEAMC and the current EDFC project. The most recent publication is the 2017/18 DCR (December 2018). There has been significant improvement in the timeliness of the report publication, which is now occurring within 5 months after the close of the fiscal year, compared to the earlier 8 to 9 months of lead time. The DCR also saw a significant improvement in the area of data synthesis and analysis, which is due to improved quality assurance mechanisms by the EDFC management. New analysis, such as on gender, in easy language has been added, and impressive data presentation gives added value to the publication. The DCR is now a complete one-stop document for anyone interested in research, policy development and sectoral analysis, within the government, DPs, INGOs/NGOs, as well as academic and think tank bodies.

The MTR team noted that the EDFC project has provided the much needed support to MoF in generating evidence-based analysis on key areas of development finance and aid effectiveness, which increased the knowledge base and provided evidence to inform dialogue and decision-making. Publication of a report reviewing Nepal's experience with the Sector Wide Approach (SWAp) aid modality in the health and education sectors, a study on foreign aid mobilization in Nepal's new federal set-up, and the Development Finance Assessment for Nepal are all regarded as timely studies for evidence-based policymaking in the changing governance dynamics of the country.

Despite these good practices in evidence-based policymaking, MoF is yet to have a fully reliant pool of human resources who could take the lead role in conducting timely studies and analysis on topics of MoF's priorities. The MTR team found the lack of an adequate assessment regarding the areas where IECCD has knowledge assets and gaps, and issues that require attention to be addressed further. It is quite possible that MoF could influence the formulation process of the forthcoming 15th Five Year Plan through use of the data it possesses, which could be a key indicator of EDFC's success.

The MTR team in this connection suggests that a serious attempt be made to gauge the capacity assets and gaps within the MoF/IECCD in data analysis for evidence-based policy formulation. In support of this capacity endeavor, MoF could possibly form a small Aid Knowledge Management cum Research Unit within IECCD that can house a limited number of quality researchers, and new generation policy analysts. Working closely with the Economic Policy Analysis Division of the MoF, the unit's functions will be fully devoted to development and aid management related research. They could assist IECCD in the data analysis, as well as train researchers within the line ministries, and support the NPC in the preparation of key documents, such as the Five Year Plan.

The following are evidence of quality analytical documents, as credible knowledge products published by the project:

- Updated "Profiles of Nepal's Development Partners"
- A review of Nepal's experience of Sector Wide Approach (SWAp)
- The Development Finance Assessment (DFA) for Nepal
- A study on 'Aid Mobilization in the Context of Federal Nepal'
- The Development Cooperation Report (DCR)

EDFC has two new analytical studies planned for 2019. One is "ODA Tax Exemptions in Nepal: Estimating Revenue Foregone to Inform Evidence-Based Policy Dialogue". The other is "Using ODA to Leverage Private Sector Investment including Blended Finance". In addition, the regular publications, such as the DCR and IECCD newsletter will continue, as usual.

Output 3: Aid Management Information System (AMIS) is institutionalized with enhanced user interfaces, collection and validation process, functionalities

One of the major outputs of the project is its successful support to IECCD/MoF in developing a homegrown online aid portal called the Aid Management Information System (AMIS), a web based software application that will help the country to track and manage its aid flows. The AMIS, which was initiated in 2017, will succeed the Aid Management Platform (AMP) in 2019, and serve as a single-entry window for all ODA related information in the country. By March 2019, AMP captured aid data of all registered DPs working in Nepal, and the new AMIS is expected to be launched shortly. MoF, with support from EDFC, has also initiated an exercise exploring automatic data import from the International Aid Transparency Initiative (IATI) repository into the Nepal AIMS, on a pilot basis. A key expected benefit of the IATI pilot is to reduce data entry burden for the AMIS by importing compatible data directly from IATI. In addition, DP focal points and IECCD/line ministry and INGO focal points have begun receiving training on the AMIS data entry process and AMIS related core functions. Concerned IECCD staff have also been trained on AMIS operations to ensure handover of AMIS administration once the project ends.

As preparation towards transitioning to AMIS from AMP, new features are being added to the AMIS to make it more comprehensive and user friendly to the relevant development actors. These include a sub-national data classification system to reflect the new federal context, SDG coding, and International Aid Transparency Initiative (IATI) data import.¹¹ In addition, the new AMIS will feature integration of aid data with other public finance data, reflecting the interconnected nature of policy and financing challenges.¹²

AMP/AMIS can be considered a good beginning to consolidate aid disbursement related data, where a number of DPs including INGOs have participated. AMIS is also trying to make the aid related information as accurate and usable as possible. A number of individuals interviewed during the MTR process expressed

¹¹ EDFC Annual Report 2018

¹² Ibid

AMP/AMIS's usefulness to their work. For example, it has been used by IECCD to conduct the mapping of donor engagement in different sectors and information obtained through this process has been useful to inform quality negotiations with DPs.¹³ Furthermore, all DPs met expressed that they were regular contributors to, and users of the AMP. Several evidences emerged regarding the outcomes and results emanating from this system. These include: use of the data for the DCR; formulation of country portfolio/program documents by DPs; regular use of data by external think tanks and researchers; and inputs to EDFC's own commissioned analytical studies, such as the SWAp study and Development Finance Assessment. AMP has also created a positive competition among DPs to be listed as a top ranking donor in terms of disbursement. Thus, they are more incentivized to report aid information as quickly as possible. INGOs are also using AMP data as a reference to identify the patterns and sectors of funding in Nepal and design their strategic documents and interventions accordingly.

A number of stakeholders consulted during the MTR process mentioned several drawbacks of AMP associated with 'user friendliness and accuracy of data once uploaded'. The AMIS thus needs to address in its development the aspects of quality, accuracy, completeness, and comparability of data, as raised by some development partners. The MTR team noted that many of the issues identified by the stakeholders stem from initial 'teething technological glitches' in the system, and over time, these will be overcome, as through the engagement of a local vendor in the development and maintenance of the AMIS.

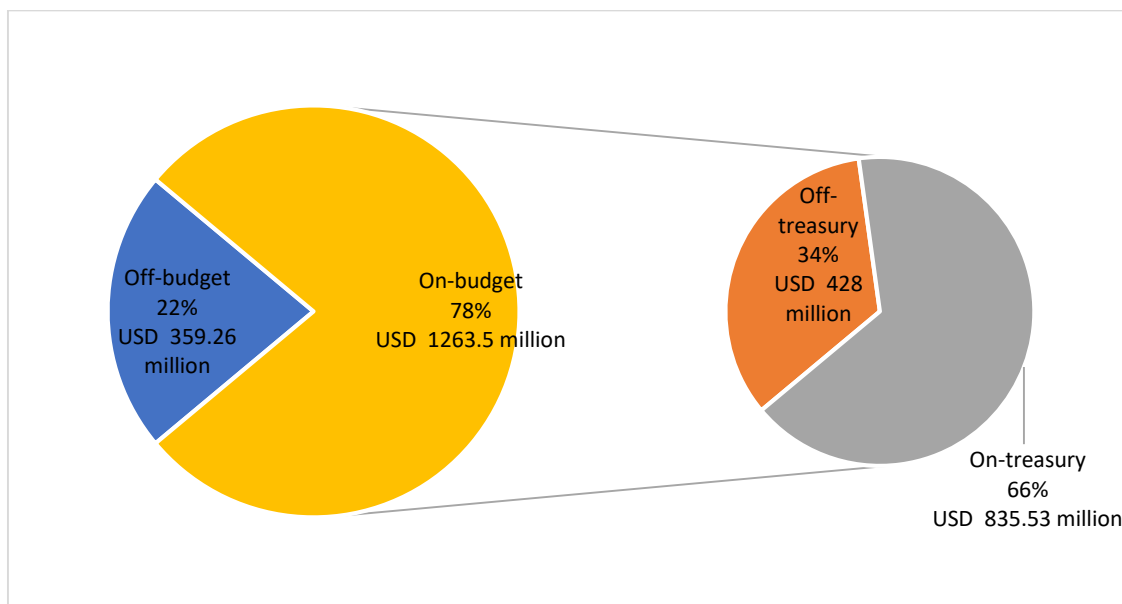
A related important aspect needs to be discussed here. The accuracy in disbursement figures reflected in the AMIS depends on the transparency and honesty of the data providers. The government has four classifications of foreign aid related to the national budget, i.e., on-budget; off-budget; on-treasury; and off-treasury¹⁴, as well as classifications of various modalities, types of development assistance, and disbursements. However, there are still occasional gaps in relation to accurate disclosure of data in the AMP, especially with respect to off-budget and off-treasury disbursements by DPs. Although the new Development Cooperation Policy does have a clause that requires the DPs to

¹³ Interview with MoF

¹⁴ MoF DCR. Definitions, pg ix 2018

reflect accurate data in the AMIS, an accompanying guideline to make data provision mandatory for all DPs and INGOs will enhance the quality and accuracy of the AMIS and the DCR.

The following Chart 3 is an example of DP reported data covering on-budget and off-budget ODA disbursement for FY 2017-2018.



Source: MoF DCR 2017/2018

5. Findings and Analysis of the Review Criteria

This section is the most critical one in that it gives an interpretation of the results of the project as assessed against the following criteria: relevance; efficiency; effectiveness and sustainability.

Relevance

The relevance of this project was judged from the perspective of the need for improvement in the quality of development management, better harmonized GoN-DP actions, and capacity building of actors at various levels. In concrete terms, the project's relevance can be understood from the following:

- Government of Nepal's strong commitment to the Paris Declaration (2005) on aid effectiveness, built around the 5 main principles: ownership, alignment, harmonisation, managing for development results, and mutual accountability. It also finds its relevance in Monterrey Consensus (2002);

HLM-1, Rome (2003); HLM-3, Accra (2008); and subsequent HLM-4, Busan (2011) and the HLM-2, Nairobi (2016).

- The project was formulated during the 14th Five-Year Plan period. This Plan had a moderate focus on the aid effectiveness and aid mobilization agenda. It is expected to be increasingly relevant in the context of the upcoming 15th FYP (fiscal year 2019- 20 to 2023-24) in that the draft concept note focuses on effective development cooperation in the context of SDGs, and Nepal's transition to the Federal system.¹⁵
- The project is consistent with the United Nations Development Assistance Framework of Nepal (UNDAF; 2018-2022) and the UNDP Country Programme Document (2018-2022)¹⁶;
- Finally, the project is also linked with the SDG Goal 17: Partnership for the Goals of the SDGs.

Below is the summary of the strategic results this project is expected to contribute to against the UNDAF and Country Programme Document (CPD) of UNDP:

Strategic Results
UNDP Strategic Plan Outcome 1: Advance poverty eradication in all its forms and dimensions
UNDP Strategic Plan Output 1.1.1: Capacities developed across the whole of government to integrate the 2030 Agenda, the Paris Agreement and other international agreements in development plans and budgets, and to analyze progress towards the SDGs, using innovative and data-driven solutions
UNDP Strategic Plan Output 1.2.2: Enabling environment strengthened to expand public and private financing for the achievement of the SDGs
UNDAF Outcome 1: By 2022, impoverished, especially economically vulnerable people have access to sustainable livelihoods, safe and decent employment, and income opportunities
UNDAF/CPD Output 1.3: Improved national capacities in planning, monitoring, financing and reporting on 2030 agenda

¹⁵ Draft Concept Note, 15th FYP Nepal, March 2019

¹⁶ National Priority as stated in CPD: Promotion of good governance and human rights through effective and accountable public finance and clean, transparent and people-friendly public service. Outcome 2 of UNDAF: By 2022, inclusive, democratic, accountable and transparent institutions are further strengthened towards ensuring rule of law, social justice and human rights for all particularly for vulnerable people.

Efficiency

This has been assessed as a measure of how resources/inputs (funds, expertise and time) have been converted into outputs and the extent to which funding, staffing, time and administrative resources were effectively utilized for the achievement of results within the set annual work plan.

The total annual budget for 2016 was USD 196,780 of which USD 158,263 was spent.

Table 2: Details of Yearly Income and Expenses

This represents 80 percent of the total budget. The total annual budget for 2017 was USD 576,188 of which USD 547,170 was spent, i.e., 95 percent of the total budget. In 2018, the total annual budget was USD 526,940 of which USD 493,970

Project Year	Total Budget	Total expenses
2016	USD 196,780	USD 158263
2017	USD 576188	USD 547170
2018	USD 526940	USD 493,970

was spent in 2018, which represents 94 percent of the total budget. Average spending of three years is 89.66 percent, which is a significant figure. In relation to program expenses, a considerable portion of funds were spent on aid literacy training (USD 19,667 and USD 84,500 in 2016 and 2017 respectively) and international visit/training (USD 19,169 in 2016 and USD 34,370 in 2016 and 2017 respectively). In 2018, the largest portion of the program budget (USD 24,076) was spent on project monitoring.

While assessing the progress against annual work plans from 2016 to 2018, the 2016 expenditures occurred in relation to most of the planned activities under each project output. Only two activities, namely, a) DCP High Level Implementation Committee established and operational and meeting at a minimum of three time per years, and b) Development Finance Assessment undertaken and analytical report produced were achieved by 50 and 80 percent respectively. Likewise, all activities planned for 2017 under each output have been achieved by 100 percent except a few activities such as a) participation and presentation IECCD officials and other government officials in international forums, b) initiate review of DCP in the context of new Constitution, c) preparation of Aid Guideline, and d) finalize and publish Development Finance Assessment. Interestingly, all planned activities for 2018 were achieved close to

100 percent. This indicates EDFC's attention to the implementation of its annual work plan in all the three project years, with almost on average 90 percent of budget delivery.

With respect to day to day operations of the project, there is evidence of good project management, commitment to achieving results, and high levels of technical competence, thus contributing to the overall efficiency of the project. These are characterized by the practice of regular Board meetings; communication with UNDP and the donors; quality progress reports from EDFC; proactive support to the consultants; and adherence to the principle of maintaining financial efficiency.

The project represents a good value for money, paying attention to economy and efficiency in its routine work. The main cost driver of the project is the establishment of the AMIS at a cost of USD 39,282 in terms of the hardware, software and installation costs. This amount offers good value, when compared to the cost involved in commissioning an international vendor, and other homegrown AMIS type projects implemented around the world.

Effectiveness and Results

The effectiveness of the project is largely related to results and outcomes. Effectiveness can be considered as a reflection of short-term outcomes which cannot be assessed immediately after the end of the project activity, or as the project progresses, as in this case. However, results or outcomes emanating from this project can only be predicted at this stage based on the ground level realities and evidences that have surfaced so far.

The following table reflects the results that are revealed at present, and that are likely to surface in the immediate and long run:

Table 3: Core Activities, Outputs and Results

CORE ACTIVITIES	OUTPUTS	RESULTS
Component 1: Enhance institution capacity of MoF to plan, manage and coordinate ODA		
Formulation of Development Cooperation Policy (DCP)	<ul style="list-style-type: none"> - Provided support to MoF to organize consultation meetings with development partners 	<ul style="list-style-type: none"> - New DCP has been drafted and tabled for the approval from the cabinet of Government of Nepal. - The new DCP will replace the DCP-2014 and spell out the procedures for mobilization of development cooperation in the changing governance structure of the country.
Office automation and digitization of IECCD documents	<ul style="list-style-type: none"> - Project contributed to design software and operationalization for the office automation and digitization of IECCD documents 	<ul style="list-style-type: none"> - Contributed to more efficient functioning of IECCD - Contributed to the documentation of most important documents and files from the past
Drafting of Aid Mobilization Guidelines	<ul style="list-style-type: none"> - Aid mobilization guideline has been drafted 	<ul style="list-style-type: none"> - This guideline outlines procedures for ODA mobilization and management in new federal structure and overview of country systems. This guideline, once published and disseminated, has the potential to serve as an important document for ensuring that ODA resources are used efficiently towards poverty reduction and achieving SDGs.
Training on aid literacy	<ul style="list-style-type: none"> - 2 aid literacy training was conducted in 2016 with the participation of 77 individuals and 7 such trainings in 2017 with the participation of 217 individuals 	<ul style="list-style-type: none"> - Contributed to widen the knowledge of both central and district level government officials about global aid dynamics, aid scenario in Nepal and challenges of aid effectiveness in the country.
Negotiation Skill training	<ul style="list-style-type: none"> - In 2016 the first negotiation skills training was participated by a group of GoN officials 	<ul style="list-style-type: none"> - The training on negotiation can potentially contribute to the skills of the GoN officials on various techniques and strategies of negotiation.

CORE ACTIVITIES	OUTPUTS	RESULTS
	<p>(11 people) organized by AIT in Thailand</p> <ul style="list-style-type: none"> - Subsequently, 1 negotiation skill training conducted in 2017 for 12 government officials 	
International Visit and training	<ul style="list-style-type: none"> - 2 international visits with the participation of 9 individuals was organized in 2016, 1 such visit with the participation of 12 individuals in 2017, and 1 such visit with the participation of 2 individuals in 2018 was organized. 	<ul style="list-style-type: none"> - International visits of government officials have ensured Nepal's representations in international forums to share the Nepal's aid management experiences and learn from global practices. - The participation of Nepali government officials in the high-level meetings on effective development cooperation has increased the understanding of international aid effectiveness agenda and further strengthened the spirit of implementing global commitments and recommendations.
English language training	<ul style="list-style-type: none"> - 1 English language training with the participation of 12, 18, and 26 individuals were organized in the project year 2016, 2017, and 2018 respectively. 	<ul style="list-style-type: none"> - The English language training to the IECCD staff has broadened the skill of IECCD staff in both spoken and written language of English and also increased the level of understanding of the language and encourage officials to effectively participate in the donors' meetings.
AMP Training	<ul style="list-style-type: none"> - A total of 16 AMP training were organized in the last three project years with the participation of 393 individuals representing DPs, INGOs, and government officials. 	<ul style="list-style-type: none"> - AMP training has assisted DP/INGO focal points and IECCD staffs to populate and use the AMP, regularly report aid information to the system and generate various kinds of reports. - Contributed to increase the knowledge of stakeholders about aid information and the data use.
Component 2: Strengthening the capacity of MoF for high quality and evidence-based analysis to inform policy decisions		

CORE ACTIVITIES	OUTPUTS	RESULTS
Publication of DCR and other linked publications	<ul style="list-style-type: none"> - DCR has been published annually in the last three project years with the gradual improvement in its quality in terms of adding new chapters on SDGs, gender and other analytical sections - DCR has been published in both Nepali and English language and available online and in printed form for wider dissemination of the report - Other notable publications include 'DP Profiles', and the 'IECCD SoPs', as well as the IECCD Newsletter (which was published 6 times a year through 2017 and starting in 2018 is published quarterly). 	<ul style="list-style-type: none"> - The production of DCR has supported the government to move towards more effective aid coordination and management - The DCR has become a point of reference in discourse around aid effectiveness in Nepal - There is an increased use of DCR by MoF, line ministries, development partners and INGOs, where MoF and line ministries are using it for evidence based policymaking purposes. The development partners and INGOs are using it to be familiar with each others' engagements in Nepal. - DCR and other relevant documents and publications have contributed to increase aid transparency and accountability as committed by the Government of Nepal in high level meetings.
Commissioning of Development Finance Assessment	<ul style="list-style-type: none"> - Development Finance Assessment was published in 2017 	<ul style="list-style-type: none"> - Provided a crucial analysis for both the government and development partners regarding the development financing landscape including government revenue and budget, remittances, gross ODA, FDI and debt. It has further contributed to inform and strengthen the government's approach to mobilizing and managing resources, both public and private. This report has also contributed to the MoF to design strategies for more integrated financing frameworks.

CORE ACTIVITIES	OUTPUTS	RESULTS
Publication of assessment report on Sector-Wide Approach (SWAp) aid modality in the health and education sectors	- SWAp report on aid mobility in the health and education sector published in 2017	- This is considered as one of the flagship analytical studies to understand how ODA has been mobilized in two prominent sectors of Nepal. This study has further contributed to reassess government's approaches and strategies while receiving and mobilizing aid in education and health sectors.
Study of Foreign Aid Mobilization in Federal Nepal	- A report of the study of Foreign Aid Mobilization in Federal Nepal was published in late 2017 and disseminated widely through online sources and in print (English and Nepali language versions)	- Acknowledged as a timely study looking at the topic of foreign aid mobilization in Nepal's federal set up. This study particularly explores a new framework for aid mobilization in federal Nepal and directly supports MoF to consider adequate approaches to mobilize and manage international public finance in the federal context of Nepal.
Development of AMP User Manual	- AMP user manual developed and brought into practice since the very first project year 2016	- AMP user manual was considered useful by DPs in ensuring data quality with respect to data entry and validation of project information at AMIS.
Field monitoring visits	- It is a new initiative beginning in 2018 to observe the implementation status of foreign-aid funded projects. A total of 15 visits have organized so far with the participation of 53 government officials.	- Contributed to identify and unlock the implementation bottlenecks of foreign aid funded projects.
Component 3: Institutionalizing Aid Management Information System (AMIS) with enhanced user interfaces, collection and validation process, and functionalities		
Design and Operationalization of AMIS as a national aid information database	- AMIS to replace the current AMP with gradual improvements in its features and quality, developed and serviced as a homegrown product.	- The AMIS has been customized (and awaiting operationalization) by a Nepali team of experts. AMP has about 200 INGOs reporting to it, and this participation will be transferred to the new AMIS.

CORE ACTIVITIES	OUTPUTS	RESULTS
		<ul style="list-style-type: none"> - AMP contributed to support MoF in managing, analyzing, and disseminating aid data for policymaking - The increased demand for aid information is being fulfilled through the access provided to the public to the AMP, that will apply to AMIS as well. - Transparency and accountability of aid information within Nepal has improved in recent years due to implementation and use of AMP. The effective use of AMP has contributed significantly to improve information sharing and analysis about foreign aid in Nepal with its new feature such as sub-national data classification and SDG coding. - AMIS is also expected to integrate global aid data available through the International Aid Transparency Initiative (IATI) - There is an increased government ownership to the management of AMIS, and positive outcomes are expected once AMIS is rolled out.

Sustainability

Sustainability is a long-term result that is unlikely to be fully visible even during the life cycle of the project, let alone in the immediate run. As described in the above section, at this point in time, sustainability can be assessed through assessing the symptoms of progress in the aid effectiveness culture and practices in Nepal.

The MTR team has noted some immediate impacts of the project that have the potential to contribute to the project's long-term sustainability. One key impact of the EDFC project is its catalytic role to motivate the DPs and INGOs in Nepal

to report aid disbursement information to the AMP which can be considered as a first step to increase aid transparency, as well as strengthening aid data management in Nepal. As claimed by IECCD officials, AMP has also been an important source for the government to obtain comprehensive information about donors' key areas of interventions, which has eventually contributed to government's ability to take judicious and evidence-based decisions in the course of receiving foreign aid in the priority areas of the government. AMP has also created positive competition among development partners to report aid disbursement information on a regular basis.

Another significant area of sustainability is the increased awareness/sensitization among government officials both from MoF, and line ministries on aid effectiveness, equipping them with some basic skills needed for aid management, and their ability to distinguish the roles of various development actors on aid effectiveness. Aid literacy training conducted on a regular basis among government officials has played an important role in this regard.

Another noticeable impact of the EDFC project is that it supported MoF to be continuously involved in aid related knowledge production initiatives for evidence-based policymaking. Annual publication of the DCR, publication of development partners' profile, convening the most recent study on aid mobilization in the federal context of Nepal, and the publication of a number of other policy reports, and their wider dissemination through offline and online sources indicates the seriousness of MoF in aid focused knowledge management initiatives. Annual publication of the DCR with gradual improvements in subsequent years has been appreciated by DPs, INGOs, and other stakeholders consulted during the MTR process.

Furthermore, the EDFC project has contributed to the national dialogue platforms on aid effectiveness among government actors and DPs working in Nepal. Aid effectiveness is a fairly new discourse globally with less than two decades of history. The EDFC project, with the initiation of dialogue platforms between the government and development actors has created a congruent space where relevant stakeholders have started communicating more openly and transparently on development management issues. However, such dialogues are

yet to reach among the new development actors of Nepal, such as provincial and local governments.

In relation to financial sustainability, it is clear that for a critical mass of advocates, and managers to be developed and retained, a project of this size can only set the initial stage, while its scaling up, replication and continuation of some of the critical activities need to be supported by renewed funding.

6. Gaps and Lessons Learnt

The MTR team has noted a number of areas associated with the project implementation, from which lessons can be learnt in the overall context of development effectiveness in Nepal. These are discussed below:

1. It is difficult to point to some of the most important outcomes of the project at this stage, given their intangible nature, and the time it takes for these changes to render impact. Associated with change management/capacity development, is the aspect of changing the mind sets of actors, and creating a critical mass of champions at all levels of the aid management process, at IECCD, line ministries (including in the foreign aid coordination sections), DPs, INGOs, civil society, parliament, media, among other stakeholders. All have shares in the process, and thus, development effectiveness is not to be seen as a function of the government solely. Success and failures are to be shared by all concerned. While awareness raising is important, both among GoN and DPs, there needs to be also shared vision and mutual accountability between the government and the DPs, at all levels of operations.
2. Although IECCD is taking a greater responsibility to manage and coordinate aid in Nepal, a number of stakeholders expressed that the IECCD team is overburdened with an increased aid portfolio and its role to deal with several donors and for several projects. Thus, there is a concern regarding the absorptive capacity of IECCD, requiring continuous updating of knowledge on the evolving development cooperation issues.

3. Capacity building, without a targeted approach to identify needs of IECCD and the line ministries may not bring about the desired changes in the structural and functional arrangements in the institutions. Results oriented capacity interventions, thus, must follow a clear pathway of identifying needs, absorptive capacity of the institutions, and qualitative outcomes expected from the capacity building interventions. At this stage, trainings are ad hoc, without a systematic impact assessment, or a tracer study.
4. The ownership, commitment and fidelity of the government toward development effectiveness clearly rests on a firm footing, following the principles enunciated in the Paris Declaration of 2005, and the new DCP. The operationalization of the DCP, however, needs to be supported by a well structured action plan that ensures the involvement of line ministries, DPs, INGOs, CBOs, media and other stakeholders.
5. Considering the new federal governance structure of the country, it is vital to set up a new and vibrant coordination mechanism between and across federal and provincial governments with respect to development finance/ODA. A coordination mechanism in the form of periodic face-to-face dialogue, opportunities to share the progress of the aid funded projects, and strategic visits of MoF officials to the field to observe the progress of the projects can be effective activities in this regard.
6. Locus of a development project is important. This project, by virtue of being located in the MoF/IECCD has facilitated day to day dialogue with the government between the project team and the MoF senior management team. However, the current partnership between UNDP and MoF is largely facilitated by personality factors of individuals on both sides. This may not always be the case in future. The organizational structure of the project is also somewhat ambiguous at this stage in terms of the management and supervisory functions of the national and international staff.

7. As Nepal prepares to graduate from the Least Developed Countries (LDC) status in the coming years, it is logical for the country to be increasingly involved in South-South and Triangular Cooperation (SSC and TrC). ODA will become scarce in the coming decade, as Nepal progresses to the lower middle income level, and therefore, alternative financing and development cooperation options need to be explored. The country's success in various socio-economic areas over the years can offer opportunities to partner with the traditional supporters of South-South and Triangular Cooperation (India, China, Korea for example) in undertaking specific projects and programmes where Nepal can be both a beneficiary, and a provider of technology and knowledge.
8. The EDFC project has facilitated aid literacy trainings to several individuals from MoF, line ministries, INGOs and civil society. However, other important development actors particularly, selected parliamentarians and media representatives could also potentially benefit from the aid literacy training, for effective policy dialogue and impartial reporting on development cooperation issues.

7. Conclusion

Ensuring aid effectiveness in a complex environment requires a long term, strategic, and multifaceted intervention with active, meaningful and mutual involvement of both government and the development partners. Aid effectiveness requires further attention in Nepal where both OECD and emerging non-OECD donors are in operation with bilateral agreements with the government.

The success of the EDFC project can be assessed by its contribution to do some important foundational work on issues around aid management such as successful operation of functional AMIS, which has been increasingly used by government, DPs, INGOs and researchers. Increased awareness (through different trainings and exposure visits) on aid issues among government officials involved in aid management within MoF and line ministries, increased MoF's attention towards knowledge production and policy analysis for evidence-based policymaking on aid related issues, and the establishment of formal and informal

dialogue and communication platform between government and DPs are some other noteworthy good practices of the project.

The above-mentioned initiatives have provided an important ground work to take aid effectiveness agenda further. The MTR team observes three critical areas which future aid effectiveness project should pay attention to:

First, there needs to be a clarity around the EDFC project's direct contributions to specific strategic goals/mandates of IECCD and these should be explicitly mentioned in the project document. Planning of activities for the remaining period of the project or designing a future project on aid effectiveness can be an opportunity to clarify how the project contributes to achieve strategic goals/mandates of IECCD.

Secondly, aid transactions always include two main actors: the government and the development partners. Aid effectiveness revolves around the type of relationships between the development partners and the government and how they frame their common goals and establish a culture of mutual accountability towards ensuring that the development actions delivered are effective, and address the needs of all, following the principle of the SDGs, 'leaving no one behind'.¹⁷ In this regard, joint government-donors' engagement for aid effectiveness initiatives in Nepal is vital. Both parties' equal involvement in the DCP implementation processes, effective channels of communication, and increased frequency of interactions between the government and development partners, are all important elements of aid effectiveness in Nepal.

Finally, based on the MTR findings it can be concluded that four key factors, namely, policy advisory, institutional effectiveness, resource mobilization, and leadership play fundamental roles to ensure development effectiveness and sustainability. Thus, a possible future project should pay attention towards adopting an integrated approach and striking a balance between these four factors. Under this integrated approach, EDFC, or its successor, as the timeline dictates, should initially focus on the effective implementation of the newly

¹⁷ The commitment to 'leave no one behind' has been a key feature of all the discussions on the post-2015 agenda and the Sustainable Development Goals (SDGs). The idea that 'no goal should be met unless it is met for everyone' is well established around the new goals. In theory, this means ensuring that every individual achieves the full package of rights and opportunities the SDGs express.

approved Development Cooperation Policy by bringing all key development actors on board. At the same time, future interventions should be directed towards strengthening the institutional mechanisms within MoF, line ministries, relevant parliamentary committees, and provincial governments through which they would gain skills, knowledge, and confidence for managing ODA successfully. Promotion of need-based knowledge management and capacity building initiatives is imperative in this regard.

The fact that Nepal has benefited from an uninterrupted aid flow over the decades does not guarantee similar scenario in future. Next decades will show a more complex reality, as Nepal graduates from the LDC status to a developing country, and to a lower middle income country by 2030. Donors will be forced to be more selective as they face growing pressure from their taxpayers to either reduce the volumes of aid, or to at least show more tangible development returns from all foreign aid investments. This new environment will also demand a culture of good governance where the risks of achieving development results are lower.

8. Recommendations

The following recommendations emanate from the MTR, and the preceding analysis, for consideration by IECCD, UNDP, and the funding DP, i.e, DFID.

Recommendation 1: A comprehensive institutional needs assessment with respect to IECCD for effective ODA management and mobilization should be undertaken. This could provide an understanding of specific knowledge and skills assets and gaps of officials in IECCD, knowledge management and production needs, technical needs, communication and coordination needs, and ways to improve and strengthen its mandates.

Recommendation 2: Any future phase should consider a mapping of mutual responsibilities of the GoN and the DPs alike, and a Framework of Mutual Responsibility should be prepared, and agreed upon by both parties for greater accountability and transparency in development transactions.

Recommendation 3: Capacity building training, such as negotiation training, should be scaled down. Instead, a comprehensive capacity gap and needs assessment involving IECCD and the foreign coordination sections of the line

ministries to be conducted which should inform areas of capacity building and modalities in support of a whole-of-government approach. These activities may involve DP officials also as recipients of capacity building interventions. It will bring additional advantages in terms of relationship building as a unified approach.

Recommendation 4: Capacity building initiatives should be extended to areas such as inter-agency coordination, South-South Cooperation (SSC), and various financing engagement models (blended financing, private sector financing); contract management, development project preparation and monitoring and evaluation. An extended phase of EDFC should, as a priority, consider targeted interventions in South-South Cooperation. Interest from some of the current global leaders in SSC should be harnessed and resources mobilized from these donors for funding specific SSC activities that will see Nepal, both as a beneficiary and a provider of ideas and technologies, leveraging on its comparative advantages and proven expertise. Similar funding possibilities should be explored for Triangular Cooperation (TrC) in partnership with DPs. A future phase of the project should include a component on SSC and TrC, beginning with a need and opportunity analysis. MoF may consider establishing under the new phase, a South-South Knowledge and Innovation Unit within IECCD. The Unit can, among other activities, provide seed funding and provide capacity development opportunities for young entrepreneurs who can act as partners in the SSC activities.

Recommendation 5: Capacity building trainings related to development cooperation should be integrated within the in-service training plans of the NASC/Public Service Training Department (PSTD), as a matter of routine practice. The role of MoF/IECCD in advocating and institutionalizing this will be strategic, and can bring quick results in adding this new concept into the overall curriculum of PSTD.

Recommendation 6: To enhance the understanding of aid mobilization issues among the parliamentarians, provincial and local government leaders and officials, the EDFC project can initiate aid literacy training targeting these key stakeholders. The EDFC project, or its successor phase, should focus on training,

advocacy, and opening the opportunity for dialogue between the central and sub-national/provincial actors on the importance of managing ODA funds, the accountability triggers, and the importance of ODA in the overall budgetary process of Nepal. DPs and the GoN may separately forge partnerships in developing strategies on specific issues relevant to strengthening federal government, such as fiscal decentralization, local revenue generation, and planning and budgeting related subjects as separate interventions.

Recommendation 7: In line with the above, and considering the new federal governance structure of Nepal, it is important to set up a new and vibrant coordination mechanism between and across federal and provincial governments on development finance/ODA. A coordination mechanism in the form of periodic face-to-face dialogue, opportunities to share the progress of the aid funded projects, and strategic visits of MoF officials to the field to observe the progress of the projects can be some of the activities in this regard.

Recommendation 8: Training, specifically focusing on the use of data for policymaking is also recommended for officials from the line ministries and MoF. Such training over the years can create a critical mass of human resources within government structures, which eventually can contribute to a culture of evidence-based policymaking. No matter where the officials are transferred, the portability of the knowledge to be gained from these training programmes will be useful and sustainable across the wider government machinery.

Recommendation 9: In line with the above recommendation, IECCD should gradually build its research capacity by creating a Research and Knowledge Management Unit within IECCD to house a number of quality researchers, and new generation policy analysts. These trained research professionals could assist IECCD in the data analysis and research, as well as train researchers within the government. Such capacities could, inter alia, support institutions like the National Planning Commission in the preparation of key documents, such as the Five Year Plan. The exact institutional arrangements, including short and long term financing arrangements for such a unit should be further scoped through consultations. The aspect of avoiding any duplication of functions with research

and knowledge management units in other parts of MoF/GoN, should also be considered.

Recommendation 10: The Development Cooperation Policy (DCP) should be followed up by an action plan for its operationalization. This will give an opportunity to engage the line ministries, INGOs, NGOs, media, parliamentary committees and think tanks with regard to clarifying any issues and building a shared understanding pertaining to the DCP.

Recommendation 11: IECCD/EDFC project can facilitate a change in the Nepal aid consultative mechanism, with the GoN remaining at the helm of affairs. The Government could take the leadership role as Chair of a Development Coordination Group, with co-chair from the DPs on a rotational basis. The separate sector/thematic groups can also be led by individual line ministries, where DPs mandated for technical areas (health, education etc) could co-chair these forums on a rotational basis. This will give an opportunity for the existing International Development Partners Group (IDPG) to work in greater harmony with the government established mechanism on development coordination.

Recommendation 13: A future phase should consider engagement with media on development effectiveness subjects, through occasional briefings, and perhaps organizing some training programmes and regional study tours for building capacity of local media to report on development effectiveness with accuracy. Engagement with media should be led by MoF/IECCD, with EDFC remaining as the support provider. There is also considerable scope in engaging INGOs; NGOs; private sector representatives; civil society organizations (CSOs), think tanks, and the Parliamentary Committee on Sustainable Development and Good Governance, as potential watch dogs in various forums, as a matter of routine and institutionalized practice.

The above recommendations are not in any degree of priority. All are important and may be considered as integral part of a sustained development effectiveness practice in Nepal. The GoN, UNDP and DFID may wish to prioritize these recommendations for their eventual implementation in phases.

Annexes:

Annex 1. Terms of Reference



Effective Development Financing and Coordination Project: Mid-Term Review Terms of Reference

I. Background

International economic cooperation plays an important role in Nepal's development efforts. Nepal has been a recipient of foreign aid for over six decades and the volume of aid to Nepal is significant. In Fiscal Year 2017/18, the volume of ODA disbursement was over USD 1.6 billion; of the total national budget allocation for the same fiscal year, foreign aid represented about 22% of the national budget. Over time Nepal has put in place national systems, policies, and institutional mechanisms for aligning aid to national priorities and for adapting global development cooperation principles to the national context. Milestones include the enactment of national development cooperation policies, establishment of coordination platforms, and establishment of a transparent and functioning aid management information system, the Aid Management Platform. These achievements were made possible in part due to the support provided through the Developing Capacities for Effective Aid Management and Coordination (DCEAMC) project, which was established in the Ministry of Finance (MoF) with support from UNDP, DFID and DANIDA and implemented during 2009-2014.

Following the DCEAMC project, the Effective Development Financing and Coordination (EDFC) project, was formulated to build on DCEAMC's accomplishments, while supporting MoF to strengthen its approaches to effectively plan, manage, and coordinate international development cooperation and finance. The EDFC project, with support from UNDP and DFID, is being implemented during the five-year period of 2016-2020, and has the following three expected outputs:

Output 1: Ministry of Finance has enhanced institutional capacity for leadership and coordination to plan, manage, and coordinate Official Development Assistance

Output 2: Capacity of Ministry of Finance strengthened for high quality and evidence-based analysis to inform policy decisions

Output 3: Aid Management Information System (AMIS) is institutionalized with enhanced user interfaces, collection and validation process, functionalities

During the first three years of implementation, 2016-2018, EDFC has made important progress towards meeting overall objectives. At the same time, the development cooperation and finance context in Nepal is changing and it is imperative that EDFC's approach for the remaining project period, and looking ahead to a potential next phase of the project, takes this into account and adapts its strategy accordingly. With the historic transition from a unitary to a federal system of governance well underway in Nepal, previously established approaches to aid coordination and management must be adapted

to the new system. The EDFC project is already responding to this transition by supporting the Ministry of Finance to revise the *Development Cooperation Policy 2014* and produce an *Aid Mobilization Guideline* to reflect various national systems and operational procedures.

As Nepal looks to meeting its goals of LDC graduation and achieving the SDGs and emerging as a middle-income country by 2030, the role and use of ODA will need to be considered within the overall development finance and partnership landscape and acknowledged financing gap. Responding to a more complex financing scenario may require new ways of working- such as more integrated approaches to planning and budgeting, new coordination mechanisms including with non-government actors, and strategies to mobilize additional finance from non-traditional sources and to work with both existing and new partners.

These contextual factors are expected to impact the EDFC project context and strategy, and it is opportune to commission a Mid-Term Review (MTR) of the project to document lessons learnt over the past three years and propose a relevant approach for making best use of the project's capacities and resources over the remaining project period. The MTR is also expected to provide ideas and perspectives on a possible next phase of the project, post-2020.

Against this backdrop, this Terms of Reference (ToR) outlines the objectives, approach, and expected results of the EDFC Mid-Term Review (MTR) to take place in early 2019, as well as the individual duties and responsibilities of the MTR Team Lead (International Consultant).

II. Duties and Responsibilities

Objectives of EDFC Mid-Term Review

The EDFC MTR offers the opportunity to assess progress towards the achievement of objectives, identify and document lessons learnt, make recommendations to improve the project implementation approach, and offer thoughts on next-phase programming. This includes considering if/how changes in Nepal's development context since the project was formulated should be reflected in the project strategy employed for the remainder of the project period. The main objectives of the MTR are the following:

- Identify the main achievements and results of the project's activities
- Reflect on the relevance, efficiency, effectiveness, and sustainability of project interventions
- Enhance the likelihood of achieving the project's objectives by analyzing project strengths and weaknesses and suggesting measures for improvement
- Document lessons learnt
- Make recommendations for the project's remaining implementation period
- Create the basis for replication of successful project interventions and results achieved so far
- Review the project's continued relevance in the evolving context of development finance and cooperation in Nepal, and (as appropriate) globally
- Consider the level of satisfaction of project stakeholders and beneficiaries with the project's approach and results achieved since the project's inception
- Offer ideas and perspectives on a potential next phase of the project

The MTR will create a forum for dialogue among the project's partners and stakeholders on the progress made on achieving the objectives and the overall approach to project implementation.

Scope of the MTR

The MTR will consider the relevance of the project, quality of project design, efficiency of implementation, effectiveness to date, partnership strategy, and sustainability of project

interventions. The MTR will consider the project design, including whether the assumptions and risks remain valid, noting external factors beyond the control of the project that have affected it negatively or positively to date. The MTR will consider the following factors:

The MTR should review the *project's conceptual design and relevance*, with attention to:

- Whether the project responds to priorities of the Government of Nepal, including MoF, as well as those of other relevant stakeholders
- Whether the project design (and underlying theory of change) is clear, logical, and commensurate with the time and resources available
- Whether the project is promoting ownership and meeting the needs of stakeholders

The MTR should review the *efficiency of project implementation*, with attention to:

- Whether the project is efficient in planning, organizing, and controlling the delivery of project interventions
- Whether there is efficiency in the coordination and communication processes between stakeholders and partners of the project

The MTR should review the *effectiveness of the approach* used to produce the project results:

- Whether the management structure of the project, the distribution of responsibilities, and coordination mechanisms are appropriate for the achievement of project objectives
- Whether there is a sound partnership approach to engaging with relevant stakeholders; identify opportunities for stronger substantive partnerships for the remainder of the project duration

The MTR should review the *potential sustainability* - the extent to which, based on the project's strategy, the benefits of the project will continue after it has come to an end, including:

- How the project is making a contribution to capacity development
- Whether the project has the potential to be replicated based on implementation progress so far

Given that this is a Mid-Term Review, the emphasis will be on identifying lessons learnt, with a view to adjusting the project design and implementation accordingly, as well as to inform thinking on a potential next/future phase of the project. The MTR will therefore make recommendations for the way forward, based on progress thus far.

Findings and lessons learned:

- Outline, as logically and objectively as possible, findings and conclusions
- Highlight the major problems, shortcomings, and weaknesses in a constructive manner but with reference to potential remedial actions
- Indicate the likely project outcomes and impact

Recommendations:

- Present recommendations for corrective actions; recommendations should be objective, realistic, practical, understandable and forward looking
- Recommend and prioritize those activities and initiatives that the project should support during the remainder of the project duration
- Suggest new project activities for the remaining project implementation period, as well as perspectives on a future/subsequent phase of the project

MTR Approach and Methodology

The MTR will review the first three years of EDFC, using various techniques and data sources:

- Desk review of all relevant background documentation and literature
- Consultations with stakeholders and partners - including the MoF/IECCD Chief and other IECCD officials, project board members (Ministries of Education, Health, Local Development, and the National Planning Commission), UNDP/DFID and the EDFC project team
- Questionnaires and other methods as appropriate and feasible

The MTR Team Lead is responsible for proposing the final methodology, taking into account the data sources available and most likely to yield reliable and valid information. The final decision about the specific design and methods for the MTR should emerge from inputs provided by the Ministry of Finance, UNDP, and DFID. All relevant documentation will be made available to the MTR team. Similarly, the team will be provided with contact information and introductions to key stakeholders and partners. The team will be able to conduct some consultations in person, during a 5-day mission in Kathmandu. However, much of the data collection will need to take place through telephone, email, and other methods.

III. Timeframe and Deliverables

Timeframe

- Contract begins: 10 April 2019
- Pre-mission desk review of relevant documents: early/mid April 2019
- Submission of MTR Inception Report: 17 April 2019
- Mission [five days] in Kathmandu (inception meetings; consultations and stakeholder meetings; debriefing on findings): 21-26 April 2019
- Draft MTR Report submission: 17 May 2019
- Final MTR Report submission: 7 June 2019

Deliverables

The MTR team will be accountable for the following deliverables:

Inception Report: The inception report should be prepared by the MTR team before going into the full-fledged MTR exercise. It should detail the reviewers' understanding of what is being reviewed and why, showing how each area of inquiry will be answered by way of: proposed methods; proposed sources of data; and data collection procedures. The inception report should allow MoF, UNDP/DFID and the MTR team to verify that they share the same understanding about the MTR.

Draft MTR report: MoF, UNDP and DFID will review the draft MTR report to ensure that it meets the required quality standards and covers all agreed components and contents of the MTR. Detailed comments and feedback on the draft report will be provided to the MTR team.

Final MTR report: The final report will be produced by the MTR team based on feedback received on the draft report. The final report will be shared with stakeholders and other partners.

IV. Team Composition and Implementation Arrangements

The MTR team will be composed of two independent consultants. UNDP will oversee the administrative process of recruitment and contracting. The MTR will take place during the period of April-June 2019 and is expected to take a total of 30 working days: 15 working days for Consultant 1 (Team Lead- International) and 15 working days for Consultant 2 (Team Member-National). Logistical support and travel arrangements will be handled by UNDP and the EDFC Project. The MTR team will report to the EDFC National Project Director (MoF/IECCD) and the UNDP Deputy Country Director, who will consult closely with DFID colleagues. The team will also work closely with EDFC National Project Manager, Project Team, and UNDP Country Office colleagues.

Annex 2. List of persons consulted

Name of Individual	Institution	Designation
<i>Government of Nepal (GoN)</i>		
Mr. Shreekrishna Nepal	MoF/IECCD	Joint Secretary, MoF; IECCD National Project Director
Mr. Narayan Dhakal	MoF/IECCD	Under Secretary, MoF; EDFC National Project Manager
Mr. Lal Bahadur Khatri	MoF	Former National Project Manager, EDFC Project
Mr. Madhu Marasini	Ministry of Industry, Commerce and Supplies	Joint Secretary, Former NPD of EDFC project
Mr. Baikuntha Aryal	Secretary of National Natural Resources and Fiscal Commission	Former NPD, EDFC project
Er. Chakravarti Kanth	Ministry of Urban Development	
Dr. Dhruba Raj Regmi	Ministry of Education	Under Secretary, Foreign Coordination Section
Dr. Chakra Pani Acharya	National Planning Commission	Under Secretary
<i>Parliamentary Committee</i>		
Hon. Ms. Tara Devi Bhatt	National Assembly	Chair of Parliamentary Committee for Sustainable Development and Good Governance
<i>UN/UNDP</i>		
Ms. Valerie Julliand	UN	UN Resident Coordinator
Ms. Ayshanie Medagangoda-Labe	UNDP	Resident Representative
Ms. Ashley Palmer	UNDP	Chief Technical Advisor, EDFC Project
Mr. Dharma Swarnakar	UNDP	Policy Analyst, and Focal Point for Inclusive Economic Growth
Ms. Kalpana Sarkar	UNDP	Portfolio Analyst
Mr. Bishesh Pradhan	UNDP	IT Specialist, EDFC project
<i>Development partners</i>		
Mr. Craig Irwin	DFID	Statistics Advisor
Mr. Bigyan Pradhan	World Bank	Senior Operating Officer
Mr. Anjan Pandey	ADB	Senior Programs Officer

Mr. Ovidiu Mic	Delegation of the EU to Nepal	First Counsellor, Head of Cooperation
Mr. Kilian Hocquart	Delegation of the EU to Nepal	Attache, Programme Manager, Development Cooperation Section
Ms. Amy Tohill-Stull	USAID Mission	Mission Director
Ms. Adriana Hayes	USAID Mission	Deputy Mission Director
Mr. Mark Driver	USAID Mission	Resident Legal Officer
Mr. Nathan Park	USAID Mission	Director, Program and Project Development Office
Mr. Mandip Rai	USAID Mission	Government Liaison
Mr. Ram Prasad Bhandari	Japan/JICA	Program Manager, Aid Coordination, Climate/Disaster Risk & Emergency Housing Reconstruction
Private Sector		
Mr. Gopal Prasad Tiwari	Federation of Nepal Chamber of Commerce and Industries (FNCCI)	Officiating Director General
NGO/INGOs		
Mr. B.B. Thapa	NGO Federation Nepal	Executive Director
Ms. Lucky Gurung	AIN	AIN Secretariat Office Manager
Mr. Govinda Neupane	AIN	Country Director, IM Swedish Development Partner
Ms. Shruti Dhungel	AIN	Senior Grants & Compliance Officer, WWF Nepal
Mr. Uttam Aryal	AIN	Finance Manager, IM Swedish Development Partner
Mr. Shiva Paudel	AIN	Policy Advisor

Annex 3. List of documents consulted

1. Aid Mobilization Guidelines (Draft)
2. 'Aid Mobilization in Federal Nepal' study:
https://mof.gov.np/uploads/document/file/Federal%20Study_20190204051241.pdf
3. Aid Management Platform (AMP) documents:
https://mof.gov.np/uploads/document/file/dmp_final_20151116051205.pdf
4. Development Cooperation Report (DCR) 2017/18:
https://mof.gov.np/uploads/document/file/full_dcr_1718_20190116085612.pdf
5. Development Finance Assessment:
https://mof.gov.np/uploads/document/file/2287_%20UNDP_%20the%20DFA_%20Nepal_%20Report_%20final_%20lowres%20220318reduced_20180322083406.pdf
6. Development Partners Profiles:
https://mof.gov.np/uploads/document/file/dp_profile_20190331055603.pdf
7. DFID Umbrella Program Document (Evidence for Development)
8. DFID Annual Review Reports, 2016, 2017 & 2018 (interim draft)
9. EDFC Annual Progress Reports: 2016, 2017 & 2018
10. EDFC Project document 2016
11. Final evaluation report of predecessor project, DCEAM
12. IECCD Newsletters
13. IECCD.SoPs:
https://mof.gov.np/uploads/document/file/final_1_20170315093355.pdf
14. IECCD, MoF/EDFC: Development Cooperation Report 2017-2018
15. PEB (Project Executive Board) documents : AWP, PEB minutes
16. Procedural Guidelines (draft) – check if this is available to share in draft form (in Nepali language)
17. ToRs for individual project activities (e.g. ToRs for training activities, analytical studies, project monitoring initiative, etc)
18. UN and UNDP : UNDAF/ Country Programme Document (CPD)
19. UNDP : Aid Effectiveness Scoping Study Report 2015

Other Contextual Documents:

1. An Assessment of Sector Wide Approach (SWAp) in the Health and Education Sectors of Nepal, 2018 Ministry of Finance, Government of Nepal
https://mof.gov.np/uploads/document/file/SWAP%20Study_20190426050525.pdf
2. Development Cooperation Policy (DCP) 2014
3. Development Cooperation Policy (DCP), new draft 2019
4. Evidence for Development (E4D), DFID Annual Review - Summary Sheet, October 2016
5. Evidence for Development (E4D), DFID Annual Review - Summary Sheet, October 2017

6. Finding Opportunities for Improving the Performance of the Development Cooperation System in Nepal: Scoping Mission Report, 2015 (DCEAMC project implemented by IECCD/MoF)
7. Nepal Portfolio Performance Review Report 2015
8. Proceedings Report, “Considering the Effectiveness of Foreign Aid: Global Trends, Challenges and Implications for Nepal,” presented by Pierre Jacquet- Global Development Network organized by IECCD/MoF, July 27, 2018
9. SDG Costing and Financing Strategy (NPC - 2019)
10. SDG Status and Roadmap report: <http://sdg.npc.gov.np/resource/2659/>
11. Various documents, including reports, promotional materials, strategy documents provided by various stakeholders in the team’s meetings with them.