



2020-21 NEPAL DEVELOPMENT PROGRAM PROGRESS REPORT

The *2020-21 Nepal Development Program Progress Report* summarises progress for the reporting period 1 July 2020 to 30 June 2021 of implementation of the Australia – Nepal COVID-19 Response Plan and program highlights.

Program Budget	2020-21 Budget Estimate \$m*
Bilateral	9.1
Regional	4.3
Global	7.2
Other Government Departments	0.7
Total ODA	21.4

*Actual expenditure is expected to be available in December 2021/ January 2022.

Our development program to Nepal contributes towards achieving the following Sustainable Development Goals.



CONTEXT

Australia and Nepal have continued our longstanding development partnership, supporting Nepal’s COVID-19 response and longer-term recovery, as the pandemic impacted health systems, economic growth, livelihoods and affected the humanitarian response to monsoon season.

The pandemic has placed significant strain on Nepal’s healthcare system. As of 1 August 2021, Nepal had 699,649 cases of COVID-19, according to the World Health Organisation (WHO). The second, more intensive, wave of COVID-19 saw hospital systems exceed capacity, with shortages of beds, oxygen and essential equipment. With donor support, the Government of Nepal (GoN) worked rapidly to establish new health care facilities for the treatment of COVID-19.

Nepal has commenced a national vaccination campaign, through government procurement, grants and international donations from Australia and other partners, including the United States, China and India. **According to WHO assessments, 29.2 per cent of the population were fully vaccinated as of 6 October 2021.**

Political instability has had an impact on consistent leadership and management of Nepal’s COVID-19 response. Nepal’s House of Representatives was dissolved in December 2020 and May 2021 and subsequently reinstated. A caretaker Prime Minister was installed, with a new Prime Minister appointed in July 2021.

Economic growth has shown a partial recovery, with the Asian Development Bank (ADB) forecasting a growth rate of 2.3 per cent in 2021, from a contraction of 2.1 per cent in 2020. A fiscal deficit of nine per cent of gross domestic product (GDP) is forecast for 2021, according to the ADB. Remittance inflows increased during this period, despite forecasts of a significant drop in remittance earnings (a key contributor to GDP, accounting for 24.1 per cent of GDP in 2020 according to the World Bank). However, COVID-19 has resulted in job losses with 44.6 per cent of households in Nepal reporting reduced incomes as of June 2021, according to World Food Programme (WFP) analysis.

The **economic growth rate for 2022 is projected to be 5.1 per cent.** This remains **subject to economic recovery in India,** a key trading partner, as well as global recovery to drive export earnings and overseas employment.

COVID-19 created additional challenges in responding to this year’s monsoon. COVID-19 infections among frontline workers and healthcare staff **impacted the delivery of essential services to monsoon-affected communities,** and the use of public buildings to shelter displaced families was complicated by transmission risks.

AUSTRALIA'S RESPONSE AND PROGRAM HIGHLIGHTS

Australia's development program continues to align with government priorities and deliver across the pillars of the *Partnerships for Recovery* framework. In a challenging environment, our investments have made satisfactory progress with only two investments showing a decline in effectiveness in the reporting period.

Health Security

Australia is continuing to support Nepal's immediate health security needs, with a focus on supporting frontline health workers as well as the needs of vulnerable communities, women, people with disabilities and traditionally marginalised groups.

In 2021, **Australia increased support to Nepal's COVID-19 response through a new emergency funding package of \$7 million.** This support was directed through established, on-the-ground, non-government organisation (NGO) partners, to ensure the greatest immediate impact to local communities. These new initiatives worked with hospitals and healthcare facilities to support health system capacity with the provision of essential medical equipment and supplies, including oxygen plants, as well as training to frontline health workers.

At the request of GoN, **Australia provided an emergency shipment of personal protective equipment (PPE)** in the reporting period, through a Royal Australian Air Force flight to the region, to assist those working in the frontline of Nepal's COVID-19 response. In partnership with the WFP, Australia supported the coordination, storage and targeted distribution of relief supplies across federal and provincial levels. Australia has also supported the expansion of COVID-19 vaccine coverage in Nepal through our \$130 million contribution to the COVID-19 Vaccines Global Access (COVAX) Advance Market Commitment. At 30 June 2021, this global mechanism had delivered 348,000 COVID-19 vaccine doses to Nepal.

To support Nepal's rapidly established new healthcare facilities, **our Subnational Governance Program (SNGP) with The Asia Foundation (TAF) worked with health care providers to facilitate the development of hospital management policies and ambulance procedures.** The program is also working with local governments to develop guidelines and standards for the operation, establishment and upgrading of public and private health facilities.

To counter disinformation and increase public awareness of infection control measures, **we supported public health messaging to over 8.8 million people** using print, radio and online programs, in various local languages, in partnership with health experts and civil society.

We supported the continuation of essential sexual and reproductive health services for women and girls. Through our existing and new partnerships, including the Sexual and Reproductive Health Program in Crisis and Post Crisis Settings we provided PPE to community health clinics and improved access to telemedicine and alternative services delivery options for those unable to attend health facilities. In partnership with the United Nations Population Fund (UNFPA), we provided Emergency Reproductive Health kits to health facilities impacted by monsoon and COVID-19 and crisis management centres that offer specialised support to survivors of gender-based violence.

Stability

We continue to partner with GoN to strengthen coordination among the three spheres of Nepal's nascent federal government, and to support inclusive governance that enables the participation of women, people with disabilities and traditionally marginalised groups.

In 2021, under the SNGP we supported the enactment of Nepal's Intergovernmental Relations and Coordination Bill. This foundational legislation guides coordination and communication across all spheres of government, including clarifying roles and responsibilities regarding health care and COVID-19 management.

Our partnership with the World Bank strengthened Nepal's Public Financial Management, which supports GoN's effective resource allocation, strengthened public service delivery and inclusive development. This partnership resulted in the development and launch of a National Business Continuity Management Guideline and Business Continuity Plan for the three spheres of government, mitigating disruptions to government service delivery due to COVID-19.

We supported the participation of women elected to local government, with training, mentoring and capacity building through our **She Leads program**. In 2021, we expanded this program to an additional province, which will support a further 500 locally elected women representatives, including women from the marginalised Dalit community.

Australia's expertise in climate and water are strengthening Nepal's water resource management. In the reporting period, the GoN, with assistance from the Commonwealth Scientific and Industrial Research Organisation, launched the final phase of its water resources development strategy - the result of a five-year collaboration. The strategy supports equitable and inclusive water access, essential for sanitation, agriculture and livelihoods.

The Australian Centre for International Agricultural Research (ACIAR) long-term partnership with Nepal promoted agricultural productivity to **improve food and nutritional security** of disadvantaged rural communities, and supported forestry and water management, in the reporting period. ACIAR also supported partners to implement and sustain transformative agricultural change, using agricultural mechanisation as a case study.

Economic recovery

Australia supported Nepal's short and medium-term COVID-19 economic recovery as well as longer-term economic development as the country transitions from least developed country status in 2026.

Australia's COVID-19 emergency response package for the region addressed the economic impacts of the pandemic. Through local NGOs, we supported economic resilience by **providing business skills training to vulnerable microenterprises to enhance their business planning skills, identify and access new markets** amid COVID-19 market disruption, diversify

businesses and establish links with financial institutions and government services.

After 15 years of partnership with United Nations Development Programme and GoN, **Australia successfully concluded our support for the Microenterprise Development Programme for Poverty Alleviation**, following the program's integration into GoN policies and systems. The microenterprise model was operating across all 753 local governments, creating over 7,478 new microentrepreneurs (84 per cent women) in the reporting period.

Through **the Business Partnership Platform (BPP)**, we initiated new partnerships with Nepal's private sector. The BPP is supporting innovative social enterprises that are working to build safer and more environmentally friendly homes and community facilities, as well as local businesses providing fish farmers and vegetable growers with new skills to reduce post-production loss and improve access to markets.

We continued to invest in Nepal's human development and education in the reporting period. **Our newly established education programs, in partnership with Rural Education and Environment Development Centre Nepal and TAF, provided access to education services for students impacted by school closures due to COVID-19.** According to the United Nations Children's Fund, 71 per cent of children in Nepal did not have access to remote learning due to limited internet connectivity. With radio classes and education packs, we were able to reach regional communities, benefiting students and family members and providing communities with access to public health messaging.

The Australia Awards Program responded to the challenges of COVID-19 by using virtual platforms and processes to continue its scholarships, short-term training opportunities and alumni engagement activities, including grants for medical equipment for Tribhuvan University Teaching Hospital.

Throughout COVID-19 and the reporting period, the Australian Volunteers Program has continued to support government agencies through remote volunteer placements, for example, providing capacity development for organisations that work with people with disabilities.

Australian NGO Cooperation Program (ANCP) partners expanded their engagement in Nepal during the pandemic, including through new initiatives to support **access to health services for people with disabilities and improve access to water, sanitation and hygiene services for women and girls.**

ANNEX 1: PROGRESS AGAINST COVID-19 RESPONSE PLAN RESULTS INDICATORS

Health Security

Key Results Indicators	Progress/Result
Health systems and preparedness – Evidence of technical and policy advice in health-related policies, guidelines and procedures for target municipalities (Target: 4 policies/guidelines)	<p>Strengthened health systems by supporting the development of guidelines for: the establishment of healthcare institutions; the registration, monitoring and regulation of health facilities; and operating procedures for ambulances.</p> <p>Coordinated policy dialogue among the Ministry of Health, local governments and health experts on COVID-19 health policy and arrangements to support the GoN's pandemic response.</p>
Infectious disease outbreak response – Number of people reached through public health security related information and awareness efforts (Target: 53,700)	Supported improved health information for communities across Nepal. This included developing and broadcasting campaigns with health experts, government officials and civil society to counter false information on COVID-19. This used traditional and social media platforms. This supported 54 weekly Facebook live episodes and 42 weekly radio programs reaching 34,000 people in regional and remote communities across Nepal and is on track to meet the final target.
Number of new health supplies stored, delivered and accessible in a timely manner (Target: 9,000 cubic metres and 900 metric tonnes)	In partnership with the WFP, supported the construction of six mobile storage units to distribute COVID-19 supplies. Also with WFP, supported the storage of 7,735 cubic metres (1,435 metric tonnes) of new health supplies in humanitarian staging areas across Nepal, with 3,760 cubic metres (1,392 metric tonnes) of new health supplies delivered.
Sexual and reproductive health – number of contraceptive protection kits from unplanned pregnancies made available through Australian support (Target: 33)	Supported UNFPA to distribute 44 Emergency Reproductive Health kits to 14 health facilities across Nepal. These kits provide essential medications and equipment to provide life-saving reproductive health services for women and girls, including those who have experienced gender-based violence.

Stability

Key Results Indicators	Progress/Result
Improved governance – Number of significant policy changes supported by Australia to strengthen sub-national governance in Nepal (Target: 7)	<p>Supported the drafting of the Province and Local Level Coordination and Disputes Resolution Bill, following a series of consultation meetings with provincial and local level stakeholders.</p> <p>Supported the Ministry of Federal Affairs and General Administration to draft the law on the use of natural resources. To enable implementation of this law, supported key government bodies (Delegated Legislation and Government Assurance Committee and Office of Prime Minister and Council of Ministers) to identify other sectoral areas to draft the policies, guidelines to strengthen intergovernmental coordination. Progress toward the target is ongoing.</p>

Key Results Indicators	Progress/Result
Number of elected women representatives report increased confidence in their leadership skills regarding pandemic/disaster response (Target: 70 per cent of women trained)	Provided leadership training to 483 elected women representatives. Following the training, 412 out of 483 participants reported increased capacity to raise awareness on COVID-19 issues to build resilience in their communities. Eighty-three per cent of the elected women representatives (target 70 per cent) reported increased confidence in their leadership skills regarding their roles in the pandemic response.
Number of people receiving basic hand washing facilities in their households (Target: 40,000)	Supported local government water, sanitation and hygiene (WASH) coordination committees to increase monitoring of WASH issues and undertake messaging on hygiene practices. This supported 15,354 people receive access to basic hand washing facilities, including 1,000 households with people with disabilities as well as eight health care facilities, two schools and four isolation centres. Due to COVID-19 related travel restrictions and market disruptions, progress on this indicator was slower than anticipated, however, work is ongoing.
Food security – Policy and technical advice on building capacity for food security. Examples: Support to produce food security and nutrition surveillance monitoring reports	In partnership with WFP, supported a household Vulnerability Analysis and Mapping report and two market assessment reports to provide GoN with food security and nutrition data to inform policy development and service delivery needs.

Economic Recovery

Key Results Indicators	Progress/Result
Economic policy support – Technical and policy advice provided on stimulus measure or longer-term economic recovery Examples: - Support to develop a robust Federal Medium Term Expenditure Framework - Unified budget guidelines, including gender-responsive budgeting processes in sub-national governments	In partnership with the World Bank, supported reform and strengthening of Nepal's public financial management essential for longer-term economic recovery from COVID-19. This improved government service delivery through the initiation of the National Business Continuity Management Guideline and Business Continuity Plan for the three levels of government. Supported the Office of the Auditor-General to upgrade the Nepal Audit Management System to enable remote auditing capabilities of all three level of government, the importance of which was highlighted by the pandemic.
Economic empowerment – Number of women entrepreneurs provided with financial and/or business development services (including microfinance) (Target: 7,200*)	Provided technical advice to support recovery from the economic impacts of COVID-19, including technical assistance to the Ministry of Industry, Commerce and Supplies to embed its micro-enterprise development program within local governments. The resulted in the creation of 7,478 new microentrepreneurs, of which 84 per cent were women and 44 per cent from traditionally marginalised indigenous communities.
Number of people with access to digital financial services (Target: 25,000)	Supported 21,396 people to access digital financial services (14,208 women). Providing access to digital financial services played a crucial role in sending and receiving remittance during the COVID-19 pandemic, fostering financial inclusion in remote areas of Nepal.

* Target has been corrected due to a publication error.

ANNEX 2: INVESTMENT PERFORMANCE RATINGS

Investment Details	Year	Effectiveness	Efficiency	Gender
PFM Multi Donor Trust Fund Phase II Investment duration: 2016-26; Budget: \$5.3m	2021	3	3	3
	2020	4	4	4
She Leads Nepal Investment duration: 2019-22; Budget: \$3.8m	2021	4	5	5
	2020	n/a	n/a	n/a
Strengthening Humanitarian Preparedness in Nepal Investment duration: 2018-24; Budget: \$4.77m	2021	4	4	4
	2020	5	5	5

FINAL INVESTMENT PERFORMANCE RATINGS

Investment Details	Year	Effectiveness	Efficiency	Gender
Subnational Governance Program for Nepal Investment duration: 2017-21; Budget: \$20.35m	2021 FIMR	5	5	4
	2020 IMR	5	5	5

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas.

5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas.

1 = Very poor; does not satisfy criteria in many major area.