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INDEPENDENT COUNTRY PROGRAMME EVALUATION NEPAL



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INDEPENDENT COUNTRY PROGRAMME EVALUATION: Nepal

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FOREWORD

I am pleased to present the Independent Country Programme Evaluation of the United Nations Development Programme (UNDP) for Nepal. This is the second assessment carried out by the Independent Evaluation Office (IEO) of UNDP for the country, covering the programming period of 2018-2022. The partnership between UNDP and Nepal began in 1963.

Since 2012, when IEO's first evaluation was conducted, Nepal has been in transition on several fronts. Namely, in 2015, Nepal welcomed a new constitution that, together with the subsequent elections in 2017, introduced a three-tier federal structure of government in the country. In 2016, Nepal transitioned to the medium human development category as a result of steady improvement in human development. Moving forward, Nepal aspires to graduate from its current least developed country category to a developing country by 2026 and to an upper middle-income country by 2030.

The evaluation finds that UNDP has well navigated the dynamic development context of Nepal. Its programme has been highly relevant to the national priorities and supported key areas such as federalization, Sustainable Development Goals (SDGs) localization, gender equality and social inclusion. UNDP has provided timely and appropriate support to crisis response, in the aftermath of the 2015 earthquake and during the COVID-19 pandemic.

Important results have been achieved in several areas, such as microenterprise development, rural livelihood, disaster risk management, governance, human rights and access to justice, while resource constraints and limited institutional capacity at the subnational level, in addition to the interruption caused by the pandemic, continue to affect the achievement and sustainability of results.

As UNDP prepares for its new country programme cycle, the country office should intensify subnational-level engagement and expand capacity development support at subnational level. The programme should also seek a balance between crisis response and support oriented toward mid- to long-term development impact, in line with the goals and priorities of the country. In doing so, UNDP should ensure that SDG localization, gender equality and social inclusion remain at the core of its interventions and improve its programming, monitoring and sustainability planning approach to further enhance the achievement and sustainability of development results.

I would like to thank the Government of Nepal, the national stakeholders, colleagues from UNDP country office in Nepal, as well as the Regional Bureau for Asia and the Pacific, for their support throughout the evaluation. I hope that the findings, conclusions and recommendations will strengthen the formulation of the next country programme strategy with the aim to contribute to more inclusive and sustainable development of Nepal.



Oscar A. Garcia
Director, Independent Evaluation Office

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ACRONYMS AND ABBREVIATIONS

| | |
|-----------------|--|
| A2J | Access to Justice |
| ADB | Asian Development Bank |
| AEPC | Alternative Energy Promotion Centre |
| APR | Annual progress report |
| CCA | Climate change adaptation |
| CDRMP | Comprehensive Disaster Risk Management Programme |
| CO | Country office |
| COVID-19 | Coronavirus disease 2019 |
| CPD | Country programme document |
| CSOs | Civil society organizations |
| DCRL | Developing climate-resilient livelihoods in the vulnerable watershed |
| DFAT | Department of Foreign Affairs and Trade |
| DIMS | Disaster Information Management System |
| DRM | Disaster risk management |
| DRR | Disaster risk reduction |
| ECN | Election Commission of Nepal |
| EOC | Emergency Operation Centre |
| ESP | Election Support Project |
| EU | European Union |
| FAO | Food and Agriculture Organization of the United Nations |
| FCDO | UK Foreign, Commonwealth & Development Office |
| GCF | Green Climate Fund |
| GEF | Global Environment Fund |
| GESI | Gender equality and social inclusion |
| GEWE | Gender Equality and women's empowerment |
| HDI | Human Development Index |
| ICPE | Independent Country Programme Evaluation |
| IECCD | International Economic Cooperation Coordination Division |
| IEO | Independent Evaluation Office |
| ILO | International Labour Organization |
| JP | Joint programme |

| | |
|-----------------|---|
| LDC | Least developed country |
| LGBTQI+ | Lesbian, gay, bisexual, transsexual, transgender, queer, intersex |
| LNOB | Leave no one behind |
| M&E | Monitoring and evaluation |
| MED | Microenterprise Development |
| MEDPA | Microenterprise Development for Poverty Alleviation |
| MoALD | Ministry of Agriculture and Livestock Development |
| MoF | Ministry of Finance |
| MoHA | Ministry of Home Affairs |
| MP | Member of Parliament |
| MSME | Micro, small and medium enterprises |
| NAP | National Adaptation Plan |
| NDC | National Determined Contributions |
| NDRRMA | National Disaster Risk Reduction and Management Authority |
| NHRC | National Human Rights Commission |
| NIM | National implementation modality |
| NPC | National Planning Commission |
| NRA | National Reconstruction Authority |
| OAG | Office of the Attorney-General |
| OAI | Office of Audit and Investigations |
| ODA | Official development assistance |
| PCGG | Provincial Centres for Good Governance |
| PLGSP | Provincial and Local Government Support Programme |
| PLGSP-TA | Technical assistance to the provincial and local government support |
| PSP | Parliamentary Support Programme |
| RCO | Resident Coordinator's Office |
| RERL | Renewable energy for rural livelihood |
| ROAR | Results-oriented annual report |
| RR | Resident Representative |
| SDGs | Sustainable Development Goals |
| SPSP | Strategic Plan Support Project |

| | |
|---------------|--|
| STLR | Sustainable Tourism for Livelihood Recovery |
| ToC | Theory of change |
| ToRs | Terms of Reference |
| TRAC | Target for resource assignments from the core |
| UN | United Nations |
| UNCT | United Nations Country Team |
| UNCDF | UN Capital Development Fund |
| UNDAF | United Nations Development Assistance Framework |
| UNDP | United Nations Development Programme |
| UNFPA | United Nations Population Fund |
| UNHCR | United Nations High Commissioner for Refugees |
| UNICEF | United Nations Children’s Fund |
| UNODC | United Nations Office on Drugs and Crime |
| UNV | United Nations Volunteer |
| UPR | Universal Periodic Review |
| VCDP | Value chain development of fruits and vegetables project |
| VNR | Voluntary National Review |
| WHO | World Health Organization |

Evaluation Brief: Nepal

The Independent Evaluation Office (IEO) of the United Nations Development Programme (UNDP) conducted an Independent Country Programme Evaluation (ICPE) of UNDP Nepal in 2021. The evaluation covers the programming period of 2018-2022. This is the second assessment carried out by the IEO for the country; the previous assessment was conducted in 2012. The purpose of the evaluation was to strengthen accountability to national stakeholders and the UNDP Executive Board, to promote organizational learning and to inform the development of the next UNDP country programme.

Nepal's dynamic development context in this period is characterized by transitions. A decade of political transition after the signing of the Comprehensive Peace Agreement, led to a new federal constitution in 2015 that put in place a three-tier federal structure of government at federal, provincial and local levels. Elections in all three tiers of government were successfully organized in 2017 and officials assumed office in 2018. In the area of human development, Nepal has made steady improvements and transitioned to the medium human development category in 2016. However, inequalities along ethnic, gender and community divides threaten Nepal's efforts to achieve sustainable development. Looking forward, Nepal, currently classified as a least developed country, aspires to graduate to the status of a developing country by 2026 and of an upper middle-income country by 2030.

Equally prominent in this programme period are the challenges and emerging needs for crisis response and recovery. Nepal is one of the countries most vulnerable to climate change and experiences significant risks of disasters including landslides, floods and droughts, with high cost to human life as well as high social and economic costs, as evidenced by the 2015 earthquake. Economic performance was strong in recent years until the COVID-19 pandemic severely impacted the country with substantial decreases in economic growth and intensified economic vulnerability.

UNDP Nepal country programme for the period of 2018-2022 has focused on three outcome areas: sustainable and inclusive economic growth; governance, rule of law and human rights; and resilience, disaster risk reduction and climate change. It is aligned with the United Nations Development Assistance Framework for the same period. Gender equality, social inclusion and human rights are integrated across the thematic areas. UNDP established four field offices in provincial capitals in 2019 to provide coordination and coherence at the subnational level and launched Nepal's Accelerator Lab in the same year to promote locally contextualized innovative solutions to urgent development challenges.

Programme Expenditure by Outcome 2018-2021, in millions (USD)



Note: Financial data as of 9 December 2021

Findings and conclusions

The evaluation finds that the UNDP country programme has been highly relevant for Nepal's national priorities. UNDP reinforced its position as a trusted development partner of the Government of Nepal through close alignment of its programme with government priorities and through the important role it has played in supporting federalization, promoting SDG localization and mainstreaming gender equality and social inclusion. The establishment of field offices in four provincial capitals is strategic, but their capacity remains limited to fully execute their strategic and operational functions at the subnational levels.

The inclusive economic growth portfolio has made a longstanding contribution to microenterprise development in Nepal, which was influential for the government's adoption and commitment in mainstreaming the microenterprise development model, first piloted by UNDP, in all three levels of the government. In this country programme document (CPD) cycle, UNDP has played an important role in supporting subnational governments to institutionalize microenterprise development throughout the country, with gender equality and social inclusion (GESI) and leave no one behind (LNOB) considerations. UNDP has also helped to create rural livelihood opportunities for disadvantaged and vulnerable people through value-chain development, cooperative development and access to renewable livelihoods. However, due to the challenges brought by the COVID-19 pandemic, market conditions, the small size of economy in remote areas and limited local government capacity, the expected economic benefits are unlikely to be fully achieved within the initially planned timeframe.

In the area of governance, UNDP's support to law-making and institutional capacity development of federal and subnational governments responded to the priority needs of federalization. UNDP's active engagement in the government's flagship Provincial and Local Government Support Programme (PLGSP) provides it with an optimal platform for federalization support. UNDP's role in capacity-building at the federal, provincial and local levels is well received by the stakeholders. In addition to support to federalization, UNDP's technical and financial support made important contributions to institutional strengthening of the parliament and provincial assemblies, the Office of the Attorney-General (OAG) and the national commissions for human rights and elections. UNDP also helped these institutions engage with civil society, including vulnerable and marginalized groups. While positive changes have been achieved, overall weak institutional capacity at the subnational level and resource scarcity continue to affect the effectiveness and sustainability of interventions in these areas.

Regarding the resilience portfolio, UNDP has assisted the government to institute several progressive steps in recent years to integrate disaster risk reduction in development planning and has supported the decentralization of disaster risk management. Support to climate change was strategic but limited in this programme cycle, partially due to reduced in-house technical capacity. Biodiversity and ecosystem management projects are limited and/or at an early stage.

UNDP has well navigated the dynamic context in Nepal and demonstrated adaptability in assisting the government with emerging demands from post-disaster recovery and the COVID-19 pandemic. For the latter, UNDP's efforts strengthened the health system and helped with subnational governments' crisis management. UNDP led the rapid socio-economic assessment and its contribution to the United Nations Country Team's (UNCT) COVID-19 Preparedness and Response Plan and initiatives was appraised by UN and other partners. Nevertheless, crisis response diluted UNDP's focus on long-term development impact for resilience and livelihoods.

In this programme cycle, UNDP has built positive partnerships with UN agencies and other development actors and has had some initial success in resource diversification, including through government cost-sharing and partnerships with new bilateral partners, the private sector and the international financial institutions. Nevertheless, resource mobilization remains a challenge for the country programme. Moreover, current programming approaches for monitoring and evaluation (M&E) systems design and sustainability planning are inadequate for tracking and sustaining results.

Recommendations

Recommendation 1: UNDP should intensify its engagement at the subnational level and expand its capacity development support to provincial and local governments.

Recommendation 2: UNDP's inclusive economic growth and resilience portfolios should seek a balance between interventions for the immediate response to crisis and transitioning, and systematic support that leads to mid- to long-term development impact.

Recommendation 3: UNDP should review its experience with policy, financial and institutional constraints and socio-cultural barriers in the human rights and justice domains in consultation with relevant stakeholders and explore avenues for strengthening implementation. UNDP may consider further support for criminal justice reform for the protection of women and vulnerable minorities, transparency and accountability.

Recommendation 4: UNDP should ensure that SDG localization and GESI mainstreaming continue to be at the core of its interventions.

Recommendation 5: UNDP should establish theories of change and improve M&E systems for its portfolios and projects. Sound sustainability planning is needed to maintain focus on sustaining intervention benefits.

CHAPTER 1

BACKGROUND AND INTRODUCTION



This chapter presents the purpose, objectives and scope of the evaluation as well as the methodology applied. It lays out the development context of Nepal before introducing the UNDP country programme.

1.1 Purpose, objectives and scope of the evaluation

The Independent Evaluation Office (IEO) of the United Nations Development Programme (UNDP) conducts Independent Country Programme Evaluations (ICPEs) to capture and demonstrate the evaluative evidence of UNDP's contributions to national development priorities and of the effectiveness of UNDP's strategy in facilitating and leveraging national efforts for achieving development results.

ICPEs are independent evaluations carried out within the overall provisions contained in the UNDP evaluation policy.¹ The objectives of the ICPE are to:

- Support the development of the next UNDP country programme
- Strengthen the accountability of UNDP to national stakeholders
- Strengthen the accountability of UNDP to the Executive Board

This ICPE was carried out in 2021 and covered the period from 2018 to mid-2021 – the first three and a half years of the current country programme cycle (2018-2022). This is the second country programme evaluation conducted by the IEO in Nepal, after the Assessment of Development Results in Nepal (ADR) in 2012. The ICPE covered all UNDP activities in the country and interventions by all funding sources, including UNDP's own resources and donor and government funds. In light of the global COVID-19 pandemic, the ICPE covered the extent to which UNDP has been able to adapt to the crisis and support Nepal's preparedness, response to the pandemic and ability to recover to meet the new development challenges that the pandemic has highlighted or that may have emerged.

1.2 Evaluation methodology

The evaluation based its analysis on the outcomes presented by the country programme for the period 2018-2022. It looked at each of the planned outcomes and the links to the strategic objectives of the programme. The effectiveness of the UNDP country programme was evaluated through the analysis of the progress made towards the achievement of the expected outputs and the extent to which these outputs contributed to the expected outcomes of the UNDP country programme.

To better understand UNDP's performance and the sustainability of results in the country, the ICPE examined the specific factors that have influenced, positively or negatively, the country programme. The capacity of UNDP to adapt to changing circumstances and respond to national development needs and priorities was also examined. The evaluation sought to answer four evaluation questions (Box 1).

BOX 1. Evaluation questions

1. What did the UNDP country programme intend to achieve during the period under review?
 2. To what extent has the programme achieved (or is likely to achieve) its intended objectives?
 3. To what extent has UNDP been able to adapt to the COVID-19 pandemic and support Nepal's preparedness, response and recovery process?
 4. What factors contributed to or hindered UNDP's performance and the sustainability of results?
-

¹ <http://web.undp.org/evaluation/documents/evaluation-policy.pdf>

The evaluation methodology adheres to the United Nations Evaluation Group Norms and Standards.² In line with the UNDP gender mainstreaming strategy, the evaluation examined the level of gender mainstreaming and gender equality in the formulation of the country programme and its operations, as well as the results achieved, using the Gender Results Effectiveness Scale. The analysis has been expanded to cover Gender Equality and Social Inclusion (GESI), in line with the UN's strategic approach in Nepal.³

The assessment was carried out using a combination of qualitative data collection approaches, namely an in-depth desk review, questionnaires and a large number of virtual interviews. Data collection was carried out from mid-June to August 2021. To answer the evaluation questions, the evaluation team collected and triangulated data from the following components:

An in-depth desk review was conducted through analysis of the portfolio of projects and programmes as well as a review of programme documents, documents and reports on projects/programmes carried out by UNDP and the Government of Nepal, and of other relevant documents. The evaluation team reviewed UNDP monitoring and evaluation (M&E) data, including project annual/progress reports, decentralized evaluation reports,⁴ audit reports, UNDP institutional documents (strategic plan, results-based annual reports (ROAR), annual work plan/integrated work plan (AWP/IWPs) etc.), data related to programme performance indicators (data disaggregated by sex, where available) as well as country national strategies and relevant policy documents, studies and articles. The main documents consulted are listed in Annex 4.

Two sets of questionnaires were administered by the UNDP country office. Following the development of the terms of reference (Annex 1) and the desk review, a preliminary questionnaire was sent to the country office in May 2021 in order to collect the country office's reflections on the performance and results of the programme. After the interviews were completed, a second questionnaire was sent to the country office in September to fill in data gaps and collect additional information on issues that emerged from the interviews. The questionnaires provided a valuable source of additional information on the UNDP country programme, its effectiveness and its sustainability, allowing triangulation of data collected during the remote interviews with stakeholders and from the secondary data and documentation review.

Virtual interviews were conducted with 143 key informants, including the staff of the UNDP Nepal office, representatives and officials of the various government institutions at the federal and subnational levels, officials and staff from other United Nations agencies and development partners, donors, civil society, academia, private sector and beneficiaries of the country programme, including community-level stakeholders.⁵ A complete list of interviewees is available in Annex 3. The institutions to be met were identified on the basis of the desk review (documents on the UNDP programme and the country context in general), were supplemented by suggestions from the country office and included not only the main partners of the UNDP country programme but also the main development actors in the country. These interviews were used to collect data and obtain a comprehensive view of the perceptions of development partners and actors on the performance and impacts of UNDP interventions, on the constraints to programme implementation, as well as on UNDP's positioning, strengths and weaknesses for operating in Nepal.

² See the [United Nations Evaluation Group](#) website.

³ See the [United Nations Nepal Gender Equality and Social Inclusion \(GESI\) Coordination Mechanism](#) website.

⁴ Eleven decentralized evaluations have been carried out since 2018. Ten are project evaluations and one is a midterm review of the CPD. Ten decentralized project evaluation reports were submitted for IEO quality assurance, six of which were rated 5 (satisfactory), two of which were rated 4 (moderately satisfactory) and two of which were rated 3 (moderately unsatisfactory). Four mid-term reviews have been carried out since 2016, of which three were submitted for IEO quality assurance. Two were rated 5 (satisfactory) and one was rated 4 (moderately satisfactory).

⁵ Total (144 individuals: 44 women, 100 men): Government of Nepal (51 individuals: 10 women, 41 men), Civil Society and Non-Profit Organizations / Private Sector / Academia (27 Individuals: 7 women, 20 men), Donors and Bilateral Partners (17 individuals: 7 women, 10 men), UNDP (35 individuals: 11 women, 24 men), Other UN Agencies (13 individuals: 8 women, 5 men).

All information and data collected from multiple sources was triangulated before making any evaluative judgements. The evaluation design matrix (Annex 2) guided how each of the questions was addressed based on the available evidence, facilitated the analysis and supported the evaluation team in drawing well-substantiated findings, conclusions and recommendations.

Moreover, the ICPE used the IEO's rating system, piloted in 2021, to score the country programme performance against Organisation for Economic Co-Operation-Development Assistance Committee (OECD-DAC) criteria of Relevance, Coherence, Efficiency, Effectiveness and Sustainability. A four-point rating scale is used, with 4 being the highest and 1 the lowest rating (See table 1).

The ICPE has undergone a rigorous quality assurance, first with internal peer review at the IEO and two external reviewers. Thereafter, the report was submitted to the country office and the UNDP Regional Bureau for Asia and the Pacific for comments and, finally, to the government and other partners in the country for review. A stakeholder workshop was organized at the end of this process via videoconference, which brought together the main stakeholders of the programme and offered an additional opportunity to discuss the results and recommendations contained in this report.

Evaluation limitations

Due to the travel restrictions imposed by the COVID-19 pandemic, all of the evaluation's primary data was collected remotely using Zoom or telephone. This prevented observation of project sites and direct interaction with certain vulnerable beneficiary groups in remote areas where internet connection was non-existent or unstable. Furthermore, as the delta variant outbreak in India exacerbated the COVID-19 situation in Nepal, some key stakeholders (e.g., Ministry of Health) were unavailable for the interview.

Challenges posed by remote data collection were mitigated by conducting a broader and a more in-depth desk review and synthesis of existing data, as well as by increasing the number and the quality of consultations with different stakeholders. Some interviews with national key informants were conducted in Nepali to ensure a comfortable and conducive environment for the interviewees to fully express feedback and perception. The ICPE also followed up with national partners by email to obtain more information and a number of studies and reports as additional secondary data for analysis and triangulation.

1.3 Country context

Nepal is a landlocked, mountainous country except for a thin strip of plains, the Terai, with a population of an estimated 29.1 million.⁶ It moved to the category of lower middle-income country in 2020.⁷ Nepal's national development strategy is guided by the Fourteenth and the Fifteenth Plans,⁸ which incorporate the Sustainable Development Goals.⁹

Nepal has made steady improvements in human development, transitioning to the medium human development category in 2016.¹⁰ Nepal's Human Development Index (HDI) value for 2019 is 0.602, representing a 59 percent increase from the 1990 HDI score (0.378) and positioning it at 142 out of 189 countries and

⁶ World Bank Data, [Total Population – Nepal](#), for year 2020.

⁷ World Bank. [New World Bank country classifications by income level: 2020-2021](#), 2020.

⁸ 14th Plan (2016/2017-2018/2019); 15th Plan (2019/2020 – 2023/2-24).

⁹ Fourteenth Plan: 2016/2017-2018/2019; Fifteenth Plan: 2019/2024 to 2023/2024 fiscal years.

¹⁰ Government of Nepal National Planning Commission (NPC) and UNDP, [Nepal Human Development Report \(HDR\) 2020 – Beyond Graduation: Productive Transformation and Prosperity](#), 2020, p. 17.

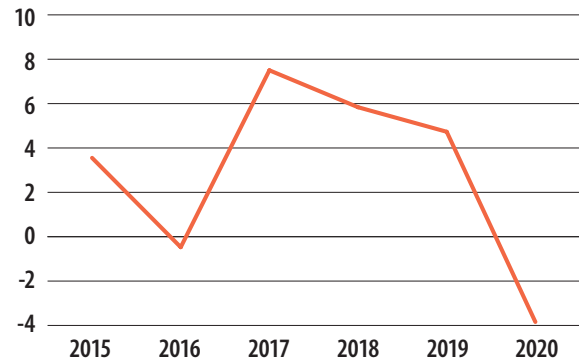
territories. However, when adjusted for inequality, Nepal's HDI falls to 0.446, a loss of 25.9 percent. There is a large disparity between the urban (0.647) and rural (0.561) HDI values, and among the hills (0.623), mountains (0.564) and Terai regions (0.563).¹¹

Inequalities along ethnic, gender and community divides threaten Nepal's efforts at sustainable development. Although the Government of Nepal passed the Bill on Caste-Based Discrimination and Untouchability in 2011,¹² discrimination persists, as evidenced in various social inclusion indices such as those for education, health, social security and access to market.¹³ Nepal's Gender Inequality Index value in 2019 was 0.452, ranking it 110th of 162 countries.¹⁴ Nepal has introduced reforms to address social exclusion and gender inequality, such as establishing a quota of women's seats and participation of marginalized groups in parliament.¹⁵ Nepal has also adopted new legislation to strengthen government functioning and 'leave no one behind' protections.¹⁶ More than 2.8 million people (about 10 percent of the population) participate in government social benefits¹⁷ and coverage was estimated at 24 percent in 2019/2020.¹⁸

Nepal experienced strong economic growth since 2017, before the COVID-19 pandemic drastically impacted the economy, resulting in an economic growth rate of -2.1 percent in 2020 (see Figure 1).¹⁹ The lowest growth rate before the COVID-19 pandemic was in 2016, when the dual lingering impacts of the 2015 earthquake and the uncertainty surrounding the implementation of the newly framed Constitution (both in 2015) dominated the economy.²⁰ GDP growth rate is forecast to rebound to 2.3 percent in 2021 and 4.1 percent in 2022.²¹

Economic growth, however, has been uneven. Informality is prevalent in Nepal's economy, leaving the majority of workers vulnerable to a lack of basic services. Access to education and social services has been skewed towards the more developed areas. Connectivity remains a major challenge, particularly for the disadvantaged population. The pandemic also reversed many SDG achievements, including reinforcing gender inequality and economic vulnerability.²²

FIGURE 1. Economic Growth Rate of Nepal (Percent, 2015-2020)



Source: World Bank Data

¹¹ Government of Nepal National Planning Commission (NPC) and UNDP, *Nepal Human Development Report (HDR) 2020 – Beyond Graduation: Productive Transformation and Prosperity*, 2020, p. 16.

¹² Nepal Law Commission. *The Caste-Based Discrimination and Untouchability (Offence and Punishment) Act, 2068 (2011)*.

¹³ Tribhuvan University. *State of Social Inclusion in Nepal: Caste Ethnicity and Gender Evidence from Nepal Social Inclusion Survey*. 2018.

¹⁴ <http://hdr.undp.org/en/countries/profiles/NPL>.

¹⁵ The National Human Rights Commission, National Women Commission, National Dalit Commission, National Inclusion Commission, Indigenous Nationalities Commission, Madhesi Commission, Tharu Commission, and Muslim Commission. *Nepal NPC, National Review of SDGs*, 2020, p. 8.

¹⁶ In 2017, Nepal passed the Local Government Operations Act, the Inter-Governmental Operations Act, the National Natural Resources and Fiscal Commission Act, the Act Relating to Rights of Persons with Disabilities and acts supporting rights to food, housing, employment, reproductive health and education. *Nepal NPC, National Review of SDGs*, 2020, p. 1.

¹⁷ UNDP, *Rapid Assessment of Socio Economic Impact of COVID-19 in Nepal*, p. 27.

¹⁸ Nepal NPC, *National Review of SDGs*, 2020, p. 24.

¹⁹ Government of Nepal. *Economic Survey, 2019/2020*. Kathmandu; the 2020 data comes from the FY2021/2022 Budget Statement in Parliament (see Ministry of Finance, 2021).

²⁰ The 2015 earthquake devastated the country, with more than 8,800 deaths and an estimated damage of US\$7 billion.

²¹ Asian Development Bank. <https://www.adb.org/countries/nepal/economy>.

²² UN Committee for Development Policy. *Comprehensive Study on the Impact of COVID-19 on the Least Developed Country Category*. April 2021.

Box 2. Economic impact of COVID-19, 2020-2021, selected variables

- National economic growth rate: -2.12% contraction
- Reduction in revenue mobilization: by 7.0%
- Capital expenditure of only 47% from the allocated amount
- Reduction in foreign trade: almost 50%
- Cost to the government in service fees and interest charges for foreign loans not being able to be used: Rs. 552 million
- Taxes lost by government for waivers given: Rs. 400 million
- Loss incurred by the national airlines company: at least Rs. 10 billion
- Loss of employment for 1.1 million people in the hotel, travel and tourism industries
- Loss to the tourism industry of Rs. 120 billion

Source: Office of the Auditor General, 2021

The COVID-19 pandemic has severely impacted Nepal, with substantial decreases in economic growth and intensified economic vulnerability. As of November 2021, there had been more than 815,000 confirmed cases and 11,460 deaths from the pandemic.²³ Nationwide lockdown was implemented in March 2020, which resulted in the cessation of nearly all economic activities and heavily impacted jobs and livelihoods. Women, young workers and those engaged in non-agricultural activities have been most severely affected.²⁴ UNDP's rapid assessment survey indicated an overall job loss of 31.5 percent – 28 percent for men and 41 percent for women – while 74 percent had not been paid since the beginning of the lockdown. The assessment concluded that the COVID-19 pandemic has disrupted supply chains, shut or threatened the survival of small and informal enterprises, and made people highly vulnerable to falling back into poverty through widespread loss of income and jobs.²⁵ The increasing number of unemployment applications and returning migrants could adversely affect progress in poverty reduction. The World Bank argues that Nepal's dependency on remittances²⁶ is an inadequate solution and that developing exports to drive job creation and firm productivity is central to a quick and resilient recovery. This, however, has been challenging.

Currently a least developed country (LDC),²⁷ Nepal aspires to graduate to developing country status by 2026²⁸ and to the status of an upper middle-income country by 2030.²⁹ Nepal currently meets the criteria for LDC graduation (e.g., human assets index and economic vulnerability index), but its low per-capita income remains below the threshold. Assessments by national entities, such as the Ministry of Finance and the Office of the Auditor General, have concluded that the COVID-19-induced pandemic and its continued negative impacts on the economy have dented hopes that the country will be able to attain these development goals. LDC graduation also implies short- to long-term adverse consequences due to the loss of trade-related concessions for LDCs and special facilities, which may negatively affect export competitiveness, production and jobs.³⁰ The Voluntary National Review (VNR) 2020 noted that, as the

²³ WHO Covid-19 Dashboard. 10 November 2021.

²⁴ World Bank. 2021. Nepal Development Update, Kathmandu.

²⁵ UNDP, *Rapid Assessment of Socio Economic Impact of COVID-19 in Nepal*, 2020.

²⁶ *Work Bank data*. For example, in 2020, US\$8.102 billion (current US\$) accounted for 24.07 percent of GDP.

²⁷ UN DESA. *Decision on graduation deferred to 2021*.

²⁸ Permanent Mission of Nepal to the UN, Press Release 'UNGA adopts resolution on Nepal's graduation from LDC category', 2021.

²⁹ Nepal NPC, the Fifteenth Plan (Fiscal Year 2019/2020 – 2023/2024), 2020.

³⁰ NPC and UNDP, Nepal Human Development Report 2020, p. 11.

COVID-19 pandemic is going to immensely affect the capacity, resource mobilization and partnerships for the Sustainable Development Goals (SDGs), special and comprehensive global cooperation programmes should be established to support vulnerable countries like Nepal.³¹

Nepal emerged from a decade-long armed conflict with the signing of the Comprehensive Peace Agreement in 2006, followed by a decade of political transition leading to a new federal constitution in 2015.³² The 2015 Constitution put in place a federal structure of government with a central (federal) government, seven provincial and 753 local governments.³³ The administrative division of ‘district’ is retained under province and its number increased from 75 (before the Constitution) to 77. The districts are tasked with coordinating the work of urban and rural municipalities. Elections in all three tiers of government (federal, provincial and local) were successfully held in 2017 and elected representatives assumed office in 2018. Despite the hope that a sustained period of political stability would emerge and enable the country to concentrate on development work, the events in 2020-2021 demonstrated that political instability still prevails in Nepal.³⁴ With impending elections in 2022, the political landscape remains fluid. Figure 2 below outlines key events before, during and beyond the CPD period.

Literature review and stakeholder interviews conducted by this evaluation flag specific issues related to politics, legislation, administration, planning, financing, anti-corruption, accountability and human rights, including: a prevalent unitary mind-set (reluctance to devolve power and tendency to maintain the *status quo*); lack of clarity about the division of functions across the three tiers of government; dearth of expertise for legislative drafting at the provincial and local levels; scarce resources for legislative review by parliaments; formulation of development priorities and strategies constrained by paucity of benchmark statistics at the provincial and local levels; lack of (institutionalized) bottom-up planning and grassroots involvement; absence of clear guidelines for project selection, prioritization and multi-year budgeting; low provincial budget utilization and budget allocations specific to political constituencies; reports of widespread corruption at the subnational level; and lack of resources for the day-to-day functioning of the judicial committees.³⁵

FIGURE 2. Timeline of significant events before, during and beyond the CPD period



³¹ National Planning Commission, 2020. *National Review of Sustainable Development Goals*.

³² Nepal NPC, *National Review of SDGs*, 2020, p. 1.

³³ The seven provinces are: Province 1, Province 2, Bagmati Province, Gandaki Province, Lumbini Province, Karnali Province, and Sudurpashchim Province. The first two provinces (in the east and southeast of the country) have not yet been able to agree on a name for themselves.

³⁴ At the request of the prime minister, the president dissolved the parliament in December 2020 and again in May 2021 and called for early elections. The Supreme Court overturned the decision, reinstating the parliament. A new prime minister - Sher Bahadur Deuba - was appointed and assumed office in July 2021.

³⁵ Adhikari, *The State of Constitution Implementation and Federalism in Nepal*; Bhurtel, *Fiscal federalism*; Devkota, Shrestha and Ghimire, *Planning and Budgeting*; ICPE stakeholder interviews.

Nepal is one of the countries most vulnerable to climate change and experiences significant risks of disasters. In recent years, the country has contended with an increasing number of natural disasters including landslides, floods and droughts, with high cost to human life as well as high social and economic costs.³⁶ Nepal's current governance process to manage and mitigate disasters is guided by its Constitution (2015), the Disaster Risk Reduction and Management Act (2017) and Local Government Operation Act (2017). Based on these legal provisions, local governments – as elaborated in the Local Government Operation Act – are responsible for managing disasters and climate change adaptation-related activities at the local level, and large disaster risk reduction (DRR) initiatives remain within the scope of the provincial or federal government's responsibility.

Nepal has rich biodiversity, many unique Himalayan ecosystems, and natural resources.³⁷ It makes only nominal contributions to global greenhouse gas emissions (0.027 percent), but the number of Himalayan glacial lakes has increased and glaciers recede on average 38 square kilometres each year.³⁸ The 2020 study carried out by UNDP and the International Centre for Integrated Mountain Development (ICIMOD) identified 47 glacial lakes at risk of breaching, which would result in glacial lake outburst floods.³⁹ Water-induced hazards, such as flooding, landslides, erosion and sedimentation in river valleys, are likely to result in loss of lives and livestock and in damages to infrastructures and transportation routes, and largely impact the economy and the downstream populations. Those living in poverty, in remote areas, and operating subsistence agriculture, are at an increased risk from climate change. Additional environmental challenges include air pollution, waste management, deforestation and inadequate water resources and access to energy, among others.

1.4 UNDP programme under review

UNDP has been working in Nepal since 1963, when it opened a country office in Kathmandu. A Standard Basic Framework Agreement⁴⁰ was signed with the Government of Nepal in 1984 to govern UNDP support. Under the first Country Cooperation Framework for Nepal (1997-2001),⁴¹ UNDP assisted the government in developing and implementing pro-poor policies and incorporated social mobilization and decentralization in fighting poverty. The second Country Cooperation Framework (2002-2006, extended to 2007)⁴² continued to contribute to poverty reduction goals of the government and the Millennium Development Goals.

The 2006 Comprehensive Peace Accord marked the end of a decade of conflict in Nepal. Against this backdrop, the UNDP country programme for 2008-2010 (extended to 2012), built on the United Nations Development Assistance Framework (UNDAF) of the same period, supported the implementation of the Comprehensive Peace Agreement, and the organization of free and fair elections. This included collaboration with the UN Mission in Nepal (UNMIN), which was present in the country from 2007 until 2011. Overall, the IEO's Assessment of Development Results for 2002 to 2011 found that UNDP Nepal made a strong contribution to development results across a diverse portfolio.⁴³ UNDP contributed to further democratic governance, poverty reduction, crisis prevention and recovery, energy and environment issues, and HIV/AIDS response.

³⁶ Nepal NPC, 2020, National Review of SDGs.

³⁷ The World Bank and Asian Development Bank, *Climate Risk Country Profile*, 2021.

³⁸ Nepal NPC, 2020, National Review of SDGs.

³⁹ ICIMOD and UNDP, *Inventory of glacial lakes and identification of potentially dangerous glacial lakes in the Koshi, Gandaki, and Karnali river basins of Nepal, the Tibet Autonomous Region of China, and India*, 2020.

⁴⁰ *Standard Basic Framework Agreement (SBFA)*.

⁴¹ *First country cooperation framework for Nepal (1997-2001)*.

⁴² *Second country cooperation framework for Nepal (2002-2006), extended to 2007*.

⁴³ UNDP IEO, *Assessment of Development Results (ADR) Nepal*, 2012.

The 2013-2017 country programme focused on poverty reduction and inclusive growth; reducing discrimination; enhancing rule of law, justice and human rights; inclusive governance; and, disaster risk management and climate change. The country office reported reaching over 18 million people across the country through work on economic empowerment, climate change adaptation, social cohesion and participation.⁴⁴ UNDP delivered programmes for micro, small and medium enterprises (MSMEs) and legal aid services, which have been integrated into government policy. UNDP also played a significant role in post-disaster recovery after the 2015 earthquake, including post-disaster needs assessment, early recovery cluster coordination, and resource mobilization. Under the provisions of the 2015 Constitution, the development of which UNDP supported since 2008,⁴⁵ it has also been extending help in the previous and current country programme cycles to the federalization process.

The current UNDP 2018-2022 country programme cycle focused on sustainable and inclusive economic growth; governance, rule of law and human rights; and resilience, disaster risk reduction, and climate change. The preparation of the Country Programme Document (CPD) was guided by the UNDAF for the same period and lessons from previous cooperation. Gender equality, social inclusion and human rights are integrated across the thematic areas. UNDP's programmatic investments are prioritized for regions with the lowest levels of human development. In 2019, UNDP established four field offices in provincial capitals to provide coordination and coherence at the subnational level, in addition to the Kathmandu country office.⁴⁶ It launched Nepal's Accelerator Lab in August 2019, which serves as an innovation incubator for locally contextualized solutions to urgent development challenges.

During the evaluation period, UNDP implemented 49 projects: 20 for Sustainable and Inclusive Economic Growth (Outcome 1); 12 for Governance, Rule of Law and Human Rights (Outcome 2); and 17 for Resilience, DRR and Climate Change (Outcome 3).⁴⁷ Twenty-seven projects (55 percent expenditure) are executed directly by UNDP (Direct Implementation - DIM - modality) and 16 projects (45 percent expenditure) are executed by national partners (National Implementation - NIM - modality). The distribution among the three portfolios is roughly even. The Resilience, DRR and Climate Change portfolio and the Sustainable and Inclusive Economic Growth portfolio mobilized the largest shares of financial resources of the programme, at \$25.8 million, representing 35 percent of the total expenditure, and at \$25.8 million, representing 36 percent of the total expenditure, respectively. The Governance, Rule of Law and Human Rights portfolio represents 29 percent of expenditure (\$20.8 million) (see Figures 3 and 4).

⁴⁴ CPD 2018-2022, citing CPAP 2013-2017 results report.

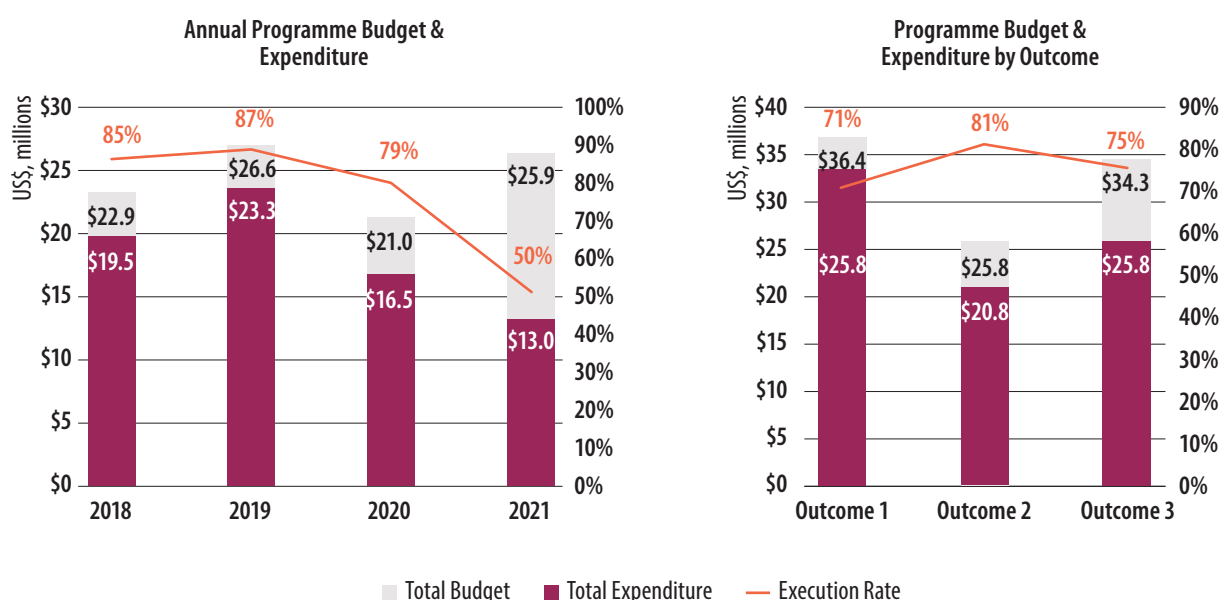
⁴⁵ [UNDP support to Nepal's 2015 Constitution, 2016](#).

⁴⁶ UNDP OAI, Audit Report No. 2209, 7 May 2020: UNDP Nepal; field offices that existed before 2019 were closed; they had limited mandates and largely focused on monitoring UNDP activities around their locations.

⁴⁷ Forty-three projects refer to distinct count of projects, including seven cross-portfolio projects that are counted under each portfolio.

The country office expenditure from 2018 to date⁴⁸ is 68 percent other resources (US\$49.5 million) and 32 percent core resources (US\$22.8 million). UNDP's programme in Nepal has been funded primarily by bilateral/multilateral funds, representing 57 percent of the total expenditure (US\$41.3 million), followed by regular resources (32 percent, US\$22.8 million), government cost-sharing (10 percent, US\$7.2 million) and, last, by vertical trust funds (1 percent, US\$1.1 million). Major bilateral donors include India (US\$8.1 million, representing 10.7 percent of the total expenditure), the UK Foreign, Commonwealth & Development Office (US\$7.2 million, 9.5 percent), Norway (US\$7.1 million, 9.3 percent), the European Commission (US\$4.9 million, 6.4 percent), the Korea International Cooperation Agency (US\$3.6 million, 4.7 percent) and Australia (US\$3.2 million, 4.2 percent), among others. Of the vertical trust fund, the Global Environment Fund (GEF) comprises US\$0.5 million and the Green Climate Fund (GCF) comprises US\$0.5 million.

FIGURES 3 AND 4. Evolution of country programme budget and expenditure by year and outcome area (2018-2021), in US\$ (millions)



Note: Data for 2021 are up to December. In addition to the expenditure of US\$13 million, an additional US\$1.5 million has been committed to be spent in the year.

Source: UNDP Atlas Project Data (Power BI, 9 December 2021; data for 2021 was up to early December)

At the time of this evaluation, the country office had 49 staff, 79 service contracts, 53 United Nations Volunteers (UNVs) and 10 other staff.⁴⁹ Women represent 38 percent of the staff and are present at all position levels. The country office undertook an optimization exercise in 2018 to align its human resources with the vision and programmatic commitment of the country programme as well as to maintain its financial sustainability. The office reconsolidated management of portfolios to the portfolio manager and advisor and created new field offices in four provinces that focus on coordination and local partner engagement. The portfolio managers, programme advisors and field office heads report to the Deputy Resident Representative.⁵⁰

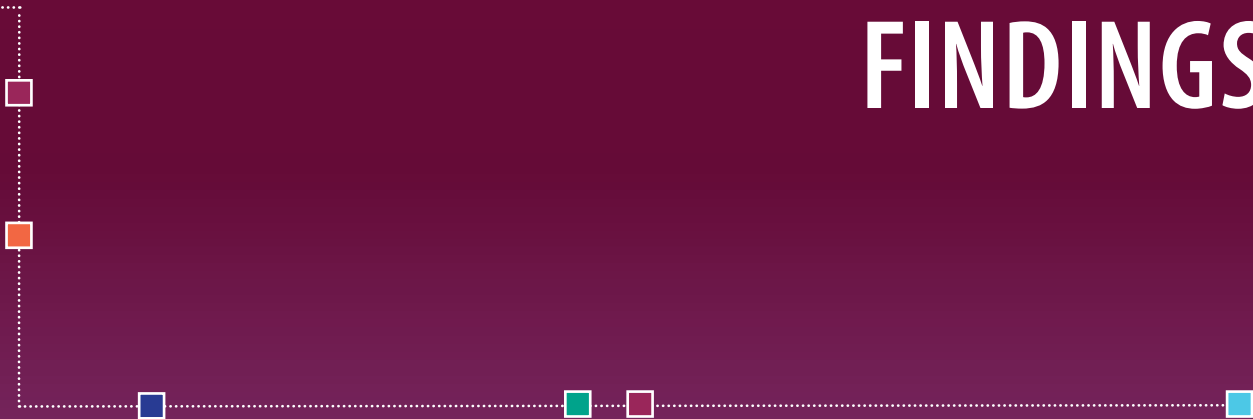
⁴⁸ 9 December 2021.

⁴⁹ HR data is from 9 December 2021. Source: UNDP Executive Snapshot.

⁵⁰ Programme advisors and field office heads used to report to the Resident Representatives. This has been changed following the Audit recommendations and the subsequent CPD midterm review recommendation.

CHAPTER 2

FINDINGS



This chapter presents the results of the outcome analysis and an assessment of cross-cutting issues. The main factors that influenced UNDP's performance and contributions to results are also described in this section. The assessment was based on an analysis of the correlation between project results, as well as their contribution to the expected outputs under each outcome and consequently to the overall outcome objectives.

2.1 Sustainable and inclusive economic growth

CPD Outcome: By 2022, impoverished, especially economically vulnerable people have increased access to sustainable livelihoods, safe and decent employment, and income opportunities.

RELATED OUTPUTS

Output 1.1: Policy institutional and capacity development solutions lead to improved disaster and climate resilient livelihoods, productive employment and increased productivity in rural areas.

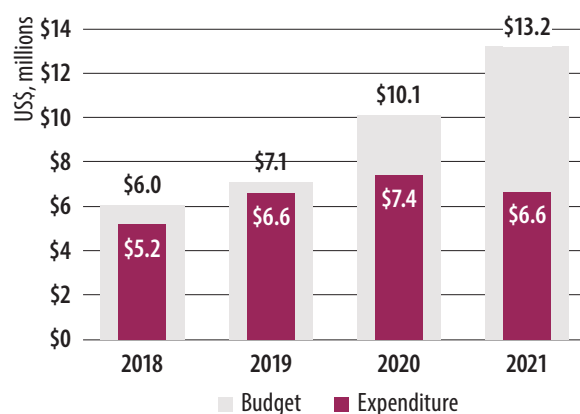
Output 1.2: Municipalities adopt disaster- and climate-resilient urban policies that promote access to safe and decent employment and income opportunities for vulnerable groups.

Output 1.3: Improved national capacities in planning monitoring financing and reporting on 2030 agenda.

Inclusive economic growth has been a key pillar of Nepal's 14th and 15th Plans. There has been a strong emphasis on localizing SDGs at all three levels of the government. The focus of UNDP's work in inclusive economic growth during the current CPD (2018-2022) has been on creating enabling an environment for employment and livelihood opportunities by supporting capacity development initiatives at the federal and subnational (provincial and local) levels. These initiatives have covered policy support, institutional development and leveraging development financing in feasible areas. UNDP has also responded to the challenges posed by earthquakes, floods and the COVID-19 pandemic to jobs and livelihoods, particularly for women, ethnic minorities and other vulnerable groups. Leaving no one behind (LNOB) has been a prime motivation to promote inclusive economic growth consistent with the SDGs.

UNDP has actively engaged with the National Planning Commission and ministries of agriculture and livestock development; culture, tourism and civil aviation; education, science, and technology; energy, water resources and

FIGURE 5. Evolution of budget & expenditure in outcome of sustainable and inclusive economic growth (in USD millions)



Note: Data for 2021 are up to December. In addition to the expenditure reported above, an additional US\$600,000 has been committed to be spent in the year.

Source: UNDP Atlas Project data, Power Bi, 9 December 2021

irrigation; federal affairs and general administration; finance; health and population; and land management, cooperatives and poverty alleviation. It has also provided support to strengthening subnational governments' planning and budgeting capacity.

During this programme cycle, 20 projects were implemented under this outcome, with a budget of US\$ 36.4 million and expenditure of US\$25.8 million and with a 71 percent execution rate (Figure 5).⁵¹ This portfolio was mainly nationally implemented with UNDP support, representing 72 percent of the expenditure (10 projects). The remaining 10 projects were directly implemented by UNDP (28 percent expenditure). UNDP regular resources have been the main source of funding for this outcome with US\$11.1 million, followed by bilateral funding from the Korean International Cooperation Agency (US\$2.9 million), Australia (US\$2.4 million) and the UK Foreign, Commonwealth & Development Office (FCDO) (US\$1.6 million). Most of the expenditure (85 percent) was on projects with gender equality as a significant objective (GEN2).

Finding 1. UNDP's longstanding contribution to microenterprise development in Nepal was influential in the government's adoption and commitment in mainstreaming the microenterprise development model, first piloted by UNDP, in all three levels of the government. In this CPD cycle, UNDP has played an important role in supporting subnational governments to institutionalize microenterprise development throughout the country, with GESI and LNOB considerations. While some capacity has been built in the local governments, continued support will be required for the government to fully implement the model and to utilize available funds for the microenterprise development programme effectively.

UNDP's inclusive economic growth portfolio in Nepal has demonstrated a comparative advantage in promoting micro-enterprises as a result of nearly two decades of support, particularly to benefit women, vulnerable and marginalized populations. The microenterprise development (MED) model was first piloted by UNDP in 10 districts in 1998. It emphasizes improved backward and forward linkages⁵² and value-chain development, particularly in the agricultural sector, as a highly inclusive economic development instrument to help disadvantaged and marginalized communities. The Microenterprise Development (MED) model has been adopted and scaled up by the government to be mainstreamed in the development plans and programmes at all three levels of the government (including all seven provinces and 753 local governments) through the nationally owned and financed Microenterprise Development for Poverty Alleviation (MEDPA) Programme, which started in 2018. This marks a significant departure from traditional interventions for MSMEs in silos.

UNDP appropriately responded to the needs of the government in this transition and continued to provide policy, project management, and financial and oversight support in liaison with the Department of Foreign Affairs and Trade (DFAT) Australia to the government for the institutionalization and implementation of the MED model at the three levels of government through the Microenterprise Development for Poverty Alleviation (MEDPA) Technical Assistance (MEDPA-TA) project.⁵³

The MEDPA-TA project has played an important role in providing inputs in the policy-level discussions and deliberations for the inclusion of MED/MEDPA-related provisions in the 15th Five-Year Periodic Plan of the Government of Nepal, the Industrial Enterprise Act and related by-laws, the Local Governance Operation Act, 2074, and the Industrial Enterprise Regulation, 2076, as well as in the approved provincial Industrial Enterprise Act of Gandaki and Lumbini Provinces.

⁵¹ Atlas Power BI data from 9 December 2021.

⁵² Backward linkages refer to activities leading up to production and forward linkages involve activities relevant to post-harvest including transport, post-harvest technologies, storage and marketing.

⁵³ NIM implemented by Ministry of Industry, Commerce and Supplies (MoICS), with financial support of UNDP and DFAT, April 2018-March 2021.

The MEDPA-TA project's upstream efforts were also influential in the significant allocation of government budget for the MEDPA programme. The federal government allocated a significant amount, NRs 2.24 billion (approximately US\$19 million), for MEDPA for the fiscal year 2020/2021. Local governments have also started allocating a sizable portion of their annual budget (US\$7.36 million in 2019 and US\$10.47 million in fiscal year 2020/2021) and staffing (economic development facilitators) to promote local economic development activities, including support for microenterprises.

MEDPA-TA enhanced the capacity of subnational governments to implement the MEDPA programme.⁵⁴ The project revised the MEDPA operational guidelines, which have been regularly reviewed, and supported streamlining the MEDPA fund flow that is transferred from the federal government to local governments. At the provincial level, the MEDPA-TA provided one microenterprise development specialist stationed at each provincial government to provide guidance and advisory services to the provincial authorities and support maintaining a gender-disaggregated gender equality and social inclusion (GESI) information management system (GESI-MIS) – which contains detailed information of all microenterprises that received support from the government's MEDPA programme – at provincial and local levels for information collection and dissemination to ease effective monitoring of the GESI targets.⁵⁵ All provincial and most local governments have prepared microenterprise development plans. Orientation and joint monitoring increased the capacity of government officials at the provincial Ministry of Industry, Tourism, Forest and Environment, particularly in MEDPA planning, monitoring, implementation and business service procurement. The project team has also provided required assistance to the provincial governments to implement MEDPA at the local level through District Cottage and Small Industries Development Board/Offices. The representatives at the provincial governments who were interviewed were pleased with the quality of support received from the specialists.

With the MEDPA-TA support, the MEDPA programme has generated a total of 22,000 jobs, of which 83 percent were for women, 42 percent for indigenous groups and 23 percent for *Dalits*. Youth constituted 87.3 percent of the total employment generated.⁵⁶ The success rates of MSMEs range from 60 percent to 75 percent, depending on the products/services and access to technology, finance and market, which, according to expert opinion, is considered reasonably good in Nepal's context.⁵⁷ While analytical reports are not readily available, based on the feedback from the MEDPA-TA Provincial Microenterprise Specialists and provincial government officials, it is estimated that the incomes of MSMEs have increased several folds as a result of the support they have received from MEDPA; an average MSME has been able to create two to five additional jobs. However, stakeholders raised concerns over the evolving impact of the COVID-19 pandemic, which is likely to be one of the determinants of the survival of the MSMEs, particularly those heavily dependent on tourism.⁵⁸

Stakeholders raised concerns over the uncertainty surrounding the sustainability of the capacity development initiatives introduced with UNDP support for the provincial and local governments. Stakeholder feedback identified several challenges that undermine the effectiveness of the MED model going forward. For example, the flow of field data feeding into the GESI-MIS system is getting disrupted

⁵⁴ The TA team focussed on strengthening capacity at the provincial level in the first two years and has targeted strengthening local governments' capacity since 2020/2021.

⁵⁵ I.e., 70 percent women, 40 percent Indigenous Nationalities, 30 percent *Dalits*, 60 percent unemployed youth.

⁵⁶ According to the project final evaluation, March 2021.

⁵⁷ According to feedback from the provincial microenterprise development specialists, the success rate of MSMEs has varied from 76 percent in the Terai to about 70 percent in the hills and somewhat lower in the mountains.

⁵⁸ Recognizing this challenge, UNDP in partnership with the Nepal Tourism Board launched the Sustainable Tourism for Livelihood Recovery project in 2021 to provide short-term employment to tourism workers.

either because of delayed response or due to incomplete information. Digital penetration is low, particularly in far-flung remote areas, and patchy in other locations due to communication disruptions. Gaps exist in the information flow and coordination mechanisms between provincial and local governments.⁵⁹

Moreover, local governments have very limited technical capacity to plan and implement MED-associated activities effectively and efficiently. Capacity gaps of provincial and local government have limited the potential to make full use of the instruments.⁶⁰ Stakeholders interviewed stated that, without continued support for capacity-strengthening at the subnational level, the available budget for microenterprise development support will remain underutilized.

Finding 2. UNDP has helped to create rural livelihood opportunities for disadvantaged and vulnerable people. The COVID-19 pandemic, market conditions and limited local government capacity, however, have affected programme effectiveness. Overall, while beneficiary outreach targets are likely to be delivered, the expected economic benefits are unlikely to be fully achieved within the current timeframe.

UNDP's support for Cooperative Market Development Programme (CMDP)⁶¹ and Value Chain Development of Fruits and Vegetables Project (VCDP)⁶² emphasizes local-level institutionalization of post-harvest storage and marketing through cooperatives to support fair produce prices and thus generate sustainable livelihoods for the farming community and employment to actors in the value chains. For the two projects, UNDP provided financial contribution, oversight, coordination with donors, capacity development and project management support.

As of December 2020, CMDP is collaborating with 18 local governments in six project districts along the main road corridors serving Kathmandu Valley and is working with 70 primary agricultural or production cooperatives serving about 16,900 farmers.⁶³ The project supported construction of 48 primary collection centres, a municipal cooperative market in Ratnanagar and a regional cooperative market in Bharatpur, through cost-sharing with the cooperatives,⁶⁴ installed eight cooling chambers and procured and provided 25 vehicles to the cooperatives for timely transportation from farm gate to the collection centres. A total of 19,331 farmers (51 percent female) benefited from marketing facilities support. The farmers were able to sell about 8.6 tonnes of fruits and vegetables worth NRs 193.6 million.⁶⁵ The project also organized a policy dialogue to discuss the opportunities and challenges of cooperative market systems in the fruit and vegetable sector, prepared an SDG guideline for the cooperatives and commissioned a study on risk analysis of Kathmandu's fruit and vegetable marketing system and feasibility study on cooperative market development in Gandaki Province. Cooperative members who were interviewed expressed strong ownership of cooperative markets.

⁵⁹ Local government agency reports to the federal project management unit or ministry, without having to necessarily inform the provincial government.

⁶⁰ E.g., appropriate laws, acts and guidelines. UNDP. 2021. Technical Assistance for Micro-Enterprise Development Programme for Poverty Alleviation at the Sub-National Level (MEDPA-TA) Final Evaluation Report.

⁶¹ UNDP is supporting the Ministry of Land Management, Cooperatives and Poverty Alleviation (MOLCPA) for the implementation of a five-year Cooperative Market Development Programme (CMDP) in six districts of Bagmati Province, Kavre, Lalitpur, Makwanpur, Chitwan, Dhading and Nuwakot; project duration is 2018-2022, under NIM modality.

⁶² UNDP is supporting the Ministry of Agriculture and Livestock Development (MoALD) in implementing the Value Chain Development of Fruits and Vegetables Project (VCDP), with the support of the Korean International Cooperation Agency, in 12 districts along the Kathmandu-Pokhara and Arniko Highway and BP Highway corridors spread over Bagmati and Gandaki Provinces. Dhading, Kavre, Makawanpur, Chitwan, Dolakha, Ramechhap, Sindhuli, Nawalparasi, Tanahun, Gorkha, Kaski and Syanja; project duration 2018-2022, using NIM modality.

⁶³ UNDP, 2020. Annual Report 2020, Kathmandu.

⁶⁴ The cooperatives have contributed 30 percent to 50 percent of the costs as well as the land for the market infrastructure construction.

⁶⁵ The reported data are based on ROAR 2018, 2019 and 2020.

VCDP has been successful in reaching out to 7,109 farmers from disadvantaged groups (4,405 females; 496 *Dalits*; 3,136 *Janajatis*) and worked with 41 cooperatives and market centres in 11 districts.⁶⁶ The onset of the COVID-19 pandemic required the VCDP project to accommodate the adverse impact on vulnerable groups, including poor farmers who were not the approved members of cooperatives but had lived and worked in the local communities, by providing them with short-term employment.⁶⁷ According to the executive members of the cooperatives, the initiatives have supported local farmers to temporarily increase their incomes and enabled access to fresh produce for the consumers during the pandemic. The project also provided technical support in preparing business plans and crop selection and facilitated market access opportunities for return migrants affected by the pandemic.⁶⁸

The actual economic benefits from production and productivity increases have not been realized by the farmers because of prevailing low product prices for farm produce and the dominant role of middlemen in fruit and vegetable production. With the expansion of secondary and tertiary roads in the districts, the middlemen were able to reach the farm gate and purchase products directly from the farmers, which makes the VCDP's initial plan of a large number of produce collection centres redundant. Moreover, according to the national experts, Nepal has higher unit cost of production for traditional fruits and vegetables compared to neighbouring countries. Given the porous border, importation is difficult to regulate. As a result, Nepali produce is not competitive in the consumer market. The projects did not conduct adequate assessment of the viability of markets and comparative advantage in local production of traditional crops in this context. Farmer representatives who were interviewed were concerned with addressing prevailing production and marketing challenges.

According to the interviews with farmers and the national experts, gains in post-harvest losses have also been limited – in the range of 5 percent to 7 percent against a potential of 25 percent to 35 percent, depending on the produce – as technologies have not yet rolled out to the farmers to the full extent.

The capacity development support to the cooperatives included facilitating the memorandum of agreement (MOA) for setting up cooperative markets with local governments, preparing cooperatives' business plans and supporting institutional coordination among the Ministry of Land Management, Cooperatives and Poverty Alleviation, MoALD and the Department of Cooperatives. A total of 58 cooperatives received basic training on cooperative management and 69 cooperatives also received business plan training, of which 18 cooperatives had already drafted their business plans.⁶⁹ Cooperative beneficiaries found the capacity-building support useful for consolidating cooperative members' interest and working towards a collective goal of better returns through cooperative marketing.

In terms of capacity development of local governments, the VCDP project has facilitated 37 local governments in drafting local agriculture programme operation, management guidelines/procedures and standard norms and guidelines for training. The technical training overseas for project staff and staff of the Nepal Agricultural Research Council, however, could not be implemented due to COVID-19 restrictions. CMDP has supported National Cooperative Federations in organizing provincial workshops for the local governments, highlighting how cooperatives could be mobilized at the local level in creating jobs,

⁶⁶ Between July 2018 to June 2021; Half-Yearly Report January – June 2021, Value Chain Development of Fruits and Vegetables Project, Kathmandu, Nepal.

⁶⁷ On a pilot basis, based on feedback from the UNDP, CMDP specialists and cooperatives' representatives, these initiatives have created over 2,000 short-term jobs for vulnerable people, plantation of 6,000 fruit saplings in the quarantine centre compounds, and benefited over 1,000 farmers associated with marketing cooperatives.

⁶⁸ A total of 69 migrant returnees (10 females; 6 *Dalits*; 24 *Janajatis*) have benefited from agricultural entrepreneurship support. Nineteen migrant returnees and five agriculture technicians of Dhunibesi and Thakra municipality (four women and 20 men) have been trained on 'agricultural business promotion and business plan preparation training' and prepared business plans.

⁶⁹ Based on ROAR for 2018 and 2019.

expanding growth and contributing to SDGs at subnational levels.⁷⁰ Local government representatives who were interviewed stated that the technical capacity in the local governments is still very weak for continuing the support at the current project sites and in other areas.

The farmers and cooperative members are concerned with the intervention benefits and sustainability. For CMDP, the infrastructure construction work was impaired by the COVID-19 pandemic, though it has been picking up pace recently. The time loss means that, by the current project closing date, most of the markets would barely complete construction and might not become operational. For VCDP, the planned activities had to be scaled down as a result of the repurposing of project budget for additional work in response to the COVID-19 pandemic. According to the project management team, the quality and service delivery in the desired form, such as bringing tested technology to the farmers, may not be achievable unless the project obtains a time extension. Overall, while there are promising signs that projects such as CMDP and VCDP can benefit fruit and vegetable farming communities in selected geographical areas, outcome achievement is likely to remain incomplete without continued support, especially support focusing on value addition through, for example, product diversification, transaction cost reduction, production and marketing of off-season fruits and vegetables, post-harvest loss reduction, and storage and inventory management.

Finding 3. UNDP has helped to create access to clean and renewable energy for disadvantaged and vulnerable people in rural areas, but the intervention has not been able to generate the expected livelihood opportunities for the local communities due to the small size of the economy.

UNDP is supporting the Alternative Energy Promotion Centre (AEPC) of the Ministry of Energy, Water Resources, and Irrigation in implementing the Renewable Energy for Rural Livelihood (RERL) project,⁷¹ which promotes clean renewable energy technologies and access to electricity to rural households in the remote districts of difficult terrain that are inhabited by some of the most vulnerable groups in Nepal.⁷² Given the country context, the support was relevant and effective to guide decentralized/small-scale energy access. UNDP provided finance contribution, donor coordination and advisory/technical services through project-funded experts at AEPC. The final evaluation of RERL Phase I (2014-2019) concluded that the project had been instrumental in exploring new pathways, including: achieving better economies of scale by developing larger systems (mini-hydro, solar mini-grids, solar irrigation); augmenting revenues of renewable energy systems by stimulation local demand and advocating grid connection; ensuring better governance of existing micro-hydro facilities; securing relevant policies, regulations and standards in place; and actively involving the banking sector and financial institutions.⁷³

In Phase II, with funding from Asian Development Bank (ADB), the project has been providing technical assistance to develop nine mini-hydro sub-projects and 10 solar mini-grids with a cumulative capacity of 4.8 MW to be completed between April 2020 and December 2021.⁷⁴ Over 32,000 additional households were provided with connections to energy services at the end of 2020, exceeding the target of 25,000 by 2022.⁷⁵ Project partners found the technical assistance provided by UNDP impressive, but it needs to improve the technical rigour by recruiting more technically competent staff. COVID-19 restrictions have also affected the capacity development activities. Other stakeholders, while appreciating the initiatives,

⁷⁰ CMDP has also started work on developing an SDG guideline with NCF to highlight the important roles that cooperatives can play in achieving SDGs.

⁷¹ Phase I December 2014-July 2019; Phase II July 2019-December 2021; with financial contributions from UNDP, GEF, ADB, the Korea International Cooperation Agency, Norway and Belhi Gruppen.

⁷² Baitadi, Kailali, Surkhet, Jumla, Mugu, Rukum, Rolpa, Sindhuli, Okhaldhunga, Solukhumbu, Morang, Taplejung, and Panchthar districts.

⁷³ Van den Akker and Gautam, 2019. Terminal Evaluation 'Renewable Energy for Rural Livelihoods'.

⁷⁴ UNDP and AEPC. 2020. Annual Progress Report 2020: Renewable Energy for Rural Livelihood (RERL), Kathmandu.

⁷⁵ Ibid., Table 5.1.

are concerned with the narrow focus of the project and the challenges facing the mini-grid system. For example, most micro-hydro are not commercially run and have weak business models, inefficient operation and maintenance, flat and inflexible tariff structures and lack of access to long-term finance. The stakeholders suggest that UNDP link this type of initiative with broader climate finance initiatives and consider working on energy efficiency and trade-related issues in the future.

The RERL project design had envisaged that 20 percent of the renewable energy capacity installed by the project would be used for productive purpose, thereby generating livelihood opportunities. So far, this has been limited due to the low level of economic activities driven by the use of renewable energy and the small size of local economy characterized by sparse population, deficit in basic infrastructure, low human capital, and very few income and employment opportunities beyond subsistence farming. While there are anecdotal examples of some micro-enterprises supported by energy supply in the communities, these are few and mostly family-based operations. According to the RERL stakeholders interviewed, the target for livelihood opportunities is not likely to be achieved within the initial timeframe of the project. In light of two years' extension until 2023, the achievement of livelihood targets will require renewed and coordinated efforts from RERL, the Alternative Energy Promotion Centre and UNDP to ensure that viable livelihood opportunities are created to generate income and employment benefits for the vulnerable population within the project area.

Finding 4. UNDP has been successful in supporting the government in SDG localization and enhancing the federal government's capacity to monitor and coordinate external development financing. While most subnational governments have adopted the SDG agenda, they have limited technical capacity, particularly at the local level. Overall, UNDP's support has been well received by the government.

UNDP has supported the Government of Nepal in localizing and integrating SDGs in national and subnational planning. Most significantly, UNDP helped the government to align its 15th Plan with the SDGs, where a strong emphasis has been on localizing SDGs and setting relevant targets at all three levels of the government (federal, provincial and local). UNDP also supported the government in producing the Financing Requirement Framework for the 15th Plan.

Moreover, UNDP provided technical and financial support to the National Planning Commission in producing the status and roadmap of SDGs in 2018,⁷⁶ the first SDGs Progress Assessment Report for 2016-2019,⁷⁷ the voluntary national review (VNR) of SDGs in 2020⁷⁸ and the National Human Development Report (NHDR) 2020.⁷⁹ While doing so, UNDP has also advocated the GESI approach. For instance, the NHDR analysed regional and provincial situations to highlight the differences in HDI among the regions and different marginalized groups, with the aim to uncover the causes of slow development for certain groups. The SDG Progress Assessment Report 2016-2019 reported on all gender and social inclusion indicators.⁸⁰

UNDP is supporting the Central Bureau of Statistics for the development of the Online National Data Portal, a web-based data-generation and management system that aims to help policymakers in evidence-based decision-making on SDG implementation.⁸¹

⁷⁶ National Planning Commission. 2018. Nepal Sustainable Development Goals Status and Roadmap: 2016-2030, Kathmandu; support was provided through the project 'Strengthening the National Planning and Monitoring Capacity in Nepal'.

⁷⁷ National Planning Commission. 2020. Nepal Sustainable Development Goals Progress Assessment Report 2016-2019, Kathmandu.

⁷⁸ National Planning Commission. 2020. Nepal National Review of Sustainable Development Goals, Kathmandu.

⁷⁹ Entitled 'Beyond Graduation: Productive Transformation and Prosperity'.

⁸⁰ UNDP Nepal ROAR 2020, confirmed in the publications.

⁸¹ CO reporting on IRRF Indicator 1.1.1.3.A; support will be continued in 2021 for the data compilation, processing and analysis of disaggregated data.

UNDP's support at the subnational level has been positively received and well appreciated by the stakeholders in localizing the SDGs. UNDP provided advisory services to the provincial Ministry of Economic Affairs and Planning in the preparation of annual plans and budgets.⁸² Through the Accelerating the Implementation of SDGs in Nepal (AISN) project,⁸³ UNDP has provided technical support to all seven provinces in producing their SDGs baseline report, based on general guidance from the National Planning Commission, capturing prevailing conditions at the provincial level. The stakeholders found the overall expertise made available by the project to be helpful. These reports were prepared by external consultants under the guidance of the UNDP policy advisor for economic growth to ensure quality and promote ownership of the reports by provincial governments. Nevertheless, the reports across the provinces vary in quality and the provincial governments' in-house capacity for producing such reports remains limited.

Moreover, the capacity for SDG monitoring has not yet been sufficiently institutionalized in the governments. The capacity of the provinces and local governments in preparing SDG reports remains limited for generating follow-up reports reflecting progress at the subnational level. Also, continued monitoring of a large number of indicators⁸⁴ is likely to remain a challenge, as several indicators do not have baseline data. There is a need to devise a mechanism for continued progress monitoring on a set of streamlined indicators at the subnational level beyond the completion of the AISN Project supported by UNDP.

UNDP staff emphasized alignment of provincial plans with relevant SDGs and encouraged local governments also to adopt similar frameworks. Despite the enthusiasm and willingness, capacity for preparing SDG baseline reports at local level is very limited. The evaluation team has not been informed of any baseline SDG report prepared at the local government level yet, though some have demonstrated proactive inclusion of an SDG framework in their annual plans and budgets.⁸⁵ A UN Women, UN Capital Development Fund (UNCDF) and UNDP joint project is underway, which will support 14 municipalities to prepare their SDG baseline report.

UNDP is providing technical and financial support to the International Economic Cooperation Coordination Division (IECCD) of the Ministry of Finance (MoF) to further enhance the capacity of MoF and other relevant stakeholders to effectively and efficiently plan, manage and coordinate official development assistance.⁸⁶ The Effective Development Financing and Coordination project, in partnership with FCDO,⁸⁷ was designed to support the MoF/IECCD to enable monitoring flow of funds through overseas development assistance⁸⁸ and help with financing development plans. Government stakeholders who were interviewed found UNDP's capacity-building support⁸⁹ essential for making IECCD fully functional with the required expertise and equipment.

⁸² Ministry of Finance in the case of Gandaki Province.

⁸³ 2020-2023 financed by EC and UNDP.

⁸⁴ SDGs indicators and others added by the government.

⁸⁵ CO reporting on IRRF Indicator 1.1.1.3.A; support will be continued in 2021 for the data compilation, processing and analysis of disaggregated data.

⁸⁶ Effective Development Financing and Coordination (EDFC) Project for 2016-2020, and EDFC II 2010-2024.

⁸⁷ United Kingdom's Foreign, Commonwealth, and Development Office (FCDO), formerly DFID; EDFC (Phase I and II) forms part of FCDO's Evidence for Development Programme comprising five projects geared towards strengthening evidence base for development cooperation: (i) World Bank support to the Central Bureau of Statistics (CBS), (ii) UNDP support to the Ministry of Finance (MoF), (iii) the Asia Foundation (TAF) and Development Initiatives (DI) support to Data for Development, (iv) UNFPA support to CBS for the preparatory phase of the Population and Household Census (PHC) and (v) post-earthquake fund.

⁸⁸ In the form of loans, grants and technical assistance from bilateral, multilateral, international financial institutions (IFIs) and international non-governmental organizations.

⁸⁹ UNDP brought on board an international expert based at IECCD and provided advisory services and training. Overseas training could not take place due to COVID-19-related travel restrictions.

An important achievement of the collaboration is the development of the Aid Management Information System (AMIS),⁹⁰ which is an open database capturing loans, grants, technical assistance as well as support from international non-governmental organizations. Users can navigate and extract information of over 2,000 projects covering different sectors.⁹¹ External agencies including development partners, NGOs and civil society organizations are able to view fund flow, which was not possible in the past, and visualize overseas development assistance flow in areas of interest. The system has dedicated portals for post-earthquake assistance and COVID-19 assistance. According to government officials, the system is being used by the government as well as other stakeholders, but it is still going through further enhancement. The analytics of the database is still being developed and the way in which the AMIS can be used for policymaking and decision-making is yet to be fully explored. MoF officials believe that further support is required particularly in the analysis and utilization of the data collected or generated.

Drawing on the AMIS, UNDP supported the government in the drafting of the 2020 Development Cooperation Report, a flagship publication that analyses how official development assistance (ODA) is provided and allocated in Nepal. The report included sector/SDG and gender-based analysis and was used to strengthen development planning and finance processes. Stakeholders found that UNDP support helped improve the timeliness, content and quality of the report.

2.2 Governance, rule of law and human rights

CPD Outcome: 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.

RELATED OUTPUTS

Output 2.1: National-level executive and legislative branches of the government and commissions have the capacities and tools to implement the constitution, including peaceful transition to federal structure.

Output 2.2: Systems procedures and capacities of government institutions at the subnational level in place for service delivery in an inclusive, transparent and accountable manner.

Output 2.3: Civic space for engagement voice and participation of youth women and vulnerable groups broadened at all levels.

Output 2.4: Justice sector institutions strengthened in accordance with the constitution and human rights standards to ensure greater access to justice.

⁹⁰ <https://amis.mof.gov.np/web/guest/home>.

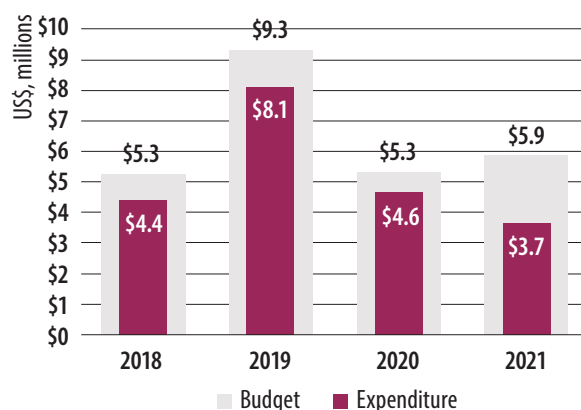
⁹¹ As of mid-2021; at present, the content in the database is limited to the name of the project, development partner, date of the agreement, completion date, commitments and disbursements.

The most significant change in governance in Nepal is the adoption of a new constitution in 2015, which introduces a three-tier federal structure instead of the previous unitary state. Elections of new federal and provincial legislatures and local governments took place in 2017, followed by the introduction of provincial and local governments. The countrywide impact is the dismemberment of unitary state structures in the parliamentary and administrative domains and their replacement by federal structures even as there is considerable work remaining to fully institutionalize federal forms of governance across the system.

UNDP’s governance portfolio supports the unprecedented changes required in a short amount of time in: 1) the legal and operational framework, which required new laws, regulations and procedures as well as changes in the old ones; 2) the Federal Parliament, civil service and subnational governance, including the establishment of new institutions such as new constitutional bodies at the federal level, provincial assemblies, local bodies, training academies for provincial and local governance, and judicial committees; and 3) the functioning of established federal institutions, such as the Ministry of Law, Justice, and Parliamentary Affairs, the Election Commission of Nepal and the National Human Rights Commission, in view of the new constitution, new laws and policies. The portfolio enables institutional capacity-building and provides financial, technical and administrative management support to UNDP’s partners.

A total of 12 projects were implemented with a budget of US\$25.8 million and expenditure of US\$20.8 million, with an 81 percent execution rate (Figure 6).⁹² Eight projects were directly implemented by UNDP (50 percent outcome expenditure) and four projects were implemented by national partners (50 percent outcome expenditure). Bilateral funding has been the primary source of funding for this outcome with US\$8.6 million, followed by UNDP regular resources (US\$ 6.7 million). Main donors for this outcome are Norway (US\$6.6 million) and the UK Foreign, Commonwealth & Development Office (FCDO) (US\$1.5 million). Most of the expenditure (89 percent) was used for projects with gender equality as a significant objective (GEN2).

FIGURE 6. Evolution of budget & expenditure in outcome of governance, ROL & human rights (in USD millions)



Note: Data for 2021 are up to December. In addition to the expenditure reported above, an additional US\$500,000 has been committed for the year.

Source: UNDP Atlas Project data, Power Bi, 9 December 2021.

Finding 5. UNDP has been a key partner supporting the Government of Nepal in state-building to operationalize federalism in line with the 2015 constitution. Support to law and policymaking and capacity-building of key institutions (including those newly established) responded to the most urgent needs.

During the current CPD period, UNDP has been a key partner in state-building and has contributed to the operational imperatives of federalism in alignment with key national priorities. UNDP’s portfolio consists of mutually reinforcing governance-related projects, coordinates well with the Government of Nepal and other partners and has engaged a wide range of civil society organizations (CSOs).⁹³ UNDP’s main contributions

⁹² UNDP Atlas Power BI data from 9 December 2021.

⁹³ More than 35 CSOs working with women, youth, ethnic and sexual minorities, and people with disabilities.

to federalization have been made through the Parliament Support Project (PSP) and the technical assistance to the Provincial and Local Government Support Programme (PLGSP-TA) in all seven provinces and at the federal level, while the Access to Justice project (A2J) played a supportive role.

UNDP's strength in working in governance areas has been well recognized and appreciated by the stakeholders.⁹⁴ In addition to being able to work with governments at all three levels, UNDP is the sole UN agency supporting some topics such as transitional justice. The governance portfolio has a high degree of complementarity and internal coherence. Appropriate steps were taken for projects to contribute to other projects wherever relevant and work in synergy with each other. This is evident, in particular, across A2J, PSP and the Strategic Plan Support Project (SPSP) and also in the design of the PLGSP-TA.

PSP brought in needed financial resources for institutional strengthening and capacity-building of the parliament and the assemblies, which has been especially welcomed by beneficiaries such as federal and provincial parliamentary committees and secretariats. The programme addressed the need of the (newly established) institutions and elected officials, especially at subnational (provincial and local) levels to perform legislative and oversight functions. Its main contributions have been training for provincial parliamentarians and parliament secretariat officials, investment in the infrastructure of the assemblies, and activities (including logistics) for parliamentarians to engage with citizens.

One of the urgent needs for building a new federalist state is making new legislation and policies to give full effect to the constitution. UNDP, through PSP and with support from A2J, helped the newly established Federal Parliament and seven provincial assemblies to make and to revise more than 300 new laws for implementing the constitution. The programme provided training and technical support for reviewing bills and supported the Parliamentary Committees to access expertise relevant to important new laws.⁹⁵ Training beneficiaries reported increased knowledge and skills relevant to their roles as members of parliament (MPs). Similarly, but to a lesser scale, A2J supported drafting of bills for the Ministry of Law, Justice and Parliamentary Affairs (MOLJPA) and provinces and provided legislative drafting training to government officials.⁹⁶

PSP supported the functioning of parliamentary oversight, focusing on areas such as human rights, SDGs and public financial management. PSP successfully helped with virtual oversight activities at federal and provincial levels during the COVID-19 pandemic.

UNDP is providing technical assistance to the Provincial and Local Government Support Programme (PLGSP), which is a flagship programme of the Government of Nepal and has made progress in aligning and strengthening executive functions at the federal, provincial and local levels in line with the new constitution. PLGSP-TA design is comprehensive in terms of support to the functions of the federal, provincial and local

⁹⁴ Based on stakeholder interviews for Outcome 2, UNDP's comparative advantage includes long-term institutional relationships; project design that supports the national partners' strategic plans or provides flexibility for responding to new and substantially-new institutions; and, more selectively, UNDP's impartiality and integration in the UNCT, financial assistance for partners facing serious shortfalls in their government budgets, and UNDP's presence and partnerships across the country.

⁹⁵ According to Hillman, Bhattarai and Rijal, 'MTR of PSP', 724 MPs from the Federal Parliament and the Provincial Assemblies in 2018 (women represent 42 percent of federal parliamentarians and 36 percent of total provincial assembly members trained). The project worked directly with 602 MPs, including 270 (45 percent) women, providing technical expertise for reviewing the 27 bills (nine in the Federal Parliament and 18 in Provincial Assemblies), engaging the public and holding public hearings in 2019. In 2020, PSP provided technical and logistic support to parliamentary committees at the provincial level to review nine separate bills.

⁹⁶ Five draft bills and legal research the implementation status of gender-based violence, persons with disabilities and rape crime-related laws for the Ministry of Law, Justice and Parliamentary Affairs; five draft bills for Province 2, six draft bills for Province 6/ Karnali, and two draft bills for Province 4/Gandaki; bill drafting training to 282 government officials (including 52 women).

governments, which is being provided by the PLGSP-TA full-time personnel and short-term consultancy services.⁹⁷ As of the first half of 2021, the Provincial Centres for Good Governance (PCGGs), which serve provincial and local government capacity development, are fully functional.

According to PLGSP-level reporting⁹⁸ and stakeholder interviews, the PLGSP-TA project has contributed to expediting the initiation of PLGSP in all provinces and is received positively from provincial governments. PLGSP-TA helped with recruiting and capacitating personnel mainly through developing and disseminating guidelines and tools, such as PLGSP baseline survey, local institutional self-assessment, innovation and partnership fund operating procedures, and GESI guidelines, among others. In particular, UNDP introduced the GESI checklist, as well as good practices, including those piloted in other countries, to the GESI audit guidelines that have been implemented by 150 local governments. According to government stakeholders, the PLGSP-TA may be restructured in the future to include thematic technical support on topics such as urban planning and solid waste management. This may be an opportunity for UNDP to provide interdisciplinary support through collaboration among its portfolios.

Despite the support provided, the capacity of subnational governments, especially local governments, remains limited. Provinces have not been able to fully deliver on the budgets.⁹⁹

UNDP collaborated with the World Bank in conducting capacity needs assessment for federalism, leading the fieldwork and stakeholder engagement at the subnational level. The Capacity Needs Assessment for the Transition to Federalism report published in early 2019 has been well received and widely used by development partners as a reference for programme design and implementation¹⁰⁰ and has informed other entities outside the government sector within Nepal about the capacity gaps. Moreover, stakeholders who were interviewed stated that UNDP has actively used the space of the development partners' working group for federalism to promote its initiatives and generate collaboration and synergies.

Finding 6. UNDP's long-term support to the Election Commission of Nepal contributed to its increased capacity to manage electoral cycles. The focus during the current CPD cycle has been on the institutional strengthening of the Commission. Nevertheless, the rationale for continuing support during 2020-2021 and beyond has not been sufficiently articulated.

UNDP has been supporting Nepal in its transitioning to federalism. In the previous cycles, UNDP has supported the constitution-making process and its adoption, and the successful implementation of the first elections of federalist governments at federal and subnational levels. The Election Support Project (ESP)¹⁰¹ with recognized contributions to the 2017 elections, enhanced the capacity of national institutions, primarily the Election Commission of Nepal (ECN), for managing elections.

Most of the ESP's contributions during the current CPD have focused directly on institutional strengthening of the ECN, providing inputs for as many as 18 sets of organizational strategies, policies and systems, including two strategic plans (for 2013-2019 and 2019-2024); a gender inclusion policy, human resources policy, social media policy, and civic and voter education policy; geographic information and electoral

⁹⁷ PLGSP-TA Project Document. The PLGSP-TA is to assign 10 personnel to the federal-level Programme Coordination Unit, 49 to the seven Provincial Programme Implementation Units and 49 to the seven Provincial Centres for Good Governance (PCGG); 57 percent of the recruitment has been completed.

⁹⁸ Office of the Chief Minister and Council of Ministers, Bagmati Province, Provincial Centre for Good Governance and Provincial Programme Implementation Unit, PLGSP 'Annual Progress Report for FY 2020-21', July 2021, hereinafter referred to as the 'PLGSP Bagmati Annual progress report (APR)'.

⁹⁹ Office of the Auditor General, 2021. Mahalekha Parikshak-ko Anthaunna Barshik Pratibedan, 2078: Saaran (in vernacular) (58th Annual Report of the Auditor General, 2078: Summary).

¹⁰⁰ Federalism Capacity Needs Assessment report (Government of Nepal, the World Bank and UNDP, 2019) and ICPE stakeholder interview.

¹⁰¹ Phase I (2008-2012) and Phase II (2012-2021).

mapping systems, and a plan for information and communication technologies; and standard operational procedures for electoral dispute resolution. This was accompanied by outreach support to raise awareness on elections through mass and social media, and training to electoral stakeholders (such as women and persons with disabilities) and ECN staff.

ESP was expected to end after the elections but was extended for one year in 2018, again for six months in 2019, and thereafter for three to six months at a time until December 2021, sometimes with several changes in the annual work plan during the year “to reflect emerging priorities of ECN”.¹⁰² The European Union (EU) funding ended in 2019 and the project has been supported by UNDP TRAC funds since then. The international technical adviser left in 2020 and the position is vacant. In view of the ECN’s acknowledged earlier successes and the project’s documented achievement of its objective,¹⁰³ the rationale for continuing ESP during 2020-2021 and beyond has not been established. There is no new revision of the project document except for a concept note for the first five months of 2018. It is, therefore, unclear whether/how activities carried out under these short-term extensions contribute to or are connected by a defined theory of change.

The next general elections are expected to be held in 2022. UNDP has prepared a draft project document for a three-year project with a budget of US\$10 million but has not yet received endorsement from the ECN, which wants support primarily for hardware.¹⁰⁴

Finding 7. UNDP’s financial and technical contributions enabled priority activities of the National Human Rights Commission and strengthened the Commission’s organizational capacity. UNDP-supported activities made modest but positive contribution to human rights in business.

UNDP has been supporting the National Human Rights Commission (NHRC) of Nepal since 2002. In this CPD cycle, the Strategic Plan Support Project (SPSP) contributed diligently to the four strategic objectives of NHRC’s five-year strategic plan, in alignment with the NHRC’s strategic pursuit of long-term autonomy and sustainability. UNDP’s financial contributions through the project have been effective in sustaining activities in areas such as human rights monitoring, capacity development, awareness-raising and human rights education, which would otherwise have been neglected due to the paucity of government funds. Achievements included the report on the implementation status of human rights laws and fundamental rights, organizational analyses, the GESI policy for the NHRC, promotional material for outreach and communication, monitoring reports on COVID-19, and engagement with stakeholders such as the parliament, governments, the Office of the Attorney-General, the other commissions and several CSOs.

SPSP introduced important digitization in institutional practices in NHRC. It substantively digitalized NHRC’s paper-based approach in complaint-handling by developing an online portal and SMS system for complaint registration and also developed NHRC’s mobile app. During the COVID-19 pandemic, SPSP helped set up a video conferencing system at NHRC’s central, provincial and branch offices and assisted the NHRC in collaboration with CSOs in establishing 85 networks consisting of 450 members who worked at the community level to monitor the human rights situation during the COVID-19 pandemic.

¹⁰² UNDP Nepal, ‘Electoral Support Project Annual Progress Report 2019’ (ESP II APR 2019), p. 9.

¹⁰³ According to ESP II APR 2018, “the electoral cycle was completed in a credible manner by the [ECN], with limited external support. This reiterates the ECN’s capacity to function as a permanent, independent, credible and professional institution of governance” and that ESP has achieved its objective. The successful organization of the elections was also confirmed in external observers’ reports and stakeholders who were interviewed.

¹⁰⁴ The draft project document has not been made available to the ICPE.

SPSP improved awareness and knowledge of NHRC officials, judicial committee members, journalists, and media persons and CSOs on human rights by delivering training, advocacy events and conferences.¹⁰⁵ For the third Universal Periodic Review (UPR) cycle (2017-2022), the Government of Nepal accepted 196 out of the 233 recommendations.¹⁰⁶ With UNDP support, the NHRC is following up on the recommendations together with the stakeholders. As of the end of 2020, the project had reportedly met or exceeded all its work plan targets. However, there has been no external assessment of UNDP's work with the NHRC since a project evaluation in 2014.¹⁰⁷

The Access to Justice (A2J) project has an evident human rights orientation in its activities for free legal aid, judicial committees, and a human-rights-in-business initiative under inclusive economic development. The project organized 14 dialogues at the national and provincial levels on business and human rights. The initiative has appropriate ownership in the government and the business sector. The government has included the business and human rights concept in its National Action Plan on Human Rights.¹⁰⁸ The project also carried out some one-off activities that are broadly related to the justice sector and business.¹⁰⁹

Finding 8. UNDP promoted the effectiveness of the strategy of the Office of the Attorney-General and its implementation efforts for criminal justice reform. The Access to Justice project introduced important policy and mechanisms for legal aid and alternative dispute resolution through judicial committees, but socio-cultural barriers, limited institutional capacity and resource constraints continue to challenge their functioning and sustainability.

UNDP provided financial assistance, technical expertise and outreach to provinces and communities for the Access to Justice (A2J) project¹¹⁰ targeting the three provinces with the lowest HDI (Province 2, Karnali and Sudurpashchim). A2J applied technical expertise and knowledge products to national and provincial legislation, criminal justice reform, the development of a new legal aid system, and the operationalization (mainly through training and awareness-raising) of judicial committees. The main thrust of the project is on the supply side, although some awareness-raising activities are also included.

Activities in support of the Office of the Attorney-General (OAG) follow a well-thought medium-term plan to support the implementation of civil and criminal code, for which three important instruments – the criminal code, the criminal procedure code and a sentencing act – were developed. A2J helped OAG draft and implement its second five-year strategic plan and has made considerable contribution to capacity-building of the OAG. With the project's help, the OAG developed specialized courses for prosecutors in organized crime, banking offences, corruption control, constitutional law, and revenue and tax administration. UNDP provided a video conferencing facility for training courses. The project also provided training on the new civil and criminal legal code and on affirmative legal education to prosecutors, (young) lawyers, police officers and students.¹¹¹

¹⁰⁵ Thirty-three NHRC mid-level management officials for linking SDGs to human rights; 148 journalists and media persons on human rights reporting; 222 judicial committee members in three districts of Province 1 and Province 5/Lumbini; a visit to India for Commissioners, Secretary and five senior staff of the NHRC on monitoring and investigation.

¹⁰⁶ As of January 2021.

¹⁰⁷ With exception of the CPD midterm review in 2020. Even as UNDP's role in strengthening NHRC has been lauded, there are extraneous circumstances that have in recent months brought to light the difficulties of the space in which NHRC works. Given issues raised by a group of CSOs to the Global Alliance of NHR institutions on the nomination of new NHRC members, the Global Alliance's Sub-Committee on Accreditation is set to initiate a Special Review of the NHRC to ensure its ongoing compliance with the Paris Principles. Regardless of this development, however, as an institution, NHRC will continue to play a key role in the work of UNDP in the area of support to human rights in the country. Global Alliance of National Human Rights Institutions (GANHRI), <https://www.ohchr.org/sites/default/files/Documents/Countries/NHRI/GANHRI/EN-SCA-Report-June-2021.pdf>.

¹⁰⁸ A2J 2020 APR.

¹⁰⁹ Including a report on law and development with a particular focus on foreign direct investment; a study on delegated legislation with a focus on the law relating to land; and training for alternative dispute resolution practitioners on commercial case arbitration.

¹¹⁰ NIM, implemented by the Ministry of Law and Justice.

¹¹¹ Training on affirmative legal education for 39 young lawyers and 160 students; training on new civil and criminal code for 1,412 (including 341 women) prosecutors, lawyers and police officers; A2J APRs of 2018-2020.

A2J supported the development of the terms of reference and standard operating procedures for the Legal Aid Council, GESI monitoring guidelines, as well as the *pro bono* guidelines that have been adopted by the Nepal Bar Association for implementation since 2019. During the COVID-19 pandemic, the project provided legal and psycho-social counselling through lawyers for victims of domestic violence and other legal problems. As of October 2020, 17 lawyers had provided legal aid through remote means, facilitated by the Nepal Bar Association's network, to respond with immediate access to justice needs during the lockdown, which benefited 482 people, including 234 women.¹¹² The number of legal aid recipients was expected to increase, but evidence has not been gathered due to delay in use of existing reporting mechanism.¹¹³ The total number of lawyers who have enlisted for *pro bono* services has not been reported, either.¹¹⁴ It is worth considering whether these delays and missing data are indicators of more fundamental problems, indicating that challenges identified by the UNDP/UNODC Global Study on Legal Aid Country Profiles may still be prevalent.¹¹⁵

Moreover, A2J supported the development the new Integrated Legal Aid Policy. Recently, the Annual Fiscal Plan of the Government of Nepal has allocated resources for legal aid; the government mobilized legal offices in all districts. These are positive steps toward the Policy's implementation.

A2J project supported the judicial committees, a new form of alternative dispute resolution mechanism. The project provided training on the role of judicial committees to 470 judicial committee members in Province 2, Karnali and Sudurpashchim, in addition to commercial case arbitration training for 65 (including 24 women) alternative dispute resolution practitioners. Nevertheless, the role and functions of the judicial committees lack clarity. Entrenched patriarchy and power structures cannot be expected to change in a short time¹¹⁶ and, in some cases, they impact the proper functioning of the judicial committees, which are headed mostly by women deputy majors/chairpersons.¹¹⁷ While close monitoring of all judicial committees would be beyond the resources of the project, it would have been useful nevertheless to introduce some mechanisms for identifying and discouraging the prevalence of patriarchy and power structures and mitigating their effects. Stakeholder interviews observed that the judicial committees, by and large, are working with inadequate budget, office space, facilities, staff and record-keeping required to make them functional for the purposes intended, and safe and comfortable for those who visit them, particularly women. There are disparities across provinces and between the urban and rural areas. While some have adequate space, facilities and staff, others, especially those in rural areas, do not.

¹¹² Reported in the A2J APRs of 2018-2020.

¹¹³ A2J APR 2020, p. 4.

¹¹⁴ According to stakeholder interview.

¹¹⁵ Low pay of lawyers for legal aid work; people do not know where to find legal assistance, largely because it is often geographically inaccessible; there is a limited number of lawyers, especially outside urban areas; people prefer to resolve issues through the informal justice system, in which legal professionals rarely participate; people do not have confidence in the quality of legal aid services. Source: Reproduced from UNDP and UN Office on Drugs and Crime, *Global Study on Legal Aid Country Profiles*, December 2016, p. 43.

¹¹⁶ Rajendra Ghimire, <https://ro.uow.edu.au/cgi/viewcontent.cgi?article=1471&context=theses1>, doctoral dissertation, School of Law, Faculty of Law, Humanities and The Arts, University of Wollongong, June 2018, p. ii.

¹¹⁷ According to stakeholder interview, "91 percent of the deputy positions (deputy mayors in municipalities and vice chairpersons in rural municipalities) were won by women" in the 2017 elections, according to The Asia Foundation, *Nepal's Locally Elected Women Representatives: Exploratory Study of Needs and Capacity*.

Finding 9. UNDP support to civic engagement has provided important access for vulnerable and marginalized groups to key institutions such as the parliaments and the National Human Rights Commission. The efforts have been viewed positively by stakeholders. Contributions to civic engagement for local governance lacked result orientation.

The Parliament Support Programme (PSP), directly implemented by UNDP, facilitated interaction between MPs and more than 3,500 members of the public during 2018 and 2019, including women and members of marginalized communities.¹¹⁸ ICPE interviews with provincial MPs conveyed positive feedback on project contributions to public engagement. The ‘Meet the Speaker’ initiative in Karnali and Sudurpashchim provinces was widely praised and has the potential to serve as a model for citizen engagement in other provinces. PSP facilitation of parliamentary outreach through community radio programmes in all 77 districts is also noteworthy.¹¹⁹ The radio programmes also included the deputy speakers and some parliamentary committee members. PSP also supported the development of the Open Parliament Action Plan of the federal parliament.¹²⁰

Members of the lesbian, gay, bisexual, transsexual, transgender, queer, intersex (LGBTQI+) community interviewed for the ICPE were highly appreciative of the opportunities they got through UNDP to explain their issues to federal and provincial MPs. In the federal parliament, they worked with the health, education and economic committees and engaged in evidence-based advocacy for legislative changes, pointing out, for example, that while the courts recognize LGBTQI+ rights, there are no particular laws for protecting LGBTQI+ people.¹²¹

The SPSP complemented the PSP’s contribution through outcomes specific to human rights. SPSP improved awareness and knowledge of 148 journalists and media persons on human rights reporting and organized advocacy events. SPSP supported advocacy and lobbying among 181 (including 110 women) conflict-affected victims from all seven provinces and, during the COVID-19 pandemic, raised awareness on human rights through 34 local FM radio stations in 14 local languages, reaching approximately 150,000 people.¹²²

UNDP implemented the Conflict Prevention Programme (SCDP),¹²³ working primarily through community-based CSOs and female deputy mayors. The programme made some contributions to civic engagement for responsive subnational governance at the local government level. The project improved community risk identification and risk-mitigation activities, where people in communities of three provinces have access to 46 committees consisting of police, local government and civilians, to jointly identify risks and opportunities to develop a response plan to mitigate risks in communities. Ninety small farmers (including women, *Dalits*, *Janajatis* and Muslims) were organized in four collective farming groups.¹²⁴ The project also implemented activities to improve citizen access to information and services¹²⁵ and facilitated CSOs, community-based organizations and youth to articulate their voices and to have their voices heard through some stand-alone advocacy activities. However, the focus was on delivery of activities, rather

¹¹⁸ Hillman, Ben, Prakash Bhattarai and Kopila Rijal, ‘Mid-term Review of Parliament Support Project (PSP) Phase-2,’ UNDP Nepal, 18 December 2020.

¹¹⁹ Ibid.

¹²⁰ Leaders from two provincial assemblies interviewed appreciated the open parliament concept and explained also how they were implementing it.

¹²¹ One insight they shared was that the MPs did not know LGBTQI+ terminology but most of them knew LNOB, so they used the LNOB concept in their advocacy.

¹²² This information is taken from the SPSP APRs of 2019 and 2020.

¹²³ DIM, January 2016-March 2020.

¹²⁴ 2019 APR of the SCDP.

¹²⁵ The project facilitated access to 15 community information and service facilitation centres and 11 right-to-information networks. 1,827 youth, community people and local representatives (34 percent of them women) have access to four social accountability networks for holding local government accountable.

than results, and on micro-level interventions that did not connect with any clear strategy. The project actively sought youth engagement but had little to show in terms of gender empowerment and equality for women and girls. Overall, the project did not orient itself adequately towards civic engagement for responsive local governance.

2.3 Resilience, disaster risk reduction and climate change

CPD Outcome: By 2022, environmental management, sustainable recovery and reconstruction, and resilience to climate change and natural disaster are strengthened at all levels.

RELATED OUTPUTS

Output 3.1: Understanding and knowledge on environment climate change adaptation and disaster risk reduction enhanced at national, subnational and community levels to make development risk-informed.

Output 3.2: Policy and institutional mechanisms strengthened for integrating gender-responsive CCA/ DRR and environment management in national and key sectors development planning.

Output 3.3: Mechanisms in place to enable the government and private sector to increase investment in CCA/DRR recovery and environment management.

Output 3.4: Capacities of subnational governments and communities strengthened for effective preparedness and response environment management CCA/DRR.

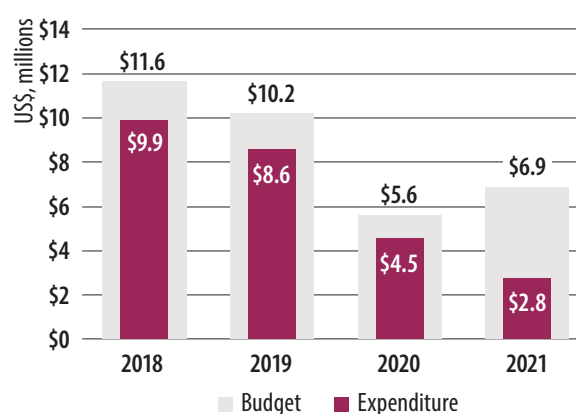
Output 3.5: Improved capacities of communities and government for resilient recovery and reconstruction.

The Resilience, Disaster Risk Reduction and Climate Change portfolio is aligned with the legal and policy frameworks at the national and subnational levels, including the 14th and 15th Plans, and sectoral policy frameworks for disasters risk management, climate change and biodiversity management. In addition, UNDP also supports Nepal in meeting its international commitments such as the Sendai Framework and the Paris Agreement. Moreover, the portfolio has supported the post-2015 earthquake reconstruction to build back better.

The programme provides policy advisory services, institutional capacity-building, technical support for project implementation, introduction of technology and tools, and financial support. The portfolio works closely with the Ministry of Finance, the Ministry of Agriculture and Livestock Development, the Ministry of Forests and Environment, the Ministry of Home Affairs, the National Disaster Risk Reduction and Management Authority, the National Reconstruction Authority, and subnational governments, CSOs and other development partners.

A total of 17 projects were implemented under this outcome with a budget of US\$34.3 million and expenditure of US\$25.8 million, with an execution rate of 75 percent (Figure 7).¹²⁶ This portfolio was mainly directly implemented by UNDP, representing 85 percent of the total expenditure (14 projects). The remaining three projects were nationally implemented (15 percent expenditure). The primary source of funding for this outcome is from bilateral funding, in which the main donors are India (US\$8.1 million), the UK Foreign, Commonwealth & Development Office (FCDO) (US\$4 million) and China (US\$2.4 million).¹²⁷ A little over half of the expenditure (52 percent) was used for projects with limited contribution to gender equality (GEN1), followed by 48 percent for projects with gender equality as a significant objective (GEN2).

FIGURE 7. Evolution of budget & expenditure in outcome of resilience, disaster risk reduction and climate change (in USD millions)



Note: Data for 2021 are up to December. In addition to the expenditure reported above, an additional US\$400,000 has been committed for the year.

Source: UNDP Atlas Project data, Power Bi, 9 December 2021.

Finding 10. UNDP provided timely and useful support to post-earthquake reconstruction and recovery and contributed to increased capacity of the National Reconstruction Authority and local governments. Socio-technical facilitation helped the municipalities construct resilient houses benefiting vulnerable households. The recovery programme helped earthquake-affected people improve their livelihoods, but the opportunities were limited to temporary employment in the aftermath of the earthquake.

In the aftermath of the two earthquakes of 2015, UNDP supported institutional capacity development of the National Reconstruction Authority (NRA) to effectively lead the implementation of post-earthquake recovery and reconstruction. Twenty-five district support engineers and nine technical experts were brought on board to support NRA in coordination, human resources management, communication, budget tracking, access to finance, geographic information system and information management to accelerate seismic-resistant reconstruction.¹²⁸ Counterparts who were interviewed considered this support instrumental to institutionalize the reconstruction work and to reach out to various stakeholders at the national and subnational levels. UNDP’s technical advisory support¹²⁹ was timely and useful to make the recovery and reconstruction process effective.

UNDP worked with local municipalities through various interventions within the Comprehensive Disaster Risk Management Programme (CDRMP) and the Community Infrastructure and Livelihood Recovery Programme (CIRLP).¹³⁰ UNDP has worked closely with the municipalities following the principle of building back better and promoted their leadership in managing the reconstruction and recovery initiatives by raising awareness, building capacity in disaster risk assessment, planning and management. UNDP facilitated exposure visits for the municipalities to Gujarat, India, and other districts within Nepal and

¹²⁶ Atlas Power BI data from 9 December 2021.

¹²⁷ The figures refer to expenditure from 2018 until 9 December 2021.

¹²⁸ Capacity Strengthening of NRA for resilient Reconstruction Project (annual progress report 2018).

¹²⁹ E.g., gap analysis on human resources, releasing funds to the beneficiaries, publication of magazines, news reporting, social media handling, website management, updating and revising guidelines and codes, toll-free telephone and preparation of documentary.

¹³⁰ In collaboration with the Ministry of Land Management, Cooperatives and Poverty Alleviation and local governments and local non-governmental organizations with the support from UNDP regular resources and contributions from multiple donors.

helped hire local level facilitating organizations (NGOs/CBOs) to reach out to the communities. Although capacity-building support was appreciated by the stakeholders, it was not clear how resources have been planned and invested without having a systematic capacity needs assessment of the municipalities.¹³¹

UNDP helped the communities with designing code-compliant houses, acquiring building permits, accessing housing grants and mobilizing resources at the local level. CDRMP¹³² deployed about 170 staff to provide modulated socio-technical support¹³³ on the ground for the construction of about 27,000 houses as well as 130 community infrastructures in Gorkha district. The project facilitated administrative procedures regarding inclusion, grant release and certification, provided on-site technical advice and services,¹³⁴ built capacity of all project participants, particularly house owners and masons, and carried out monitoring and quality assurance and facilitating the use of appropriate disaster-resistant technologies. In addition, the programme piloted the retrofitting¹³⁵ of damaged old houses, including 5,500 vulnerable households, through community mobilization, labour contribution and administrative processes. One-thousand-seven-hundred house owners in urban municipalities received support in the design of the houses through the Building Permit Studio.

UNDP helped the government to expedite earthquake reconstruction, ensuring that all new buildings meet the building codes to better withstand future shocks. UNDP assisted in publishing the Resilient Housing Technology Handbook,¹³⁶ the Post-Disaster Housing Recovery Manual and the Handbook on Owner-Driven Housing Recovery¹³⁷ and in scaling up the electronic building permit system in four municipalities,¹³⁸ which enabled these local governments to improve building code compliance while also improving efficiency, transparency and accountability in service delivery. CDRMP supported capacity-building of the local stakeholders, such as community-based organizations involved in reconstruction work at the local level and communities, to enable them to follow the minimum compliance for earthquake resilience. The minimum compliance has been improved from 37 percent in 2017 (baseline) to 90 percent (in Gorkha district) in 2020 and beneficiaries received full financial support (all tranches) from the government. The local stakeholders who were interviewed found the reference materials, guidelines and handbooks provided by CDRMP very useful for the reconstruction work. The donors working with UNDP on reconstruction and recovery themes are satisfied with UNDP's flexibility during project design, where the operational strategies were adjusted based on beneficiaries' needs, as well as the monitoring and reporting of the reconstruction work.

UNDP provided a unique platform for resilience-building to discuss and negotiate among the major stakeholders at the municipal level that helped understand stakeholder expectations and build synergy. UNDP worked with the municipalities to translate national-level policies into actions and to lobby with NRA for adjusting policy guidelines and processes related to house construction to fit the local contexts. The programme also identified vulnerable and marginalized groups and supported them in community mobilization and dialogues with the municipalities. For instance, in Gorkha districts, the amendment

¹³¹ Local stakeholders stated that no such assessment was carried out.

¹³² Via the Socio-Technical Facilitation output funded by the Government of India.

¹³³ The concept of socio-technical assistance through an integrated approach of building inspection, socio-technical support and livelihood support (source: Dhungel, R., Shrestha, S. N., Guragain, R., Gouli, M. R., Baskota, A., & Hadkhale, B. (2019). Socio-technical module in assistance: Promoting resilient reconstruction in the wake of a disaster. *Journal of Nepal Geological Society*, 58, 139-144).

¹³⁴ Guidance on construction technology, design options, disaster-resistant features, government norms, material procurement and construction management; technical services of design drawings, preparation for building permit process.

¹³⁵ UNDP helped the Ministry of Urban Development develop *Seismic retrofitting guidelines of Building in Nepal* (ADOBE, Masonry and RCC) in 2016 to guide and facilitate the retrofitting works of buildings to make them earthquake-resistant and thereby reduce the risk of life and injury during an earthquake. This retrofitting guideline will be a useful document for existing buildings that are partially damaged and can be re-used through retrofitting and can also be used in controlling the extent of damage of an existing structure.

¹³⁶ UNDP, 2019. *Handbook on brick with cement mortar construction technology*.

¹³⁷ Based on experiences and lessons learned gained by UNDP after the 2015 Nepal earthquake.

¹³⁸ Butwal, Dharan, Chautara and Madhyapur Thimi.

included the provision of additional financial resources to vulnerable households (such as single women, people with disabilities, children at risk and senior citizens) for house reconstruction. In addition, separate policy provisions were made for providing land entitlement to the landless, whereas ownership of the homestead had been a prerequisite for receiving housing reconstruction assistance from NRA. Similarly, a policy was also adopted to provide financial assistance towards retrofitting partially damaged but repairable houses.¹³⁹

UNDP piloted and scaled up a new mechanism called the Resilience Fund to provide vulnerable house owners with access to finance to reconstruct their houses. The fund provides interest-free loans of up to around US\$500 to complete the key stages of reconstruction so that house owners can be eligible for the government grant to repay and complete their houses. Once the loan is repaid, it is recycled by providing support to another household in need and, ultimately, invested in risk mitigation measures. This mechanism has supported 322 house owners in seven municipalities in Gorkha, Sindhupalchowk and Dolakha districts.

UNDP provided various livelihood recovery-related support to the people affected by disasters from the EU-funded Resilient Community through the Building Back Better project¹⁴⁰ in Sindhupalchowk and Dolakha and through CILRP in other seven earthquake-affected districts. In total, the livelihood-related recovery measures benefited about 550,000 people as of 2020.¹⁴¹ Some of the major recovery-related activities included rehabilitation of earthquake-damaged enterprises, cash-for-work initiatives (to construct small community works such as trail improvement), micro-enterprise development, and entrepreneurship and skills training, among others. The employment has been primarily construction-related, involving local people for unskilled work and skilled workers from other areas. Beneficiary stakeholders found the employment opportunities during the post-earthquake period helpful for local communities particularly when they had lost their productive assets. However, the beneficiaries also felt that interventions should have created sustainable livelihood opportunities for them after programme completion.

Finding 11. UNDP helped strengthen the government’s capacity and policy frameworks for disaster risk management and improved disaster data management. It provided important support to the institutionalization of the National Disaster Risk Reduction and Management Authority. In line with constitutional provisions, UNDP assisted the government in decentralizing disaster risk management functions and demonstrated in selected municipalities the approach of promoting local resilience through the integration of disaster risk reduction and climate change adaptation.

UNDP has been closely working with the Ministry of Home Affairs (MoHA) and provided technical assistance to MoHA for formulating the National Policy for Disaster Risk Reduction (2018) and the National Policy and Strategic Action Plan for Disaster Risk Reduction and Management (2018-2030). With the support of UK AID, UNDP assisted the design of the new National Disaster Risk Reduction and Management Authority (NDRRMA), which was formally institutionalized by the Government of Nepal in 2019.

To operationalize DRM policies, UNDP provided technical support to NDRRMA to develop and manage the Disaster Information Management System portal, Building Information Platform Against Disaster (BIPAD). Specifically, UNDP provided technical support for developing the backend system and training.¹⁴² The portal has been used widely by stakeholders at the national and subnational levels working on the DRR

¹³⁹ Inclusion of the poor and vulnerable: Learning from post-earthquake housing reconstruction in Nepal. This has also been verified with the stakeholders at the local level.

¹⁴⁰ Part of CDRMP.

¹⁴¹ According to CO ‘UNDP Nepal Country Program Document (CPD 2018-2022) - Milestone and Progress as of 2020’ cumulative figure over multiple years.

¹⁴² See www.bipad.gov.np.

and climate change topics. Stakeholders including the government counterparts stated that the portal has been providing useful data on the status of disaster situations within the country that supported risk-informed and evidence-based decisions in disaster response and preparedness. Namely, the database enhanced access to current and reliable information on incidents, damages and losses and helped address the disproportionate effects of a disaster on a range of social groups more accurately and effectively. Risk profiles generated from the system helped enhance the ability to make time-sensitive decisions to reduce risks and protect citizens. The stakeholders suggested that the portal should be further strengthened by improving data processing mechanisms for quick and easy risk assessment and the visualization of the multiple aspects of risk.

Moreover, UNDP in collaboration with NDRRMA supported the development of an online platform for monitoring the Sendai Framework for Disaster Risk Reduction targets and progress and DRM investments in Nepal. This enabled NDRRMA to identify geographic and thematic areas that require greater attention for risk reduction.

One of the key functions of the NDRRMA is to coordinate all three levels of government to effectively reduce disaster risk, build resilience and manage complex responses. NDRRMA has been working with the subnational government for DRM decentralization. In this regard, UNDP has provided institutional support to NDRRMA for managing Emergency Operation Centres (EOCs) at the subnational level, as part of the early warning systems and immediate responses to various types of disasters. UNDP has also been providing capacity-building support to provincial and district level EOCs in coordination with the subnational governments and has installed real-time displays of river water level data forecast, to improve early warning and coordination functions of the EOC network. EOCs have started displaying real-time information as part of the early warning systems and immediate responses to various types of disasters. Programme staff and stakeholders stated that support to EOCs played a crucial role especially during the monsoon season. EOCs provided flood and landslide alerts to the communities at risk, coordinated with stakeholders and organized humanitarian responses to affected populations. The stakeholders also noted that, since most of the municipalities lack adequate equipment and trained staff, the establishment of the EOC units does not necessarily lead to improved local government capacity. The EOCs are yet to be fully institutionalized within the municipal systems due to a lack of experience and of human and financial resources to collect data,¹⁴³ so as to operate as coordination hubs in an emergency context and to provide timely response.

UNDP helped to sensitize municipality representatives and officials and to guide them in risk-informed development planning. UNDP provided support to seven provinces and 16 municipalities in preparing DRR strategic action plans and policy and helped the government conduct evidence-based planning and management to reduce risk and make development interventions resilient. UNDP provided capacity-building support and equipped local municipalities with new knowledge, risk-informed planning guidelines and tools to integrate long-term disasters and climate-change adaptation initiatives at the local plans. As a result, for example, Sudurpashchim and Karnali provinces have already endorsed their DRR Policy and Strategic Action Plans. In some municipalities that have been supported, local governments started developing their multi-hazard disaster risk reduction plans and leading the development and implementation of DRR mechanisms.¹⁴⁴ The progress at the municipality and provincial levels was made possible by overarching guidance and support from the federal level under the National Policy and Strategic Action Plan for Disaster Risk Reduction and Management 2018-2030 and the Disaster Risk Reduction and Management Act of 2017, for which UNDP also provided notable support.

¹⁴³ Such as collecting information and maintaining a database on hazards, vulnerabilities and capacities, backed by SOPs.

¹⁴⁴ Some of the municipality disaster management committees and local representatives stated that they have created emergency funds but are yet to develop rules and procedures to use the resources.

Through CDRMP, with funding from European Civil Protection and Humanitarian Aid Operations, UNDP piloted hazard and vulnerability mapping in three urban municipalities and, in collaboration with NDRRMA, developed disaster-sensitizing tools, such as animated videos on landslides, urban floods and lightning, and widely shared these with the subnational governments. In some pilot areas, UNDP supported creating local capacity on disaster management through volunteers (or champions) to carry out a digital assessment of hazards, vulnerability and capacity. This initiative also helped reduce the risks of about 400 families in 16 landslide risk-prone areas of eight municipalities in Gorkha district. Stakeholder interviews indicated that the increased availability of the hazard and vulnerability assessment tools assisted local governments to integrate DRR and climate-change-related interventions into their annual plan.

Disaster risk reduction/management (DRR/M) and climate change adaptation (CCA) are often treated as separate themes in Nepal, and internationally so. Considering the mostly unrecognized yet important linkages especially for addressing various climate change-induced disasters risks at the local level, UNDP supported developing DRM-CCA integration plans in selected municipalities.¹⁴⁵ UNDP provided training to sensitize to the need and the potential of integrating DRM and CCA from the onset. Stakeholders who were interviewed stated that UNDP's support enabled local governments to understand the linkages of DRR and CCA, the process for aligning with the local-level planning process, and joint risk assessment, and to identify potential options and prioritization of the proposed interventions. It helped to mainstream DRR and CCA into the municipal-level planning process and to develop resilience-building roadmaps in their municipalities.

While the results of interventions in the project areas are encouraging, UNDP's support is mainly limited within intervention sites and agencies but without horizontal scaling-out. The newly established local governments are still shaping their basic systems. Most of the stakeholders agreed that local governments have the potential to transform DRM from a traditional response-relief approach to an integrated and holistic approach to reduce disaster and climate risks and to promote resilience, but this requires additional knowledge, creating institutional set-up and building institutional capacity and access to climate finance. UNDP is in a good position to provide the required support.

UNDP has also provided disaster-related support to raise awareness of potential disasters and to develop mitigation measures at strategic sites. For example, with support from Deutsche Post DHL Group, UNDP supported the capacity-building of Tribhuvan International Airport and strategically selected domestic airports¹⁴⁶ to respond to possible disasters.

Finding 12. In this country programme cycle, UNDP provided strategic but limited support to the government on climate change issues, namely in updating the Nationally Determined Contributions and strengthening climate financing. Activities with the private sector are at the early stage. Reduced human resources in the climate change portfolio affected UNDP's technical availability.

UNDP supported the Ministry of Forests and Environment in developing the second Nationally Determined Contributions (NDC) in 2020, in collaboration with other development partners,¹⁴⁷ to fulfil Nepal's commitment to the United Nations Framework Convention on Climate Change. The new NDC covered more sectors than the previous one, outlining Nepal's mitigation efforts by promoting renewable energy, electric mobility and managing forests. The contribution of UNDP has been well recognized by the government

¹⁴⁵ E.g., through the Nepal Climate Change Support Programme (NCCSP) in collaboration with FCDO (at the time, DFID) and the EU; according to the UNDP Nepal Country Programme Document (CPD) 2018-2022 Mid-Term Review report, 2020: in 2019, UNDP also supported preparing CCA-DRR integrated plan in Bhimeshwor municipality, Bharatpur municipality, Indrawati rural municipality, Chaurata Shangachowkgadhi municipality and Shailung rural municipality.

¹⁴⁶ A global partnership on Get Airports Ready for Disaster between UNDP and Deutsche Post DHL.

¹⁴⁷ Oxford Policy Management, Climate Analytics and Global Green Growth Institute.

and other stakeholders, especially in carrying out the technical assessment and engaging a wide range of stakeholders (government ministries, CBOs and private sectors) in the process of setting NDC targets as well as supporting peer review and quality assurance of the documents. UNDP has also supported the government in preparing the long-term strategy for net-zero emission by 2050. Based on the report, the government has finalized Nepal's Long-Term Strategy on Net-Zero Emission.¹⁴⁸

UNDP, in collaboration with the Ministry of Forests and Environment, recently developed the project Developing Climate-resilient Livelihoods in the Vulnerable Watershed (DCRL), which aims to safeguard vulnerable communities and their physical and economic assets from climate-induced disasters by integrating climate-change-induced floods and drought into the watershed management framework and scaling up good practices. The project is not yet fully operationalized in the field due to delay in the approval process.

In the agriculture sector, UNDP, in collaboration with the Food and Agriculture Organization of the United Nations, supported the Ministry of Agriculture and Livestock Development (MoALD) for integrating climate-change considerations into agriculture-related National Adaptation Plans (NAPs).¹⁴⁹ UNDP helped introduce guidelines and tools to track climate-resilient spending in the agriculture sector to improve planning and monitoring of climate responses. The Ministry has rolled out the tool in its programmes.¹⁵⁰ The project also produced the Roadmap for Adaptation Planning in Nepal's Agriculture Sectors that provides clear areas of further work to fully integrate climate-change adaptation concerns into the agriculture sector, focusing on the implementation of MoALD's Agriculture Development Strategy. Stakeholders¹⁵¹ considered the Roadmap a good resource material, but the process of translating it into programming and investment planning has been slow.

Adequate climate finance is a critical factor to work on climate change issues and reduce climate risks. UNDP advocated for increased budget allocation and expenditure related to climate risk management and recovery. While there was some progress in the beginning of this CPD period, the national budget allocation dropped by 5.6 percent from 2019 to 2020,¹⁵² partially due to funds being directed to the COVID-19 response. Nevertheless, stakeholders and UNDP reporting reflected that the definition of categories (and indicators) and guidelines for applying the climate budget code have not been adequately clear.¹⁵³

As a Least-Developed Country (LDC), Nepal has inadequate institutional capacity for accessing funds from international agencies such as the Green Climate Fund (GCF).¹⁵⁴ Considering the capacity gap, in this country programme cycle, UNDP continued to support the Ministry of Finance – as a National Designated Authority

¹⁴⁸ Government of Nepal, *Nepal's Long-term Strategy for Net-zero Emissions*, October 2021.

¹⁴⁹ Supporting Nepal to Integrate Agriculture Sectors into National Adaptation Plans (NAPs) with support from the Federal Ministry for Economic Cooperation and Development of Germany.

¹⁵⁰ According to UNDP annual report 2019 and [policy brief from the MoALD](#).

¹⁵¹ The evaluation team was not able to meet with the MoLAD focal person for this project.

¹⁵² According to CPD indicator 3.3.1, 19.45 percent of the budget and 74 percent of expenditure in 2015/2016 was the baseline; the target was increasing the budget by 25 percent and the expenditure rate 5 percent by 2022; the allocation of the budget has been reduced from 38 percent in 2019 to 32.4 percent in 2020.

¹⁵³ The Government of Nepal has been using gender and pro-poor budget codes in its national budget. Climate change code was an additional inclusion. According to the agreed criteria, if more than 60 percent of the allocated budget of the programme is going to be spent on climate-change-related activities, the programme will be considered 'highly relevant' to climate change and coded as '1'. Similarly, if 20 percent to 60 percent of the allocated budget of the programme is going to be spent on climate-change-related activities, the programme will be considered 'relevant' to climate change and coded as '2'. And if less than 20 percent of the total allocated budget is going to be spent on climate-change-related activities or if the programme is not related to climate change, the programme would fall under the category of 'neutral' to climate change and will be coded as '3'. (Source: NPC).

¹⁵⁴ In specific, there are needs to strengthen Direct Access Entities, mobilize resources for NDC implementation and adaptation plans, develop NDC implementation plans, develop/improve information base and monitoring systems and build institutional structures and coordination mechanisms, among others.

for GCF – in integrating and mainstreaming climate finance into sectoral plans and budget systems on three fronts: systemic change through institutional support mechanisms; tools and methodologies; and building capacity of government officials.

Through the Readiness and Preparatory Support Programme, UNDP enhanced the core institutional capacity of the National Designated Authority and National Implementing Entity to access, absorb and manage climate finance. Some of the specific achievements included i) outlining the roles and responsibilities of the MoF to perform as a National Designated Authority of the GCF; ii) facilitation to establish a Technical Committee to provide technical assistance and support in decision-making; iii) support in nominating two national institutions for direct access accreditation under the GCF;¹⁵⁵ and iv) preparation of an investment framework for adaptation and mitigation options to reduce climate-change-induced disaster risks and a project pipeline.

UNDP has also been working on climate change mitigation, but the involvement in this area has been limited. The GEF-supported Renewable Energy for Rural Livelihood (RERL) project, for example, helped reduce greenhouse gas emissions by 35.2 tCO₂ per year at the end of the project, while providing livelihood support to the project communities.¹⁵⁶

Some activities are being carried out with the private sector, but they are at a very early stage. For example, UNDP partners with Nepal Rastra Bank to conduct a study of the possibility of climate bonds and participation of the private sector in green infrastructure. UNDP also works with Yeti Airlines to make the airline carbon-neutral.

There has been no major progress in preparing the public-private partnership strategy as envisaged by the CPD¹⁵⁷ or similar kinds of collaborative frameworks between the government and private sector to increase the investment for climate change and disaster risk reduction. Most of the current policy frameworks are silent on integrating private sector support in climate change adaptation, though the NDC recognized the role of the private sector in financing.¹⁵⁸ At the same time, according to stakeholders who were interviewed, the private sector in Nepal is small and has an immediate profit-seeking mentality without considering the future and sustainability aspects. This indicates the importance of further awareness-raising and strengthening the capacity and collaboration of the government and the private sector for the resilience sector.

Overall, given the scope of the themes and priority given by the government to climate change issues (both adaptation and mitigation), UNDP's support to the government has been mostly focused on limited ministries and issues. There are many other ministries such as the ministry of industries, urban development, water sources, energy and irrigation where additional work on climate change is required.

Most of the stakeholders and programme staff who were interviewed stated that the technical capacity and strength of UNDP within the portfolio has been reduced over the years. Climate-change-related work is being carried out either through short-term project staff or consultants/service contractors. Some of the stakeholders found that this has affected the credibility and reputation of UNDP on climate change issues. At the time of the evaluation, CO is recruiting a climate change specialist to strengthen the technical capacity in this area.¹⁵⁹

¹⁵⁵ Alternative Energy Promotion Center (AEP) and National Trust for Nature Conservation (NTNC).

¹⁵⁶ UNDP/GEF RERL Nepal, Terminal Evaluation report, 2019, p. 68. Installed: 28.4 tCO₂/year; Expected from systems under construction: 6.8 tCO₂/year.

¹⁵⁷ Indicator 3.3.2.

¹⁵⁸ NDC, p. 20 – 'Finance: Develop NDC financing and investment framework along with a strategy to streamline access to funds while bridging the gaps in the public and private sectors.'

¹⁵⁹ The climate change specialist was on board in January 2022.

Finding 13. UNDP support to ecosystems management and biodiversity is very limited in this country programme cycle. Biodiversity financing and waste management initiatives are at an early stage.

While UNDP has a history of working in Nepal on topics of ecosystem management and biodiversity,¹⁶⁰ in this programme cycle, the support has been limited. There was no substantive progress made so far in some of the CPD output indicators.¹⁶¹ Stakeholders including the government officials viewed that UNDP provided limited support to the government. Programme staff indicated that UNDP had tried to access funding within ecosystems themes, but there were fewer funding opportunities available in core ecosystems management issues, as priorities were given to climate change and post-earthquake reconstruction in this programme cycle.

The programme managed the Biodiversity Finance Initiative (BIOFIN) project, which aims to develop a comprehensive biodiversity finance plan including the identification of prioritized finance solutions and business cases for implementation by engaging the government, private sector and the civil society. BIOFIN started in June 2019 and has finalized the Policy and Institutional Review, which serves as a reference point for the BIOFIN process and also helps to establish a baseline of the national policy and institutional context. Other outputs related to biodiversity expenditure review, Financial Need Assessment and Finance Plan are in progress. Implementation has been slow partially due to the COVID-19 pandemic. The project is expected to have a no-cost extension until July 2022.

UNDP supported the Government of Nepal in the preparation and publication of the 6th National Report to the Convention on Biological Diversity¹⁶² to fulfil the country's international commitment.

UNDP's other area of environmental improvement was via Promoting Green Recovery through Effective and Improved Waste Management Project, which was launched during the COVID-19 pandemic.¹⁶³ It supports the management of medical waste and urban solid waste. The project bridges a gap untapped by other initiatives and has received positive feedback in terms of its potential for scaling up, possibly as a public-private partnership venture, if proven financially viable. Overall, it is too early to assess the project performance and sustainability.

In addition, UNDP, through the Small Grant Programme, supported innovative interventions in the areas of environment, ecosystem management and biodiversity. These included community-led conservation schemes, such as the sustainable management of the Himalayan herb *Yarsha Gumba* (*Cordyceps sinensis*), conservation of wetlands, promotion of climate-smart agriculture, and the development of eco-villages.¹⁶⁴

The stakeholders who were interviewed stated that UNDP's initiatives helped pilot some innovative ideas and produce some learning to broaden the understanding of the socio-ecological context and to identify investment planning related to environmental conservation for the government. However, UNDP may need to develop a strategic approach to address the low level of learning documentation and their sharing with the wider audience and to develop strategies for scaling up. Moreover, UNDP has not adequately addressed other important cross-cutting issues (such as REDD+) and generation of cutting-edge knowledge on how ecosystems can contribute to climate change adaptation and a reduction of greenhouse gas emissions.

¹⁶⁰ E.g., biodiversity management within national parks and outside, ecosystems-based adaptation, wetlands management.

¹⁶¹ For instance, there was no progress on 'Risk and vulnerability assessment conducted for selected watersheds, sectors and municipalities' (output indicator 3.1.2) and 'Number of persistent organic pollutants (POPs) covered under new regulatory mechanism' (output indicator 3.2.3).

¹⁶² Ministry of Forest and Environment, 2018. [Nepal's 6th National Report to the Convention on Biological Diversity](#).

¹⁶³ In January 2021 with a completion date of May 2022, with a budget of US\$1.96 million, funded by UNDP (US\$1.011 million), China South Corporation Assistance Fund (US\$0.952 million) and local municipalities (US\$0.400 million).

¹⁶⁴ UNDP Nepal Annual Report 2019.

2.4 Country programme design, implementation, and other cross-cutting issues

Finding 14. UNDP country programme is highly relevant to country needs and priorities and flexible in responding to the changing context and emerging demands. Nevertheless, UNDP's portfolio in inclusive growth and resilience is perceived as fragmented by stakeholders.

The country programme is closely aligned with the Government of Nepal's multi-year plans,¹⁶⁵ policies and strategies,¹⁶⁶ and SDG priorities. It has undertaken interventions related to all six UNDP signature solutions, though with a varied volume of interventions. The CPD identified priorities in line with the national context and needs and supported the national development plans and sectoral strategies. UNDP developed its responses (including response to the COVID-19 pandemic) in close consultation with the government.

The programme design followed a participatory approach. During the formulation of the CPD 2018-2022, consultations were carried out with civil society stakeholders such as women's groups, indigenous peoples and representatives from marginalized groups, *Dalits*, persons with disabilities and LGBTQI+ groups. Assumptions made and risks identified were relevant and valid but incomplete. In hindsight, the CPD did not consider the risk of a slow federalization process and its potential impact on achieving programme results.

UNDP has been a close and trusted partner of the government. A long history of working with key government organizations, trust and access within the government, and meeting the needs of financial¹⁶⁷ and technical assistance, were the most frequently mentioned added values among the ICPE respondents. Non-government partners who were interviewed highlighted UNDP's convening power and the fact that it has a direct link to all ministries, as well as the National Planning Commission, which helped facilitate dialogues with the government. Other attributes from stakeholder interviews and the 2020 UNDP Partnership Survey included UNDP's presence in the country outside Kathmandu, its neutrality, programme and project implementation capacity, ability to bring in international experiences, emphasis on social inclusion, and quick adaptation and response to priorities and needs.

In terms of digitization and technology, UNDP helped the government establish a series of important information and data management systems (e.g., electronic Building Permit Systems, Disaster Information Management System, Aid Management Information System, etc.) and built government's capacity in data and information management. As discussed in previous findings, government counterparts require further capacity-building support in data analytics and monitoring especially at subnational levels. UNDP also introduced some technology and tools, including disaster risk assessment tools, retrofitting for house reconstruction, conservation tillage and integrated pest-management practices to fruit and vegetable farmers, among others. Stakeholder interviews stated that UNDP's initiatives have helped pilot some innovative ideas and produced some learning, but they need to develop a strategic approach to improve learning documentation and sharing to a wider audience and develop strategies for scaling up. At the time of the ICPE, UNDP is publishing good practices and lessons learned from its post-earthquake reconstruction support.¹⁶⁸

¹⁶⁵ In alignment with the 14th Plan during CPD formulation and the 15th Plan during implementation.

¹⁶⁶ Such as the Local Government Operation Act and various sectoral policies.

¹⁶⁷ According to the stakeholders who were interviewed for the ICPE, financial assistance is particularly important for implementing partners such as the NHRC and the parliaments, which do not receive adequate programme support from the government budget.

¹⁶⁸ This includes 'Post-Disaster Housing Recovery Manual, a Handbook on Owner Driven Housing Recovery' and the journal article 'Inclusion of the poor and vulnerable: Learning from post-earthquake housing reconstruction in Nepal'.

In this country programme cycle, unsettled governance arrangements, political instability and the COVID-19 pandemic, in addition to the slow pace of federalization, have affected programme implementation. The country office carefully tracked emerging government plans and priorities as well as resource availability. While political-economic considerations have been incorporated into strategic decisions, the country programme did not systematically conduct the political economy analysis envisaged by the CPD, except for contributions to UNCT's political analysis. Comprehensive and, in some cases, sector-specific political economy analysis could have further guided implementation.

UNDP demonstrated flexibility to accommodate unanticipated challenges by repurposing part of the resources and undertaking new initiatives to response and recovery activities. These interventions tend to be small and originated from the short-term opportunities and, in some cases, ventured into areas where UNDP has less or unclear comparative advantage. As a result, while the portfolio composition – especially in inclusive growth and resilience – has responded to government's demands, it is fragmented and has diluted UNDP's focus and core strength.

In a crisis context, such as the post-earthquake and the pandemic response, such an approach is appropriate and, in most cases, effective. Indeed, for a long period of time, UNDP has been supporting Nepal in transitioning from a unitary to a federalist state and has devoted much of its attention to crisis response, be it natural disasters, the pandemic or conflict.¹⁶⁹ Nevertheless, government stakeholders and donors have raised the issue of UNDP's portfolio spreading too broadly and thinly. Some development partners also indicated the lack of focus of UNDP's overall programming and limited coordination with other development actors in similar fields.

As the country embarks on the post-COVID-19 recovery process, UNDP needs to better balance between responding to the demands from crisis and transitioning and orienting itself toward areas where it can best support Nepal to achieve mid- to long-term development impact. Efforts in SDG localization, disaster risk management planning at national and local levels, and agriculture NAP are some good examples from this country programme cycle in this direction, not to mention critical support to governance areas.

The country programme did not explicitly map out cross-cutting thematic programme areas except for gender equality and social inclusion. UNDP programming addressed some interlinkages between environment and inclusive economic growth primarily in post-earthquake recovery, and also in rural livelihoods, clean energy and waste management. There is no clear evidence, however, of cross-portfolio programming between the governance portfolio and these other two portfolios of the country programme.¹⁷⁰

Finding 15. In this programme cycle, UNDP increased subnational-level engagement in response to federalization efforts. The establishment of field offices was strategic, but their capacity has been limited. Field presence is a clear advantage of UNDP that can be further leveraged in strengthening regional offerings.

In this programme cycle, UNDP further strengthened its collaboration with the government at the subnational levels, responding to the needs and priorities of the federalization exercise following the 2015 Constitution and facilitating SDG localization in the country. Across the portfolios, UNDP programming supported operationalizing federalism and building federal as well as provincial and local governments' capacity in related programme areas. Projects such as the PSP and the PLGSP-TA are working with new institutions (such as provincial governments and assemblies) or institutions that are undergoing

¹⁶⁹ In previous country programme cycles.

¹⁷⁰ Except for a concept note for PSP and MEDPA-TA to promote synergy on microenterprise advocacy among policymakers, to be piloted first in the Karnali province.

a transformation on account of the new constitution. UNDP demonstrated flexibility to respond to the evolving needs of these institutions. Most of the government officials who were interviewed stated that UNDP's support to the government's priorities and the partnership is strong.

For instance, the CPD identified three provinces – Province 2, Karnali and Sudurpashchim – with the lowest HDI as the priority for the current programme cycle. After the CO optimization in 2018, UNDP established four field offices¹⁷¹ to facilitate government liaison and partnership-building, promote programmatic synergies, provide quality assurance and other services to UNDP projects and mainstream GESI.¹⁷² This is strategic, considering that federalization has transferred to provincial and local governments the functions and responsibilities previously held at the central level. Stakeholder interviews identified UNDP's field presence as one of its key comparative advantages operating in Nepal, referring to both the field offices and project teams, some of which are based in provincial/local governments.

The field offices have provided important support for engagement with local stakeholders, as well as selected capacity development work with subnational governments such as support to SDG baseline report preparation. However, according to key informants, the level of support provided through the field offices is not adequate. This may be largely due to the very limited staffing capacity at the field office.¹⁷³ Additionally, as the field project teams report directly to the central project management unit, there is a degree of lack of information flow at the local level. The UNDP field offices do not receive field reports from UNDP projects unless proactively sought, and hence there tend to be gaps in information flow. Currently, key performance indicators (KPIs) are used to monitor quantitative results of 'delivery' by the field offices, but this is not an adequate tool for coherent planning. Overall, UNDP's field offices could be more strategically positioned and strengthened to champion the coherence and coordination of UNDP regional efforts in the priority provinces.

UNDP has drafted provincial programme documents for some provinces. As both the government partners and the donors clearly recognize field presence as a key comparative advantage of UNDP, the provincial programme document should be finalized in consultation with stakeholders to present a coherent provincial-level offering and can be used as a reference tool for resource mobilization and cost-sharing purposes as well.

PLGSP-TA has provided UNDP a critical platform for subnational engagement and a bridge for internalizing the SDGs at the subnational levels. The design of the PLGSP-TA was prepared through intensive consultation with the Government of Nepal to support a variety of national objectives and SDGs that PLGSP is expected to address. As the government is considering expanding PLGSP to also cover sectoral work,¹⁷⁴ there may be opportunities for UNDP to provide interdisciplinary support to provincial and local governments through integration of work among the portfolios, especially in areas such as microenterprise development, resilience-building and green recovery.

¹⁷¹ In Surkhet (for Karnali), Dhangadi (for Sudurpashchim), Butwal (for Lumbini, Gandaki and Bagmati) and Janakpur (for Provinces 1 and 2).

¹⁷² According to the ToR of Head of Field Office.

¹⁷³ Consisting of a Head of Office, a Programme Associate and a driver for each office.

¹⁷⁴ According to stakeholder interview.

Finding 16. The design of the CPD made an overly optimistic assumption on resource availability. UNDP has been able to leverage financial resources from different development partners to some extent and achieve initial success in mobilizing government funds. It is expected that the government's international development cooperation policy, adverse impact of COVID-19 and Nepal's LDC graduation objective will continue to affect resource mobilization in the next country programme cycle.

UNDP by all accounts overestimated resource availability. The CPD was developed in the aftermath of the earthquake when ODA flowing into Nepal increased significantly for the post-earthquake response and recovery. It was the period immediately after the approval of the 2015 constitution that aimed to establish a federalist state. However, during the current CPD period, some of UNDP's donors have been reducing aid budgets and the level of government cost-sharing has not been possible at the level anticipated by the CPD design. Challenges related to federalization were underestimated. The audit in May 2020 made a critical recommendation for the CO to re-align its programme to be more realistic.¹⁷⁵ The midterm review of the CPD had concluded that the CPD was overambitious. Consequently, UNDP halved the CPD funding envelope from the original US\$209 million to a more realistic US\$105 million.¹⁷⁶

The Government of Nepal's International Development Cooperation Policy (IDCP) of 2019 states that acceptance of assistance from external agencies to Nepal requires approval from the Federal Ministry of Finance and, in many cases, approval from the Cabinet. As evidenced by the DCRL project,¹⁷⁷ the approval process can be lengthy, delaying project implementation. At present, without formal approval from the federal government, subnational governments are not permitted to enter into co-financing agreements with UNDP for capacity development or any other project work. According to the representatives interviewed, generally, fund allocation to local governments from the federal government is substantial but the local governments do not have capacity to use the funds effectively and efficiently without seeking external support. At the same time, however, there is reluctance from the government to transfer funding to UNDP for direct implementation. The perceived high cost charged by UNDP for implementing cost-sharing projects appears to disincentivize the government to channel funds through UNDP. The government's emphasis on modalities such as budget support and sector-wide approach are beyond UNDP's standard implementation modalities.

UNDP's NIM modality promotes national ownership and stimulates institutional capacity development of government counterparts. Having this operational tool is viewed by some stakeholders as a comparative advantage of UNDP. There is, however, insufficient understanding of this modality among government stakeholders, who are more used to the traditional development assistance approach from bilateral/multi-lateral donors in comparison to the cost-sharing model promoted by UNDP especially in middle-income countries.¹⁷⁸

UNDP has been exploring a basket fund approach to access subnational government funding,¹⁷⁹ but there is the possibility of legal constraints. Government stakeholders who were interviewed were not fully aware whether this will be in accordance with government systems including audit, although UNDP has previously conducted NIM audit together with the Auditor General Office. There is, however, interest from local governments to work on creating a basket fund between UNDP and the municipalities.

¹⁷⁵ OAI, Audit Report No. 2209, 7 May 2020: UNDP Nepal.

¹⁷⁶ UNDP, 'UNDP's Country Programme Document 2018-2022, Minutes of the Annual Review Meeting, 29 April 2021'.

¹⁷⁷ Developing climate-resilient livelihoods in the vulnerable watershed (DCRL); see Finding 12.

¹⁷⁸ Frequent personnel changes within government entities are another factor affecting the overall understanding of NIM modality among national counterparts.

¹⁷⁹ A basket fund is a pooled fund from the government (in this case, provincial and local governments) and UNDP, where interventions are jointly prioritized and implemented in a specific sector in a collaborative way, based on the discussion with the mayors and UNDP staff; discussion is underway with the Karnali provincial government.

Nevertheless, the CO has been able to mobilize some resources from local partners in implementing some project interventions (e.g., CMDP). For recovery-related work, UNDP experimented with cost-sharing with the municipalities. The CILRP programme used tripartite agreements (local government, NGO and UNDP). In general, local municipalities provided about 50 percent of the matching fund. Likewise, in Nuwakot, the community contribution was 10 percent for CILRP activities and the remaining 90 percent was equally shared between local municipalities and UNDP. The cost-sharing-based local partnership approach has strengthened the ownership of the initiatives.

UNDP has been seeking alternative sources of funds, from the international financial institutions, new bilateral donors, the private sector and other UN agencies.¹⁸⁰ Some successful examples include Korea International Cooperation Agency's support for VCDP; China's, India's and Thailand's support for recovery and resilience; Nepal Tourism Board for tourism sector; COVID-19 response and recovery; World Tourism Organization (UNWTO) for sustainable tourism for rural livelihoods; UN Women's support for TBI Project; and ADB grants for RERL project after GEF funding ended in 2019, among others. The RERL project has laid a good foundation for future collaboration between ADB and UNDP. So far, the partnerships – especially those with the private sector – are one-off and there is not much prospect, as the private sector in Nepal mostly consists of microenterprises and has been heavily impacted by the COVID-19 pandemic. UNDP's perceived bureaucratic process is considered by large private sector entities as a major obstacle for directly partnering with UNDP.

The Governance portfolio, in particular, has been adversely affected by the continued lack of donor resources. UNDP had to step in with TRAC funds to sustain support in important areas. So far, there has been little progress in the governance outcome area in terms of diversifying the sources of funding beyond the traditional ODA donors. ICPE interviews with relevant project staff suggest that governance projects continued experiencing challenges in obtaining donor support. Most of the resource diversification efforts as discussed above have been for livelihoods and resilience initiatives. UNDP was, however, able to mobilize government resources for the PLGSP-TA, which was a significant achievement. Moreover, the eight priority areas outlined by the International Development Cooperation Policy (IDCP) for development cooperation¹⁸¹ do not include governance or any of its sub-thematic areas, whereas these topics – such as the rule of law, human rights, access to justice, and the electoral system – are UNDP's core areas of work with comparative advantage, responding to requests from key government and civil society institutions.

UNDP has good working relationships with bilateral development partners. UNDP established relevant partnerships whenever possible and merited, in view of national priorities and common interests. UNDP's performance was well acknowledged by the partners who were interviewed. Nevertheless, development is a crowded and competitive field in Nepal.¹⁸² Some bilateral donors have shown an increasing tendency to work with private consulting services and/or allocating funding through bidding where UNDP may not be competitive due to relatively higher management costs or time-consuming processes.

It is expected that the COVID-19 pandemic as well as the eventual LDC graduation¹⁸³ will further affect future funding availability and donor priorities in the next country programme cycle.

¹⁸⁰ E.g., ADB, India, China, etc.

¹⁸¹ Government of Nepal, Ministry of Finance, https://www.mof.gov.np/uploads/document/file/print_copy_IDCMP-2019_Eng-fullpage_20191107071739.pdf, Kathmandu, Nepal, 2019, pp. 4-5.

¹⁸² As of May 2021, based on the Ministry of Finance data, altogether there were 250 ongoing technical assistance (TA) projects at different stages, of which 124 are funded by bilateral, multilateral and IFIs and 126 by the INGOs.

¹⁸³ Currently expected in 2026.

Finding 17. UNDP's contribution to the UN Country Team has been well recognized and appreciated. Bilateral collaboration with sister agencies was carried out mainly through UN joint programmes and COVID-19-related activities. UNDP collaborated extensively with civil society for promoting gender equality and social inclusion in governance and resilience initiatives. Partnerships with IFIs and the private sector have been positive but limited. South-South technical cooperation mostly took the form of financial contribution in this programme cycle.

UNDP has provided excellent collaboration in the UNCT. Its contribution has been well recognized by the Resident Coordinator's Office (RCO) and sister agencies. Colleagues who were interviewed highlighted the commitment of CO senior leadership for collaboration. UNDP co-chairs two of the four UNDAF outcome working groups¹⁸⁴ and the Operation Management Team. UNCT is creating a programme management team, for which UNDP will co-chair and can use as a platform to further shape its integrator role. Positive feedback was also received from interviewees on UNDP's operational support to RCO and sister agencies.

Stakeholder interviews highlighted the important role UNDP has played in government liaison and youth engagement. For instance, in the PLGSP-TA, UNDP's proposal to the government opened the door for diverse areas of expertise to be brought into the project through UNCDF, UNV, UN Women and possibly other agencies in the future.

UNDP is actively partnering with sister agencies in implementing UN joint programmes on topics related to SDG financing and monitoring, social inclusion,¹⁸⁵ migration and livelihood (e.g., enterprise, tourism sector, temporary basic income, etc.), among others. UNDP is involved in all but one UN joint programme.¹⁸⁶

UNDP's support to the COVID-19 response and recovery is much appreciated by the UNCT. UNDP co-led the socio-economic assessment and the development of the socio-economic recovery plan. Moreover, UNDP and WHO collaborated on the digitalization of vaccine registration. UNDP led the vaccination coordination at the UN clinic, with the UNDP Resident Representative serving as the local vaccination coordinator and support coming from the volunteers. A total of 15,868 doses of the vaccine were administered to UN staff/personnel and their dependents, partners and persons from the vulnerable and marginalized groups.¹⁸⁷

Bilateral collaboration with sister agencies is more intensive in social inclusion issues. UNDP collaborated extensively with UN Women for promoting gender equality. GESI considerations in access to justice programming is one example of successful collaboration. UNDP's collaboration with UNV provided needed technical expertise to programme activities, as well as in mainstreaming youth into UNDP programming.¹⁸⁸ With UNFPA, UNDP created joint office space in the provinces and collaborated on population data and humanitarian response.

For livelihood interventions, UNDP's partnerships with other UN agencies have been project/activity-specific. Except for participation in multi-agency joint programmes (JPs) and COVID-19 response,¹⁸⁹ there is no joint programming with sister agencies despite working in the same or related fields.¹⁹⁰ Collaboration with the

¹⁸⁴ Outcome area 3: Resilience, Disaster Risk Reduction and Climate Change, and Outcome area 4: Governance, Rule of Law, and Human Rights; UNDP also participates in working group for Outcome 1: Sustainable and Inclusive Economic Growth.

¹⁸⁵ E.g., currently UNDP as lead agency, with UNFPA, WHO and UN Women, is implementing a JP on inclusion for and by persons with disabilities in Sudurpaschim province.

¹⁸⁶ Eight in total during the CPD period.

¹⁸⁷ United Nations. The UN System-wide COVID-19 Vaccination Programme – Nepal, 2021.

¹⁸⁸ Out of 79 UNVs in Nepal at the time of this evaluation, 41 were brought on board by UNDP. The Youth Officer in UNDP is UNV.

¹⁸⁹ E.g., UNDP-ILO initiative to 'Support Women's Savings and Credit Organizations for Safeguarding the Livelihoods of their Members made most Vulnerable by COVID-19 in Nepal', June – September 2020, budget of approx. 40,000; Multi-Partner Trust Fund (MPTF) JPs recently developed in 2021 on the topics of gender-based violence and economic recovery of most vulnerable women, in collaboration with sister agencies such as ILO, UN Women, UNFPA, UNICEF and UN Habitat.

¹⁹⁰ E.g., it is not clear why UNDP has not partnered with FAO and IFAD for CMDP and VCDP design and implementation.

International Labour Organization (ILO), Food and Agriculture Organization of the United Nations (FAO), International Fund for Agricultural Development (IFAD) and UNCDF, for example, could have strengthened the technical inputs and financial inclusion of UNDP livelihood programmes. Collaboration with sister agencies on climate change and environment issues is also limited.¹⁹¹

In terms of the IFIs, UNDP collaborated with the World Bank on post-earthquake reconstruction and with the Asian Development Bank on rural access to clean energy. UNDP and the World Bank also partnered in conducting the federalism capacity needs assessment – which has been widely referenced by development partners – and co-chaired the federalism working group. While acknowledging the increasing collaboration with IFIs, there is room for better leveraging the linkages for longer-term partnership.

UNDP's partnership with the private sector was limited and mostly for stand-alone activities.¹⁹² According to private sector representatives, UNDP has a slow decision-making process. The private sector has not been actively involved in intervention design and implementation. Rural livelihoods interventions were delivered in partnership with the local cooperatives, but it is too early to assess the cooperation model.

The collaboration with civil society contributed to project objectives and national priorities, particularly for gender equality and social inclusion. In many cases, CSOs were consulted in the design phase, especially for identifying needs and priorities of vulnerable groups. They were also engaged in programme/project implementation such as awareness-raising, outreach and research/studies. Collaboration with civil society organizations and community-based organizations concentrated on governance and resilience-related activities, in some cases in partnership with the government. For example, governance projects collaborated with more than 35 CSOs (including several national-level entities), which contributed to engagement and advocacy for women, youth, ethnic and sexual minorities, and persons with disabilities in local government elections, parliamentary consultations, human rights and access to justice at the community level. In the Community Infrastructure and Livelihood Recovery Programme (CILRP), UNDP worked with local NGOs to facilitate the municipal-level post-earthquake recovery work through a tripartite agreement. In general, most of the stakeholders interviewed are satisfied with the partnership outcome.¹⁹³

South-South technical cooperation (SSTC) has been limited in this country programme cycle and mainly took place in the form of financial contribution.¹⁹⁴ Other South-South exchanges included several international meetings on governance-related topics, and knowledge-sharing and consultation activities on microenterprise development and youth programming; some planned study tours did not take place due to COVID-19 restrictions. The CPD mid-term review (MTR) included the finding that there are 'few examples of SSTC' and these are one-time events, except for the Open Parliament Programme and Open Government Partnership, in which the PSP and its beneficiaries have been involved. Overall, SSTC has not been well incorporated into the project design. For instance, among the project documents of the six main governance projects,¹⁹⁵ only the PLGSP-TA project document mentions SSTC.

¹⁹¹ UNDP and FAO worked jointly on agriculture sector NAP, which collaborated with United Nations Environment Programme (UNEP)-supported NAP formulation team that is also working on NAPs of multiple sectors in Nepal. There is, however, no direct collaboration between UNDP and UNEP.

¹⁹² In this CPD cycle, UNDP has partnered with a limited number of private sector partners, such as NCELL (a telecom company), Chaudhary Foundation, Yeti Airlines and Nepal Rastra Bank. The only private sector engagement in governance area was the human rights and business intervention in A2J.

¹⁹³ Some stakeholders encountered challenges due to a different planning cycle used by the municipalities and the fund disbursement mechanism used by the project. Specifically, UNDP provides the last 10 percent of the project costs only after the audit/closure of project interventions, which delays the recovery of resources already invested by the CSO partners.

¹⁹⁴ E.g., funding received from India and China.

¹⁹⁵ PLGSP-TA, PSP, SPSP, ESP, A2J, SCDP.

The Accelerator Lab helped reach out to national and local partners from different sectors to experiment and support innovative solutions to development challenges. Examples include the K-hub, a platform promoting business ideas and skills of youth start-ups in Nepal created in partnership between UNDP Nepal/Accelerator Lab and the Kathmandu municipality;¹⁹⁶ and 'SmartPalika' (Smart Municipality), an application developed in collaboration with CellApp Innovations to support local governments to undertake live-tracking management, report quarantine data to the public, disseminate COVID updates and allow users to self-assess and report on their health status. The Accelerator Lab also collaborated with Medicines du Monde and Solid Waste Management Association of Nepal in developing behavioural change communications materials and organized workshops for more than 500 formal and informal waste workers in Kathmandu and Nuwakot. The mapping solutions derived by the Accelerator Lab team provided insight to the three-step solution for the waste workers.¹⁹⁷

Finding 18. UNDP promoted programme sustainability through aligning with national strategies and priorities, ensuring stakeholder ownership and providing capacity-building support. In general, while some successful cases exist, major challenges remain for sustaining and up-scaling results due to limited financial resources and weak institutional capacity of national counterparts, especially at the subnational level, as well as inadequate approach to sustainability planning.

UNDP worked closely with the government and directly supported national policies and priorities and obtained a high degree of national ownership for most of its interventions. Due to this, good results are being scaled up in some cases. The most significant example of up-scaling was the government's commitment to mainstream the MED model, piloted by UNDP, into all 753 local governments using its own resources. Capacity-building support that is incorporated into the partners' strategic plans (e.g., electoral, human rights and criminal justice) is likely to be sustainable. The increasing use of NIM has helped to improve government ownership of project results.

Some stakeholders, however, cautioned that NIM did not mean that the interventions would be scaled up by the government automatically. Sustainability planning still needs to be addressed. For instance, for the downstream NIM projects such as CMDP and VCDP, there is an underlying assumption that the respective government entities will continue and sustain the achievements resulting from UNDP support. However, unless the achievements are mainstreamed into the government's regular development programme, there is no certainty that the gains from UNDP support can be sustained.

Although new institutions (e.g., provincial assemblies and subnational governments) showed ownership and appreciation of UNDP-supported initiatives, their capacity is inadequate for internalizing some of the important positive changes. The absorptive capacity, particularly at the local level, remains weak. Frequent staff transfer in the government makes it difficult to ensure institutional capacity. Some stakeholders who were interviewed were of the view that UNDP has been more focused on 'delivery' than on facilitating capacity-strengthening to resolve development challenges and that, in several cases, UNDP did not conduct adequate capacity gap analysis or assessment of how and whether the capacity-building support had met its objectives.

Resource scarcity has remained a major challenge to sustain the momentum and ensure sustainable development impact over the medium to long term (see Finding 16).

¹⁹⁶ UNDP, 2020. *The Kathmandu Business Hub: Incubating Public and Private Partnerships to Address Youth Unemployment*.

¹⁹⁷ Comprising (i) installation of sanitization chambers, (ii) personal protective equipment gear during working hours, and (iii) providing necessary training to raise awareness about safe handling of waste.

In some cases, projects and interventions were designed for a short period to fulfil specific objectives (such as COVID-19 and disaster response). Thus, they do not have opportunity to link, collaborate and maintain synergy with other projects. Some local-level stakeholders stated that these short (less than one year) and fragmented interventions in different geographic areas are hindering the scaling-up and sustainability of the intervention. For example, most of the Community Infrastructure and Livelihood Recovery Programme interventions at the local level are for a short period of six to eight months or a maximum of one year. Interventions related to agriculture/natural resources management¹⁹⁸ and other infrastructure-related interventions require time to make people aware, create or mobilize community groups, test technologies and develop management modalities after the intervention is over.

Most projects do not have a sustainability plan. For the few projects that have developed an exit plan or sustainability strategy, the approaches have been different and often inadequate. There is little evidence to suggest that UNDP has introduced measures to sustain stakeholder capacity. The overall message – or the unstated assumption – is often that the partners will sustain what they are expected to continue. This has also led to the expectation that the project may continue beyond the completion date.

Indeed, in many cases, UNDP's approach has been using the same programme as a vehicle for continuous phases to address evolving needs. While this programming approach is valid, it does not excuse the absence of a sustainability plan in programme design to stimulate commitment and ensure continuous application of capacity and delivery of benefits that have already been introduced to national counterparts in previous phases. Design of new phases could take the risks and requirements in the sustainability strategy into consideration. While the new phase is awaiting approval, which usually takes some time, the sustainability strategy can also guide UNDP's intermediate support.

Finding 19. UNDP delivered appropriate and timely support to the COVID-19 response. UNCT and other stakeholders are appreciative of UNDP's contribution to UN-wide initiatives.

UNDP's immediate COVID-19 response was based on the urgent demands imposed by the prevailing context¹⁹⁹ and focused on three priorities: health systems support, multi-sectoral crisis management, and socio-economic impact assessment and response. In close coordination with the World Health Organization (WHO), UNDP responded to the requests from national and subnational governments to help them prepare for, respond to and recover from the COVID-19 pandemic. UNDP supported the strengthening and preparedness of the health system by procuring emergency medical supplies, including PCR machines, RNA machines, ventilators, antigens, oxygen concentrators, intensive care unit beds and personal protective equipments. UNDP supported enhanced crisis communications and management of the provincial and local governments. The country office supported the logistics of the quarantine facility and provided migrant returnees (women, children and the elderly) transport to holding centres from border checkpoints.

UNDP is also implementing the joint project with WHO on digitizing vaccination registration to ensure equitable allocation of COVID-19 vaccine across population and communities, increase uptake, make the process simple and provide global proof. The ongoing project is being implemented in seven metropolitan cities, sub-metropolitan cities and rural municipalities.

¹⁹⁸ I.e., pickle-making, candy-making, drinking water source protection.

¹⁹⁹ E.g., lock-down measures, porous borders, limited laboratory testing facilities and hospital emergency services, shortage of supplies, etc.

UNDP was recognized as a key player in the UN response. UNDP commissioned a 'Rapid Assessment of Socio-economic Impact of COVID-19 in Nepal'²⁰⁰ that provided a detailed account of impacts in the socio-economic sector (employment, labour, remittance, agriculture sector such as dairy, vegetables, poultry) and vulnerable groups (women, SMEs, the poor and persons with disabilities). The assessment was based on a survey of 700 businesses and 400 individuals and consultations with over 30 private sector organizations and government agencies. The study informed the UN's COVID-19 response framework and the design of UNDP projects.

UNDP played a critical role in developing the UN Framework for Responding to Socio-Economic Impacts of COVID-19 in Nepal in consultation with wide ranges of stakeholders: about 1,200 individuals representing diverse backgrounds, including women, marginalized groups, persons with disabilities, gender and sexual minorities, indigenous peoples and other minority groups. UNDP also developed synergies with other UN agencies for short-term responses reflecting its integrator role.²⁰¹ Other UN entities stated that UNDP presence and partnerships across the government, at the subnational level and in particular at the provincial level, facilitated UN work.

On the governance front, UNDP equipped provincial governments and assemblies with videoconferencing facility immediately after the COVID-19 lockdown started, to help with the smooth functioning of their responsibilities. This included Zoom licenses for all seven provincial governments and 753 local governments. Other areas of governance support included human rights monitoring, awareness-raising, provision of legal and psycho-social counselling and the facilitation of the legislative, oversight and outreach functions of parliamentarians.²⁰²

UNDP repurposed its country portfolio to respond to the pandemic challenges and raised new funds. At the request of the government, project boards of UNDP-supported projects repurposed US\$3.2 million out of the planned delivery of US\$17.3 million. Such initiatives in VCDP and CMDP, for example, have supported local farmers to increase their incomes and have enabled access to fresh produce for consumers.²⁰³ In addition, CO mobilized an additional US\$4.78 million for the COVID-19 response from five sources for four projects for livelihoods recovery initiatives for the most vulnerable, in partnership with the government.²⁰⁴

The CPD envisaged UNDP support for creating employment and livelihoods in the tourism sector. During the COVID-19 pandemic, UNDP has partnered with the Nepal Tourism Board and designed the Sustainable Tourism for Livelihood Recovery Project²⁰⁵ to address the short-term needs of MSMEs and the most-vulnerable people adversely affected by the loss of jobs and livelihoods. The evaluation takes note

²⁰⁰ UNDP, 2020. *Rapid Assessment of Socio-economic Impact of COVID-19 in Nepal*.

²⁰¹ Based on information shared by CO, relevant joint programmes are: (i) private sector activities for migration (2000-2021), jointly with IOM (US\$60,000); (ii) enterprise and jobs creation for the most vulnerable – MPTF (2020-2021), jointly with ILO, IOM, and UNESCO (US\$435,000); (iii) reorienting public finance for SDB acceleration (SDG Fund) (2020-2022), jointly with UNCDF and UN Women (US\$660,000); (iv) UNSD-FCDO project on SDG monitoring in Nepal (2020-2021), jointly with UNSD; US\$62,699; (v) support for tourism satellite account (2020-2021) with UNWTO, US\$100,000; (vi) Aawaaz (Voice) Inclusion for and by persons with disabilities (2020-2021) jointly with WHO (US\$76,505); (vii) support programme for scaling up climate ambition on land-use and agriculture through NDCs and NAPs (SCALA) (2020-2022) jointly with FAO, US\$300,000; and (viii) temporary basic income (2021-2023), jointly with UNWOMEN, RCO, HDDP, US\$773,504.

²⁰² See Subsection 2.2.

²⁰³ Repurposed activities were discussed in respective outcome findings.

²⁰⁴ The projects include: (i) COVID-19 socio-economic recovery (jobs – enterprise development): US\$2,145,870 (US\$1.8 million from TRAC II for 2000 and 2001 and US\$345,870 from MPTF for 2000); (ii) waste management and green jobs: US\$1,552,467 from China and RFF for 2000-2001; (iii) sustainable tourism development: US\$1.0 million as the Government of Nepal's cost-sharing arrangement; and (iv) disability: US\$78,000 from the United Nations Partnership on the Rights of Persons with Disabilities (UNPRPD).

²⁰⁵ UNDP, 2020. *Sustainable Tourism for Livelihood Recovery Project – draft project document*, Kathmandu.

of UNDP CO's intention to expand engagement in tourism and urban resilience areas based on earlier initiatives.²⁰⁶ For urban resilience, it is not clear what the comparative advantage of UNDP is vis-à-vis some existing large-scale development initiatives of other development partners.²⁰⁷

UNDP also initiated a new project for Promoting Green Recovery through Effective and Improved Waste Management.²⁰⁸ While positive feedback has been received from the stakeholders who were interviewed, including regarding the potential to scale up urban solid waste management measures, it is too early to assess the outcome of the project.

UNDP launched additional pilot initiatives²⁰⁹ that were not conceptualized in the CPD design but represent UNDP's response to emerging challenges. These support measures are short-term in nature, with the expectation that additional funding would be generated for scaling up the interventions to larger projects. Given the size of the challenge, these were of limited scale and inadequate to address the prevailing challenges. Nevertheless, as an important player, UNDP acted appropriately to showcase what could be done in responding to the pandemic.

Finding 20. UNDP Nepal demonstrates a strong commitment to gender equality and social inclusion through the GESI strategy and workforce diversity policy. UNDP activities have mostly been responsive to the needs of women and other marginalized communities and some initiatives have the potential of being transformative. GESI integration across the resilience portfolio, however, needs to be further strengthened. The office is also yet to achieve gender parity in the workplace.

UNDP Nepal Country Programme Document 2018-2021 strongly recognizes the need to mainstream gender equality and social inclusion (GESI) into its programming. The CO developed the GESI Strategy 2018-2021 to mainstream GESI into country programme implementation. The Strategy identifies vulnerable groups based on the current dominant cause of their vulnerability²¹⁰ and is focused on addressing root causes of inequality and recognizes the overlapping dimensions of different types of vulnerabilities. The strategy also outlines how GESI will be integrated into every outcome area and at every stage of operation, from project formulation and implementation to reporting. This has been applied to a large extent.

UNDP Nepal was a recipient of the 'high silver' gender seal award in 2014 and maintained the silver seal in the 2018 review. In particular, CO exceeded expectations by detailing the various stages of GESI integration in the project document development process. In most cases, CSOs were consulted in the design phase and were engaged throughout the development of the project/programme; needs and priorities of different groups such as women, indigenous and marginalized communities, persons with disabilities, and gender and sexual minorities were identified.

Senior staff in the Nepal CO have been at the forefront of this agenda. The CO has a GESI focal team that is chaired by the Resident Representative (RR) and consisted of members from both programme and operations. The team has dedicated resources and is guided by an action plan. The team's contribution is reflected in the staff's performance management and development. At the same time, the team is yet to

²⁰⁶ It states that UNDP's engagement in the tourism sector goes back to the early-1970s, when UNDP supported the creation of institutional capacity, including the establishment of the National Academy of Tourism and Hotel Management, Nepal Tourism Board, and when UNDP also implemented the Tourism for Rural Poverty Alleviation Program (TRPAP) between 2002 and 2006.

²⁰⁷ For example, the five-year Nepal Urban Resilience Programme (2019-2024) programme, funded by UK's Foreign, Commonwealth, and Development Office (FCDO), implemented by VSO; the Regional Urban Development Project (2014-2022) of ADB with budget of US\$151 million, Nepal Urban Governance and Infrastructure Project (2021-2025) of the World Bank of US\$150 million, etc.

²⁰⁸ With support from China South Corporation Assistance Fund.

²⁰⁹ E.g., Prayash: Basic Income for Marginalized and Excluded Women in Nepal (TBIP), and Capacity Development of Local Governments for Resilient Infrastructure and Livelihood Services (CDRIL).

²¹⁰ Including socio-cultural, socio-economic, institutional, political, geographic and environmental factors.

achieve its full potential. GESI team meeting minutes point to limited number of meetings of the team, lack of participation from all programme units and limited follow-up actions emanating from these meetings.²¹¹ CO staff stated that there is limited understanding among programme staff except for those in the GESI team. CO has had a GESI advisor at NO-B level since 2019, who, according to the key informant interviews, has provided crucial support for GESI mainstreaming.

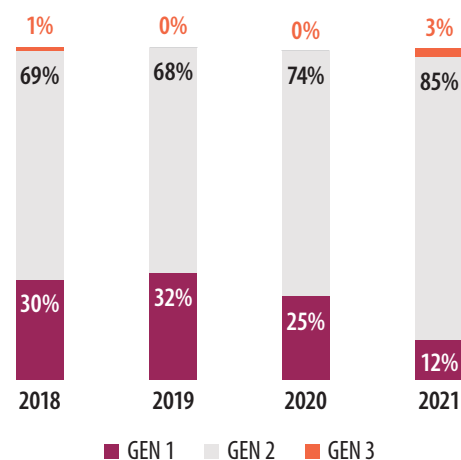
During this period, the CO has increased its expenditure on projects where Gender Equality and women's empowerment (GEWE) has been promoted in a significant way (GEN2) since 2018. At the same time, the expenditure on projects where GEWE is an explicit objective (GEN 3) has been miniscule throughout the CPD period (0.8 percent of programme expenditure) (see Figure 8) vis-à-vis the 15-percent threshold stipulated by the UNDP Gender Equality Strategy. Most interventions in Inclusive Growth and Governance portfolios were GEN 2 (85 percent and 89 percent) whereas 52 percent of the expenditure for Resilience, DRR and Climate Change was contributing to GEWE in a limited way (GEN1).

Most UNDP initiatives in the Inclusive Growth and Governance portfolios are gender-responsive²¹²

and some have the potential to be gender-transformative. The latter includes two policy initiatives. First, the support provided to the Election Commission of Nepal on GESI resulted in the Commission's adopting a Gender and Social Inclusion policy, creating a GESI Unit and integrating GESI into its 2015-2019 Strategic Plan.²¹³ Second, under PGLSP-TA, UNDP supported the development of a GESI strategy accompanied by an M&E checklist, by embedding GESI officers in all seven provincial offices. The Strategy and the checklist have been endorsed by 18 local governments in Bagmati province. Another policy-level intervention included UNDP partnership with NFDN for policy advocacy for the persons with disabilities at the federal as well as provincial levels in Sudurpashchim. The NFDN drafted a policy for persons with disabilities in accordance with the Convention on the Rights of Persons with Disabilities (CRPD), which is being reviewed by the provincial government for approval by the provincial cabinet. This may also lead to transformative change at the provincial level. At the same time, there is no evidence of UNDP supporting the drafting of national-level policies in accordance with the CRPD.

Interventions in the Resilience, DRR and Climate Change portfolio were found to be mostly 'gender-targeted' but yet to be gender-responsive in terms of project planning, implementation and results. The analysis of programme and project documents showed GEWE issues and commitments to marginalized groups such as *Dalits* and *Janajatis*, the poor and the climate-vulnerable, were generally covered. The involvement of

FIGURE 8. Gender Marker Expenditure Trend



Source: UNDP Atlas Project Data (Power BI, 9 December 2021; data for 2021 was up to early December).

²¹¹ Only the 2021 meeting had an action plan associated with it.

²¹² See discussions in subsections 2.1 and 2.2.

²¹³ Nelson and Bhattarai, 'ESP Final Evaluation'.

women and other marginalized groups, however, remained mainly as participants of project-level activities²¹⁴ and there was less evidence of their involvement in decision-making. Stakeholders who were interviewed stated that project staff did not have adequate awareness of this theme and focused more on the technical aspect than on the social dimension. There was also inadequate attention given to socio-cultural constraints²¹⁵ regarding gender and practical solutions for increased participation of women and excluded communities in the project management process.

UNDP played a critical role in high-level UN engagements for GESI. Other UN partners recognized UNDP's strong role in GESI advocacy. UNDP has co-chaired the Interagency Gender Theme Group. UNDP also collaborated with UN Women, UNFPA and the United Nations High Commissioner for Refugees (UNHCR) to finalize and submit the National Action Plan-II on women, peace and security, which, once accepted, will pave the way to address the issues of conflict-related sexual violence.²¹⁶ At the same time, there were gaps at the project implementation level, where the coordination could be better.²¹⁷

The CO has a strong workforce diversity policy targeting the mainstreaming of gender equality and diversity into all recruitment and for balance and diversity for UNDP Country Office staff composition. The policy makes GESI competency and functions mandatory in all Terms of Reference. In recruitment, the positions are to be advertised over different media to garner more diverse applicants. As per the policy, preference for long-listed and short-listed candidates is to be given to marginalized groups and women. A 2020 review highlighted the institutional attention given to the issue as well as action-oriented reviews for the policy, while there has not been success across all goals.²¹⁸ The gender parity in office is still unbalanced, with 38 percent female and 62 percent male. Gender imbalance is most prevalent for service contract holders (24 percent female), while, for other contract types, gender distribution is relatively equal.²¹⁹ Staff perceptions, however, pointed to an improvement in diversity and inclusion areas in Global Staff Survey (GSS) 2020 as compared to GSS 2018.²²⁰

Finding 21. M&E systems lacked results-orientation to provide evidence and a comprehensive outlook on achievements and impact pathways at portfolio and project levels. UNDP Nepal has conducted good-quality project evaluations in this programme cycle.

UNDP did not design adequate portfolio-/project-level theories of change. For instance, none of the project documents in the inclusive economic growth portfolio clearly articulated the theory of change of UNDP interventions. Country programme and project M&E frameworks do not have clear intermediate-level results. The indicators mostly track quantitative outputs (e.g., number of beneficiaries, plans, municipalities, etc.) but do not capture their effects.²²¹ It is thus difficult to see clear logics and to assess the contribution of the interventions at the outcome level, which often has national indicators that are at a higher level and

²¹⁴ In most cases, projects involved women (mainly) and socially excluded communities (participation level), but there is a critique that, in many cases, their involvement is limited to participation in the events not actually leading toward representing their issues and having a say in the decision-making process. In fact, integrating gender and social inclusion requires a trust-building process where people start to talk when they feel comfortable (people, issue and environment/context) and this is generally challenging in a project-based approach.

²¹⁵ Social-cultural factors mainly related to the existing role and workload of women (production and reproduction-related roles), challenges in mobility, less exposure, and historical negligence on the participation of women by the government and other development actors in development.

²¹⁶ UNDP Nepal ROAR 2020, triangulated.

²¹⁷ Examples include a GESI survey with UNFPA and a regional meeting on Women, Peace and Security with UN Women.

²¹⁸ UNDP's Interim Work Force Diversity Policy, Nepal, 2007, Final Review Report, 2020.

²¹⁹ UNDP Executive Snapshot. Gender Distribution by contract type: UNV (51 percent male, 49 percent female), international staff (50 percent male, 50 percent female), national staff (55 percent male, 45 percent female) and service contract (76 percent male, 24 percent female).

²²⁰ UNDP Global Staff Survey 2020 – Nepal.

²²¹ For example, for employment or livelihoods, some guidance on the quality of jobs meaning decent jobs and increase in income levels as a proxy for livelihood opportunities could have helped in tracking and assessing the achievement.

cannot be regularly measured by UNDP.²²² Moreover, outputs should be the direct responsibility of the project/programme, but currently UNDP is using indicators²²³ from government reports and, in some cases, it is difficult to assess the contribution of UNDP as well as the quality of the data. Some of the monitoring reports were not available and the quality of country office self-reported data was not sufficient. Notably, the CPD outcome and output indicator progress report on the corporate planning system showed inconsistencies and lacked clarity in the reported value (e.g., annual vs. cumulative, definition of scales, etc.).

The monitoring functions are carried out at the project/field level and programme level. Field monitoring is carried by the project staff and, depending on the nature of the project, joint monitoring is also organized with donors and other stakeholders. Some project staff mentioned that the project-level data collection and synthesis have been a challenge due to limited staffing capacity and the lack of a clear M&E framework for field-based monitoring and reporting.²²⁴ Very often, they were not able to complete and submit progress reports on time. UNDP is introducing a third-party monitoring system for its projects.²²⁵ The nature of reporting tends to be work-plan reporting, with a focus on activities and project deliverables, rather than on results-based reporting that highlights achievements in the results chain, particularly toward project and CPD outcomes.

UNDP organizes annual review meetings with development partners. Donors and partners who were interviewed are satisfied with project monitoring and reporting but demand more analysis at the outcome level to draw synthesized learning.

The country office has improved the evaluation quality over the current country programme cycle. The evaluation plan has been duly implemented. Most of the project evaluations received a high-quality assurance score from the IEO.²²⁶ The 'Final Evaluation of Resilient Reconstruction and Recovery of Vulnerable Communities Severely Affected by 2015 Earthquake' received the IEO 2020 Evaluation Excellence Award for gender-responsive evaluations.

The country office has been efficient in implementing evaluation recommendations. The country office conducted a mid-term review in 2020 following an audit recommendation. As of February 2021, two-thirds of the actions were initiated or completed.²²⁷ Major actions include a strategic review of the office structure in light of the UN reform, establishment of donor-specific visibility guidelines, and introduction of new positions to enhance resource management.²²⁸ The audit of the country office was conducted by the Office of Audit and Investigations (OAI) in 2014, 2017 and 2020. The 2020 audit report assessed the office as partially satisfactory and gave five recommendations, including one (on re-aligning the programme portfolio) rated as high priority. As of March 2021, all recommendations are considered implemented by the OAI.

²²² UNDAF outcome achievement is monitored by RCO. UNDP provides output-level results of its programme to RCO for UNDAF reporting.

²²³ E.g., 3.1.2, 3.3.1 and 3.4.3.

²²⁴ COVID-19 restrictions introduced additional challenges and disruption to field monitoring.

²²⁵ Third-party monitoring describes the practice of contracting third parties to collect and verify monitoring data.

²²⁶ Ten decentralized project evaluation reports were submitted for IEO quality assurance, six of which were rated 5 (satisfactory), two of which were rated 4 (moderately satisfactory) and two of which were rated 3 (moderately unsatisfactory). Four mid-term reviews have been carried out since 2016, of which three were submitted for IEO quality assurance. Two were rated 5 (satisfactory) and one was rated 4 (moderately satisfactory).

²²⁷ As reported by the country office in the ERC.

²²⁸ Evaluation Resource Centre. Mid-Term Review of Country Programme Document, Management Response.

2.5 Country programme performance ratings

The following table provides an overview of the performance of the country programme, using the five internationally agreed evaluation criteria: relevance, coherence, effectiveness, efficiency and sustainability, and a set of parameters for each of the criteria. A four-point rating scale is used, with 4 being the highest and 1 the lowest rating.²²⁹ This rating table should be read keeping in mind the findings presented in the previous sections, which provide more detailed justification for the ratings.

TABLE 1. Country programme performance ratings

| Key criteria and parameters | Overall rating | Remarks/Justification |
|---|----------------|---|
| 1. Relevance | 4 | Overall, the country programme is aligned with national development priorities and strategies, the UNDAF and the UNDP strategic plan. UNDP was adaptive to the changing demands, including response to the aftermath of the 2015 earthquake, the COVID-19 pandemic, and the federalization process, in consultation with the government. The programme emphasized gender equality and social inclusion. See Findings 14, 15, 19 and 20. |
| 1.A. Adherence to national development priorities | 4 | |
| 1.B. Alignment with UN/UNDP goals | 4 | |
| 1.C. Relevance of programme logic | 3 | |
| 2. Coherence | 2 | Cross-portfolio synergy and collaboration mainly focused on GESI mainstreaming and post-earthquake/COVID-19 livelihoods and resilience activities. Responding to emerging demands in crisis context (earthquakes and the pandemic) deviated focus from promoting long-term development impact based on UNDP comparative advantage. Governance portfolio has high internal coherence. UNDP did not develop portfolio-level theory of change. UNDP has established strategic partnerships with the government and was appreciated for its contribution to UNCT. Bilateral partnerships with UN agencies and CSOs concentrated on GESI mainstreaming and COVID-19 response. Partnerships with the private sector and the IFIs are positive but limited. See Findings 14, 17, 19 and 20. |
| 2.A. Internal programme coherence | 2 | |
| 2.B. External programme coherence | 3 | |

²²⁹ 4 = Satisfactory/Achieved: A rating of this level means that outcome exceed expectations/All intended programme outputs and outcomes have been delivered; 3 = Moderately satisfactory/Mostly achieved: A rating of this level is used when there are some limitations in the contribution of UNDP programmes that prevent an excellent rating but there were no major shortfalls. Many of the planned programme outputs/outcomes have been delivered and expected results likely to be achieved. Overall, the assessment is substantially positive and problems were small relative to the positive findings; 2 = Moderately unsatisfactory/Partially achieved: A rating of this level is used when significant shortfalls are identified, but there were also some positive findings. Only some of the intended outputs and outcomes have been completed/achieved. Overall, the assessment is less positive; 1= Unsatisfactory/Not achieved: A rating of this level means that the contribution of the UNDP programme faced severe constraints and the negative assessment outweighs any positive assessments. There has been limited or no achievement of planned outputs/outcomes.

◀ Table 1 (cont'd)

| | | |
|--|----------|--|
| 3. Efficiency | 3 | At the design stage, the CPD overestimated resource availability. COVID-19, slow federalization process and the new the International Development Cooperation Policy provisions impacted implementation, causing delay and/ or cancellation of activities. Nevertheless, UNDP took measures to repurpose funds and speed up implementation once the restrictions ceded. The establishment of field offices was strategic, but their capacity is limited. Management expenditure ratio is high (11 percent in 2020 and 12 percent as of September 2021). See Findings 14, 15, 16 and 21 (also discussed in outcome findings). |
| 3.A. Timeliness | 3 | |
| 3.B. Management efficiency | 2 | |
| 4. Effectiveness | 3 | UNDP provided important policymaking and capacity-strengthening support and technical assistance to federal government and provincial assemblies, three tiers of governments, human rights and election commissions and the justice sector. Tangible results were also achieved in the areas of rural livelihood, microenterprise development, clean energy access, disaster risk management and post-earthquake reconstruction. Results in climate change, biodiversity and ecosystem management have been limited. Most UNDP interventions integrated GESI principles and are gender-responsive. See Findings 1 to 13, and 20. |
| 4.A. Achieving stated outputs and outcomes | 3 | |
| 4.B. Programme inclusiveness (especially those at risk of being left behind) | 3 | |
| 4.C. Prioritizing gender equality and women's empowerment | 3 | |
| 4.D. Programming processes adhered to sustainable development principles | 3 | |
| 5. Sustainability | 2 | UNDP aligned its programme with the priorities and strategies of national counterparts to promote ownership and sustainability. Most projects were designed to strengthen the capacity of relevant institutions and groups, but national capacity, especially at the subnational level, remains low and, in several cases, UNDP did not adequately conduct capacity gap analysis. Moreover, UNDP did not develop adequate sustainability planning to maintain or scale up intervention benefits. The lack of resources and the limited stakeholder capacity especially at subnational level further hinder programme sustainability. See Finding 18 (also discussed in outcome findings). |
| 5.A. Sustainable capacity | 2 | |
| 5.B. Financing for development | 2 | |

CHAPTER 3

CONCLUSIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSE



This chapter presents the evaluation's conclusions on UNDP's performance and contributions to development results in Nepal, recommendations and the management response.

3.1 Conclusions

Conclusion 1. UNDP reinforced its position as a trusted development partner of the Government of Nepal through close alignment of its programme with government priorities and the important role it has played in supporting federalization, promoting SDG localization and mainstreaming gender equality and social inclusion.

UNDP has established long-term and positive working relations with the Government of Nepal and is recognized as a trusted development partner for the country. UNDP has closely aligned its country programme with priority areas identified in the 14th and 15th Plans and exercised convening power to address prevailing and emerging challenges in the country.

UNDP's support to law-making and institutional capacity development of federal and subnational governments responded to the priority needs of federalization. UNDP's active engagement in the government's flagship PLGSP programme provides it an optimal platform for federalization support. UNDP's role in capacity-building at the federal, provincial and local levels is well received by the stakeholders. The establishment of field offices in four provincial capitals is strategic, but their capacity remains limited to fully execute their strategic and operational functions at the subnational levels.

UNDP has played a major role in promoting the integration of the SDGs in the country's 15th Plan and in the planning and budgeting at the subnational level. UNDP support contributed to increased capacity of the Ministry of Finance in monitoring development finances, assisted the National Planning Commission in producing Nepal's SDG reports (including financing requirements for meeting the SDGs) and facilitated the SDG baseline studies of all seven provinces. Overall, more support is needed at the subnational level for SDG monitoring and reporting.

UNDP's capacity in promoting GESI mainstreaming is a well-recognized strength of its programming. UNDP provided important technical inputs to promote GESI in national strategy and planning and among the national counterparts in most of its working areas, including but not limited to microenterprise development, SDG localization, provincial and local government support, human rights and justice. Gender equality and social inclusion have been well integrated into most of UNDP's interventions, but there is room to improve GESI considerations in the resilience, disaster risk reduction and climate change portfolio.

Conclusion 2. In this programme cycle, UNDP navigated the dynamic context well and has demonstrated adaptability in assisting the government with emerging demands from post-disaster recovery and the COVID-19 pandemic. Nevertheless, crisis response diluted UNDP's efforts toward long-term development impact for resilience and livelihood.

UNDP provided relevant and timely support to Nepal in post-earthquake reconstruction and in the COVID-19 response. UNDP's efforts strengthened the health system and helped with subnational governments' crisis management. UNDP led the rapid socio-economic assessment and its contribution to UNCT's COVID-19 Preparedness and Response Plan and initiatives was appraised by the UN and other partners. UNDP has created some synergies between the inclusive growth and resilience portfolio in livelihoods and recovery interventions but has not yet linked them to the governance portfolio interventions.

The inclusive economic growth portfolio continued to support microenterprise development and rural livelihoods and created short-term livelihood opportunities in response to the 2015 earthquakes and the ongoing COVID-19 pandemic. While UNDP interventions responded to government's demands and emerging needs, the portfolio is perceived as fragmented by the stakeholders. Moreover, the pandemic has interrupted programme implementation and raised concerns over the delivery of expected economic benefits within the planned project duration.

UNDP has assisted the government to institute several progressive steps in recent years to integrate disaster risk reduction in development planning and has supported the decentralization of disaster risk management. Support to climate change was strategic but limited in this programme cycle, partially due to the reduced in-house technical capacity. Biodiversity and ecosystem management projects are limited and/or at an early stage.

Conclusion 3. UNDP provided important contributions to promoting good governance, human rights and access to justice, but weak institutional capacity and resource scarcity continue to affect the effectiveness and sustainability of interventions in these areas.

The governance portfolio composition is coherent and complementary. In addition to support to federalization (see Conclusion 1), UNDP's technical and financial support made important contributions to institutional strengthening of the parliament and provincial assemblies, Office of the Attorney-General and the national commissions for human rights and for election. UNDP also helped these institutions engage with civil society, including vulnerable and marginalized groups.

While positive changes have been achieved, overall, the capacity of governments and other national partners at provincial and especially local levels (e.g., provincial assemblies, subnational governments, judicial committees, etc.) remains weak. Given the long-term (more than two decades) capacity development support that UNDP has provided to some national counterparts, such as the commissions for human rights and elections, the question on how to best support these institutions and ensure sustainability continues to be of concern.

The governance portfolio is constrained by limited resources. As the International Development Cooperation Policy did not include governance themes among its priorities, resource mobilization from donors and the governments is likely to remain a challenge for this portfolio.

Conclusion 4. Despite the positive partnerships with UN agencies and other development actors, resource mobilization remains a challenge for the country programme. UNDP had some initial success in resource diversification, including through government cost-sharing and partnerships with new bilateral partners, the private sector and IFIs.

UNDP has well executed the integrator role in the UNCT by participating in and co-chairing a number of UNCT working groups, collaborating in joint programmes and COVID-19 support and facilitating dialogue with governments and other partners. UNDP collaborated closely with sister agencies on GESI topics and for COVID-19 response initiatives. Overall, UNDP's contribution is highly appreciated by the UNCT and other partners.

UNDP partnered with civil society organizations for promoting gender equality and social inclusion, as well as in governance and resilience interventions. UNDP collaborated with farmers' cooperatives for livelihood support activities, but it is too early to assess the cooperation model.

Resource mobilization has remained a major challenge for the country programme. UNDP overestimated the resource envelope for the country programme and halved it upon the mid-term review. UNDP was able to mobilize resources from new bilateral partners, in addition to long-term development partners. Partnerships with the private sector and IFIs were one-off and limited in scale. UNDP achieved initial success in mobilizing government co-funding for the PLGSP-TA project. UNDP endeavoured to provide cost-sharing with provincial and local governments, but the International Development Cooperation Policy introduced additional challenge and unclarity. Subnational counterparts also tend to be less familiar with UNDP cooperation modalities than the federal government partners.

Conclusion 5. Current programming approaches for M&E systems design and sustainability planning are inadequate for tracking and sustaining results.

UNDP did not develop sound theories of change for its portfolios and most of its projects. M&E frameworks lacked appropriate indicators tracking UNDP contributions, especially at the (immediate) outcome level. Field-level monitoring and reporting capacity remains limited.

The country office has, however, duly implemented its evaluation plan and conducted project evaluations of good quality.

UNDP promoted programme sustainability through alignment with national strategy and priority, ensuring stakeholder ownership and providing capacity-building support to national counterparts. However, sustainability planning does not appear to be adequate to sustain intervention benefits. The lack of resources and weak capacity of national institutions at provincial and local levels further hinder programme sustainability.

3.2 Recommendations and management response

RECOMMENDATION 1.



UNDP should intensify its engagement at the subnational level and expand its capacity development support to provincial and local governments.

As one of the long-time development partners in Nepal, UNDP has a competitive advantage in playing a critical and highly visible role to support the government's efforts to institutionalize federalism. It should continue to place substantial focus on supporting federal and subnational governments in building strong public institutions. UNDP's core involvement in the country's flagship programme (Provincial and Local Governance Support Programme) and its strategic local presence through its four field offices accord UNDP an opportunity to play a substantive role in this task.

UNDP should continue supporting institutional capacity development of provincial and local governments and assist them with effectively managing budget allocation. Capacity development support to subnational governments should aim to improve equity, delivery, transparency and accountability in subnational governance based on documented best practices from Nepal and other countries through South-South exchange and cooperation. Strengthening the PCGGs for benchmarking and adapting good practices and providing implementation support to provincial and local governments would be integral to this approach. In the process, the PCGGs would be able to develop good practice case studies for training and implementation support. PLGSP-TA can also be a platform for UNDP to enhance sectoral capacity development support, potentially in the areas of microenterprise development, green recovery and resilience, and increase synergy between the governance portfolio and other thematic areas.

UNDP should actively engage the Ministry of Finance, potentially together with other UN agencies, to discuss the challenges brought by the International Development Cooperation Policy, including subnational-level cost-sharing and future development cooperation initiatives in governance areas that were not identified by the Policy as priorities (e.g., human rights, access to justice, parliament support, elections, etc.). UNDP should further clarify the roles and expectations of the NIM modality with federal and provincial counterparts and help with the cultural shift towards national ownership and cost-sharing for development programmes.

UNDP should further leverage its field presence and credibility to proactively seek opportunities and mobilize resources from donors as well as the government (federal, provincial and local) for subnational-level programmes. UNDP should use the provincial programme documents to clearly articulate UNDP strength and programme offerings that address the specific needs of priority provinces and vulnerable groups and use them as points of reference for dialogue with subnational governments and the Ministry of Finance.

UNDP should carry out a thorough review of the function of the field offices and the constraints that exist for them to effectively fulfil their mandates. UNDP should also establish a results-oriented annual work plan for field offices and further clarify field offices' roles both internally with field-based projects and the Kathmandu office and externally with counterparts and stakeholders.

Management response: Accepted 

Management wishes to highlight that, since 2019, to coincide with the introduction of provincial- and local-level governments, UNDP significantly increased the scope, reach and financial investment in its engagement at the subnational level on many fronts to respond effectively to demand and the prevailing direction of the devolution vision in the country. As well as investment in a network of field offices to maintain physical presence at the provincial level, CO engagement is exemplified through programme implementation (e.g., PLGSP, MEDPA TA, CMDP, VCDP, A2J, PSP and the Sustainable Tourism for Livelihood Recovery), policy and engagement activities. Key examples include:

- PLGSP, a dedicated capacity-building technical assistance engagement through which local-level capacity is being built.
- The ongoing pandemic and related response provided an additional opportunity to partner with provincial and local governments to support health systems and socio-economic recovery.
- Technical support provided to Gandaki and Karnali provincial governments for the development of project documents in the areas of tourism recovery and agriculture value chain.
- Production of seven province-based SDG baseline reports.
- Working with female deputy mayors to build a network of SDG advocates.

Over the years, therefore, UNDP has been influential in building institutional, functional and technical capacities of provincial and local governments for planning and monitoring, strengthening health system response and socio-economic recovery to COVID-19 pandemic, and developing joint programmes with provincial governments, women's empowerment, disaster preparedness and resilience-building.

Building on these existing investments, UNDP will continue to strengthen in the new CPD its subnational-level partnerships and engagement in close consultation with the Government of Nepal and contingent on the government's prevailing vision on development cooperation.

| Key action(s) | Time frame | Responsible unit(s) | Tracking* | |
|--|----------------|---------------------|-----------|---------------|
| | | | Comments | Status |
| 1.1 Support to customize and implement the capacity development plan for local-level elected representatives and officials. | December 2023 | UNDP CO | | Initiated |
| 1.2 Design and implement initiatives in selected provinces and local governments to build capacities for resilient infrastructure. | December 2022 | UNDP CO | | Initiated |
| 1.3 Secure clear guidance from the Ministry of Finance on its preferred cooperation modality for UNDP's effective engagement to build capacities at the subnational level. | September 2022 | UNDP CO | | Not initiated |
| 1.4 Develop provincial engagement strategies for field offices. | December 2022 | UNDP CO | | Not initiated |

RECOMMENDATION 2.



UNDP's inclusive economic growth and resilience portfolios should seek a balance between interventions for the immediate response to crisis and transitioning, and systematic support that leads to mid- to long-term development impact.

The COVID-19-related policies and support will continue to be a significant demand in the forthcoming country programme cycle to address the adverse impact on health standards (both physical and mental), livelihoods, fiscal health, social protection and social safety nets, and businesses (particularly of the micro variety and in the informal sector), among others. This is coupled with emerging needs from the continuous transition of the country to a federalist state. Therefore, UNDP's country programme will still need to maintain a considerable level of flexibility to support the government in this dynamic and evolving context. Nevertheless, as Nepal embarks on the recovery process and continues its development path toward LDC graduation and SDG achievement, UNDP needs to consolidate and re-focus its portfolio, determine its niche and orient itself toward areas where it can make the most mid- to long-term development impact.

Inclusive economic growth will continue to remain the government's high priority. During and beyond the COVID-19 pandemic, the importance of employment and livelihoods particularly for the disadvantaged and vulnerable population is most likely to feature prominently. UNDP's support for poverty reduction therefore will continue to be relevant, but consolidation of the portfolio is necessary and will help streamline UNDP support and make it more strategic, focused and impact-oriented. Wherever possible, it should seek medium- to longer-term engagement, further establish linkages with national programmes/policies and strengthen its programmatic approach for collaboration with the private sector, UN agencies and bilateral and IFI partners on the basis of good working relations established in this and previous programme cycles and common areas of interest.

UNDP should expand its support to transform local-level practice to a more comprehensive and holistic approach to resilience. With the increasing risks of natural and climate-change-induced disasters, the portfolio should focus on ecosystems management by integrating climate change adaptation/mitigation, energy and disaster issues and seek longer-term partnerships for green recovery and resilience. UNDP should continue working closely with MoHA/NDRRMA at the national level and support the DRM decentralization in close coordination with the subnational governments.

Management response: Partially Accepted 

UNDP management wishes to highlight the long-standing attention to striking a fair balance between immediate and short-term results and long-term development impacts across its inclusive growth and environment and resilience portfolios. Investment in post-earthquake recovery and reconstruction and the COVID-19 response and recovery were guided by the country's emerging priorities. However, they contributed to Nepal's long-term recovery and resilience-building goals and achievements to SDGs. Investments made by UNDP to develop micro-enterprise development and off-grid renewable energy models are now institutionalized within the national system across the country, contributing to the achievement of the national goals of poverty alleviation and promotion of clean energy. Furthermore, UNDP's policy work through the National Planning Commission (NPC) for inclusive economic growth and human development through advocacy, research and technical support has contributed to making Nepal's development plans and programmes more inclusive in the long term.

| Key action(s) | Time frame | Responsible unit(s) | Tracking* | |
|---|----------------|---------------------|-----------|---------------|
| | | | Comments | Status |
| 2.1 Facilitate discussion with NDRRMA and other agencies to secure concurrence on short-term and long-term goals for resilience-building in the next CPD. | September 2022 | UNDP CO | | Not initiated |
| 2.2 Pilot at least one set of programme activities in select municipalities to strengthen synergy between inclusive growth and resilience portfolios. | December 2022 | UNDP CO | | Initiated |
| 2.3 Elaborate mid- to long-term development priorities for inclusive economic growth in next CPD. | September 2022 | UNDP CO | | Not initiated |

RECOMMENDATION 3.



UNDP should review its experience with policy, financial and institutional constraints and socio-cultural barriers in the human rights and justice domains in consultation with relevant stakeholders and explore avenues for strengthening implementation. UNDP may consider further support for criminal justice reform for the protection of women and vulnerable minorities, transparency and accountability.

UNDP should take stock of the some of the diverse interventions introduced by A2J and conduct systematic evidence-based reviews of free legal aid and the judicial committees in cooperation with relevant stakeholders to assess what is likely or unlikely to work under realistic assumptions. UNDP should also assess how best to proceed with support for the National Human Rights Commission and the Election Commission of Nepal.

In time, strengthening the justice sector through one or more institutions (the judiciary, OAG and the police), with a focus on criminal justice and the protection of women and vulnerable (including sexual) minorities, could be a good prospect. The establishment of provincial ombudsman institutions for wide-ranging accountability in support of service delivery could be another possibility. When circumstances warrant, these options could be developed as pilots and leveraged for large-scale national and international funding, for which there have been precedents in the region.

Management response: Accepted



In its next CPD, UNDP Nepal will consider providing additional institutional support to the constitutional bodies appointed to work on human rights oversight and on the criminal justice system. UNDP Nepal is already in the process of introducing a more deliberate focus on introducing targeted support for criminal justice system reform through the new Access to Justice Project II, which envisages capacity support measures for the Prosecutor's Office of the Attorney-General to establish and strengthen victim help desks and forensic lab.

| Key action(s) | Time frame | Responsible unit(s) | Tracking* | |
|---|---------------|---------------------|-----------|-----------|
| | | | Comments | Status |
| 3.1 Provide technical guidelines and logistical and advisory support to establish the Secretariat of the Legal Aid Board as per the integrated legal aid policy adopted by the Ministry of Law, Justice and Parliamentary Affairs in Nepal. | December 2022 | UNDP CO | | Initiated |



◀ Recommendation 3 (cont'd)

| | | | | |
|---|---------------|---------|--|---------------|
| 3.2 Design a mechanism to support the Office of the Attorney-General to strengthen coordination, dialogue and interaction between police, prosecutors and courts. | December 2023 | UNDP CO | | Not initiated |
| 3.3 UNDP will continue to work closely with the NHRC as a key partner to support its role in monitoring human rights in line with its mandate. | December 2022 | UNDP CO | | Initiated |

RECOMMENDATION 4.



UNDP should ensure that SDG localization and GESI mainstreaming continue to be at the core of its interventions.

UNDP's country programme should maintain an ongoing strong focus on evidence-based policymaking, particularly with reference to securing reliable data and information. UNDP should continue its support for SDG localization and monitoring and strengthen capacity, especially of the provincial and local governments in these areas. UNDP should provide additional support for the analytics and uptake of the Aid Management Information System (AMIS).

UNDP should further integrate GESI into its programming, especially within its resilience, disaster risk reduction and climate change portfolio. The first step would be to organize regular and actionable GESI focal team meetings with adequate representation from the programme team. UNDP should provide adequate GESI training to the field staff and strengthen its results-based management (RBM) systems to better measure how the programme is contributing to GESI.

Management response: Accepted



Building on the achievement so far, UNDP will continue to engage with subnational governments for SDG localization through capacity-building in planning, financing and tracking. This will be reflected in the next CPD's Theory of Change (ToC).

◀ Recommendation 4 (cont'd)

| Key action(s) | Time frame | Responsible unit(s) | Tracking* | |
|--|---------------|---------------------|-----------|-----------|
| | | | Comments | Status |
| 4.1 Train UNDP CO, programme/ projects and field office staff on GESI and Social and Environment Safeguards (SES) and institutionalize a system of regular tracking of progress. | December 2022 | UNDP CO | | Initiated |
| 4.2 Provide technical support to selected local governments in reorienting public finance for SDG-based budgeting through i) development of resource book and ii) technical support to prepare SDG-based Medium-Term Expenditure Framework (MTEF) coding of annual budget. | June 2023 | UNDP CO | | Initiated |
| 4.3 Strengthen capacity of the provincial assemblies to integrate SDGs and GESI principles into new legislation. | December 2022 | UNDP CO | | Initiated |

RECOMMENDATION 5.



UNDP should establish theories of change and improve M&E systems for its portfolios and projects. Sound sustainability planning is needed to maintain focus on sustaining intervention benefits.

UNDP needs to develop theories of change (ToCs) for its programmes and portfolios with comprehensive analysis of risk and assumptions, particularly with respect to scalability and sustainability, and their mitigation measures. The ToCs should be continuously revisited and updated based on periodic political economy analysis. In conjunction with Recommendation 1 above, UNDP should also conduct systematic provincial-level political economy analyses to inform risks, planning, monitoring, implementation processes and mechanisms to strengthen the potential for sustainability, as part of provincial planning.



UNDP should also develop systematic monitoring systems at the project and programme levels based on the ToC, with appropriate indicators at different steps of the impact pathway. UNDP should improve field monitoring and reporting capacity and data quality and conduct more analysis at the outcome level for synthesized learning. UNDP should also clarify and strengthen the information flow between field project teams, field offices, the Kathmandu programme team, and the CO M&E focal point.

UNDP should continue piloting and demonstrating innovative approaches but needs to articulate a path where capacity and benefits from UNDP support can be sustained and, wherever possible, scaled up. It would be useful to develop sustainability plans with robust conceptual and empirical approaches that are applied consistently across projects. The discussion and planning with partners and stakeholders on project sustainability should start early and leave sufficient time for necessary mechanisms to be embedded in partner institutions as well as, where applicable, for new phases of interventions to be approved by the government.

Management response: Accepted 

Regarding the establishment of ToCs for project, Management maintains that the programme and operations policies and procedures (POPP) does not prescribe a ToC at project level, but rather a linkage to the overarching programme-level ToC.

| Key action(s) | Time frame | Responsible unit(s) | Tracking* | |
|---|---------------|---------------------|-----------|---------------|
| | | | Comments | Status |
| 5.1 Sustain the effort to improve CO planning and monitoring systems and enhance this by training programme staff on the development of ToCs and the results-based management as part of POPP training. | December 2022 | UNDP CO | | Not initiated |
| 5.2 Initiate third-party monitoring to improve data consistency, quality, attributions and contributions to impact. | December 2022 | UNDP CO | | Initiated |
| 5.3 Ensure sustainability/ exit plans are prepared and vetted by project executive boards. | December 2022 | UNDP CO | | Initiated |

* Status of implementation is tracked electronically in the Evaluation Resource Centre database (ERC).

ANNEXES



Annexes to the report (listed below) are available on the website of the Independent Evaluation Office at: <https://erc.undp.org/evaluation/evaluations/detail/12796>.

Annex 1. Terms of reference

Annex 2. Evaluation framework

Annex 3. People consulted

Annex 4. Documents consulted

Annex 5. List of projects for review

Annex 6. Summary of CPD indicators and status as reported by country office

Annex 7. Country at a glance



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