



Australian Government



NEPAL COVID-19 DEVELOPMENT RESPONSE PLAN

- Australia and Nepal have a 60 year history of diplomatic relations. Our partnership focuses on strengthening Nepal's long-term resilience and supporting good governance and economic prosperity.
- Nepal avoided a severe initial outbreak of COVID-19, but the pandemic is straining health and governance systems, placing pressure on remittances and tourism, reducing food security and increasing poverty.
- To support Nepal's COVID-19 response and lay pathways for long-term recovery, Australian support will focus on strengthening governance, including to support local communities and enhancing emergency preparedness.

Australia and Nepal celebrated 60 years of diplomatic relations in 2020. Our relationship is built on a long-standing history of development partnership and close people-to-people links. Prior to COVID-19, Nepal was the third largest source country for international students to Australia. We have an interest in the prosperity of Nepal and will continue to adapt our assistance to support Nepal in its COVID-19 recovery.

COVID-19 SITUATION ANALYSIS

Although Nepal has made significant progress in reducing poverty over the past twenty years, it remains among the poorest countries in the world. In 2019, Nepal ranked 147 out of 187 countries on the United Nations Human Development Index.

COVID-19 is having wide-reaching impacts on Nepal's healthcare system. The Government of Nepal has developed a Health Sector Emergency Response Plan and increased quarantine capacity and intensive care unit capabilities. However, COVID-19 cases and the potential for concurrent emergencies may exceed the capacity of healthcare services. In addition, loss of incomes and movement restrictions are limiting the ability of some to access medical care.

COVID-19 is Nepal's first nationwide crisis since its transition to federalism in 2017. The pandemic has placed significant pressure on the ability of Nepal's newly established local governments to respond to COVID-19, including meeting increased healthcare needs, and delivering critical services in the community.

According to World Bank projections, economic growth in Nepal is expected to be between 1.5 and 2.8 per cent in 2020-21 (a decrease from 7.1 per cent growth in 2019-20). Nepal's key economic drivers - remittances and tourism - are being significantly impacted by international and domestic measures to contain

COVID-19. Prior to the pandemic, remittances contributed around 32 per cent of GDP, but analysis from the Global Knowledge Partnership on Migration and Development shows that these flows are experiencing an unprecedented drop. Tourism, which contributed over 7 per cent of GDP in 2018-19, has seen an estimated 60 per cent decline.

Before COVID-19 rates of poverty were decreasing in Nepal however, incomes remained fragile. The World Bank predicts that an estimated 31.2 per cent of the population are at high risk of falling into extreme poverty as a result of COVID-19. Reduced income and increasing prices of essential commodities will further increase pressure on welfare services and deepen poverty.

The Government of Nepal has implemented a series of social protection measures to support the most vulnerable including utility subsidies, tax relaxation, interest rate subsidies, subsidised loans, and the provision of food rations. Notwithstanding efforts to provide support to people in need, food security remains a concern. Approximately 15 per cent of the population, mostly in rural areas, were food insecure prior to the pandemic and these rates are expected to increase with rising unemployment and loss of livelihoods. As a net food importer, Nepal remains vulnerable to disruptions in food supply chains and production.

The Government of Nepal forecasts significant job losses due to COVID-19. Unemployment will be further exacerbated as an estimated one million migrant workers are expected to return to Nepal throughout 2020, and an additional five million young people enter the labour force over the next decade.

While Nepal's emerging youth bulge could help drive economic recovery, it depends on job creation or there is a risk of further strain to welfare services. Nepal's ability to recover economically will also be partly dependent on



broader global economic recovery, particularly with key trading partners such as India.

COVID-19 is exacerbating existing inequalities and has resulted in increased gender-based violence. Vulnerable groups, including women, children, people with disabilities and ethnic minorities have limited capacity to manage the social and economic impacts of the pandemic. COVID-19 has reduced Nepal's capacity to respond to climate change and natural hazards, including flooding associated with the seasonal monsoon.

AUSTRALIA'S RESPONSE

Consistent with the *Partnerships for Recovery* strategy, Australia is working to contribute to Nepal's health security, stability and economic recovery including through our development and humanitarian programs.

We have quickly pivoted our programs to be responsive to the needs created by the pandemic. As a small but valued donor to Nepal, Australia is continuing to work in partnership with the Government of Nepal, other donors, UN agencies and NGOs in order to maximise the reach and effectiveness of our investments. Australian government agencies, including the CSIRO and the Australian Centre for International Agricultural Research (ACIAR), are playing an important role in supporting local institutions to respond.

Health Security

Australia is working with Nepal to strengthen its health systems. Through the Global Fund, Australian support is providing personal protective equipment medical equipment for hospitals, COVID-19 testing kits and related training for health workers. We will support equitable access to safe and effective COVID-19 vaccines in Nepal, through multilateral and regional initiatives such as the Gavi COVAX Advance Market Commitment.

We are a committed partner to Nepal in times of disaster and emergency, including during the pandemic, with a focus on providing humanitarian support to those who are most vulnerable - women, people with disabilities and marginalised groups.

Effective hygiene to prevent the spread of COVID-19 relies on access to clean water. In Nepal, 3.5 million people lack access to basic water services. Australia's Water for Women Fund is improving water supply services and providing COVID-19 hygiene promotion in two districts of Nepal, contributing to the long-term health and well-being of rural communities.

Stability

We are working to empower and support women and girls through sexual and reproductive health education and services, including working with the United Nations Population Fund (UNFPA) to provide sexual and reproductive health supplies. Our support has enabled essential sexual and reproductive health and gender-based violence services to continue during the COVID-19 lockdown, and ensured Dignity Kits can be provided to women in quarantine centres. We quickly adapted our support through UNFPA's Comprehensive Sexuality Education program, using online platforms to equip Nepali youth to make informed decisions about their sexual and reproductive health amid the pandemic.

Australia is supporting Nepal's newly established government systems to improve service delivery and governance, which will contribute to more inclusive and strengthened policies, systems and processes in response to the additional pressures of the pandemic.

Through our partnership with The Asia Foundation, Australia will support coordination between federal, provincial and municipal governments for the effective development of legislation, including local government responses to COVID-19.

Increased women's engagement in local government also helps to generate more inclusive policies. Through our She Leads program, Australia is providing training and mentoring for women elected into local government, to strengthen their leadership skills to manage the pandemic and engage in political dialogue and decision making processes.

Our highly-regarded Australian Volunteers Program places skilled Australians in local organisations to help them deliver on their own objectives and enable peer-to-peer knowledge exchange. As a result of COVID-19, the program has adapted to allow some volunteers to work remotely to help partner organisations mitigate the effects the pandemic has had on their operations. Volunteers are working to strengthen the performance and accountability of Nepal's government systems, supporting the inclusion of people with disabilities and promoting gender equality and social inclusion.

To improve food security during the pandemic and in support of the Government of Nepal's Health Sector Emergency Response Plan, we are working with the World Food Programme (WFP) to deliver immediate food security and logistics response activities. This includes conducting food security and vulnerability monitoring activities at household and community levels.



In the medium-term, Australia's leading expertise in water management and agriculture will support Nepal to address pandemic-specific food security risks. Australia will work directly with the Government of Nepal to strengthen governance mechanisms for water management through the provision of technical expertise. CSIRO has pivoted activities across Nepal and the region to address water security concerns, including to develop a Water Resource Strategy for the Kamala Basin that promotes equitable water access.

ACIAR's long-term research partnerships will increase agricultural productivity, improve forestry practices and water management in rural areas of Nepal. ACIAR is assessing vulnerabilities in food systems resulting from COVID-19, including in water, crop-livestock systems and biosecurity.

Economic Recovery

Australia is supporting Nepal to reduce the economic impact of the pandemic on the most vulnerable, and to strengthen government systems that will support Nepal's longer-term economic development. In partnership with the World Bank, we are supporting the Government of Nepal to strengthen its public financial management. Improving the use of public resources, through increased performance, transparency and accountability, will enable resources to be used in a more effective and inclusive manner.

We are ensuring our support provides a pathway to post-COVID-19 economic opportunities, including for the most vulnerable. Our technical assistance, in partnership with the United Nations Development Programme (UNDP), is helping federal and sub-national governments implement the Government of Nepal's Micro-Enterprise Development Program. Our long-standing investment has contributed to the creation of more than 157,000 micro-entrepreneurs, and provided self-employment and

income generation for the rural poor, women and other socially marginalised groups. To address the economic impact of COVID-19, the Government of Nepal has announced a doubling of funding for the program, in recognition that micro-enterprises will be key to job creation during the recovery period. Australia will continue to support this investment.

HOW WE WILL WORK

Australia will invest in human development, skills and productivity improvements in Nepal. Education and vocational training to meet emerging labour market needs and longer-term capacity building will be essential to Nepal's economic recovery. Our Australia Awards program is providing human capacity building, with a focus on health and other priority areas that will support Nepal's longer-term economic growth, as well as continued support of women, people with disabilities and ethnic minorities. In the immediate-term, the Australia Awards program is exploring online delivery approaches to provide student support, alumni outreach and short courses during travel restrictions.

For 45 years, the Australian NGO Cooperation Program (ANCP) has invested in the capacity development of local partners – strong, long-term relationships that enable continued delivery of critical development activities including to support livelihoods, economic development and microfinance, as well as COVID-19 health priorities. Australian NGOs will continue to employ strong, inclusive practices to ensure our COVID-19 response activities address the needs of women, children, people with disabilities and ethnic minorities.

Through DFAT's Business Partnership Platform, we are providing access to digital financial services, which enable remittance workers to transfer money more quickly and safely. We are also working with Habitat for Humanity to support access to housing for low-income women.



TABLE 1: COVID-19 RESPONSE PLAN PERFORMANCE FRAMEWORK

Response Plan	Health Security	Stability	Economic Recovery
Expected Outcomes	<ul style="list-style-type: none"> Strengthened coherence and implementation of local health policies and laws (SDGs 3, 16) Federal and sub-national governments have improved supplies and capacities to provide assistance in emergencies, including to respond to sexual and reproductive health (SRH) and gender based violence (GBV) (SDGs 3, 16) 	<ul style="list-style-type: none"> Policies and guidance drafted to enable inclusive coordination and collaboration across three tiers of government (SDG 16) Elected Women Representatives effectively engage in decision making on local governments' responses to COVID-19 and disaster management (SDGs 5, 16) Strengthened decentralised water, sanitation and hygiene systems, particularly for marginalised communities (SDGs 6, 10) Government has strengthened data and information to provide essential food security and nutrition services (SDG 2) 	<ul style="list-style-type: none"> Policies drafted to create an enabling environment for investment and inclusive economic growth at sub-national levels (local and provincial) (SDG 16) Government has improved performance, transparency and accountability in public financial management (SDG 16) Public expenditure and oversight Improved access to financial products and services for people in rural Nepal (SDGs 5, 8, 10)
Key Results	<ul style="list-style-type: none"> Health systems and preparedness – Evidence of technical and policy advice in health related policies, guidelines and procedures for target municipalities (Target: 4 policies/guidelines) Infectious disease outbreak response – Number of people reached through public health security related information and awareness efforts (Target: 53,700) Number of new health supplies stored, delivered and accessible in a timely manner (Target: 9000 cubic metres and 900 metric tonnes) Sexual and reproductive health – Number of contraceptive protection kits from unplanned pregnancies made available through Australian support (Target: 33) 	<ul style="list-style-type: none"> Improved governance – Number of significant policy changes supported by Australia to strengthen sub-national governance in Nepal (Target: 7) Number of elected women representatives report increased confidence in their leadership skills regarding pandemic/disaster response (Target: 70 per cent of women trained) Number of people receiving basic hand washing facilities in their households (Target: 40,000) Food security – Policy and technical advice on building capacity for food security Examples: Support to produce food security and nutrition surveillance monitoring reports 	<ul style="list-style-type: none"> Economic policy support – Technical and policy advice provided on stimulus measure or longer term economic recovery. Examples: <ul style="list-style-type: none"> Support to develop a robust Federal Medium Term Expenditure Framework Unified budget guidelines, including gender-responsive budgeting processes in sub-national governments Economic empowerment – Number of female entrepreneurs provided with financial and/or business development services (including microfinance) (Target: 67,200) Number of people with access to digital financial services (Target: 25,000)
Supporting Investments	<ul style="list-style-type: none"> Strengthening Emergency Preparedness, UNFPA Comprehensive Sexual Education, UNFPA Australia Awards, Scope Global/Australian Institutions Australian NGO Cooperation Program 	<ul style="list-style-type: none"> Sub-National Governance Program, The Asia Foundation She Leads, International Federation for Electoral Systems Water for Women, SNV Netherlands Strengthening Emergency Preparedness, WFP 	<ul style="list-style-type: none"> Public Financial Management Multi Donor Trust Fund, The World Bank Technical Assistance for Micro Enterprise Development for Poverty Alleviation, UNDP Business Partnerships Platform, Palladium