



Australian Government

Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT 2015-16

NEPAL

September 2016



NEPAL AID PROGRAM PERFORMANCE INFORMATION 2015-16

SUMMARY

This performance report summarises the progress of Australia's aid investments in Nepal for the period of July 2015–June 2016 against the objectives set out in the Nepal Aid Investment Plan (AIP) 2015-16. Progress against the objectives is measured using internal and external reporting including aid quality checks (AQC), performance benchmarks, field visits and independent evaluations. The Nepal aid program was maintained at 2014-15 levels in 2015-16 due to the significant humanitarian needs following the earthquakes of April and May 2015. A longer-term AIP will be concluded in 2016 to guide the program over the next few years.

While Nepal has made progress in reducing poverty rates over the past twenty years, the country remains the poorest in South Asia and among the poorest in the world. In 2015, Nepal ranked 145 out of 187 countries on the UN Human Development Index. Approximately 25 per cent of people live under the national poverty line and 23 per cent earn less than US\$1.25 per day. Further, the World Bank estimates that the devastating earthquakes in April and May 2015 may have pushed an additional 2.5 to 3.5 per cent of the country's population into poverty, translating into 700,000 additional poor.

Australia's aid program in Nepal in 2015-16 focused on **education** and **enterprise and job creation** investments as well as specific targeted **post-earthquake recovery** investments (which for the purposes of this APPR are reported as a discrete objective).

Overall, Australia's aid program to Nepal continued to support poverty reduction in line with the Government of Nepal's (GoN's) development agenda as outlined in its thirteenth three year plan (2013-16). Australia's total Official Development Assistance (ODA) to Nepal in 2015-16 was \$33.7 million, which included \$16.6 million in bilateral funding. This represented less than 2.4 per cent of Nepal's total ODA¹ and 0.1 per cent of its Gross Domestic Product (GDP)². As a modest donor, Australia's value-add is through our technical assistance, contribution to policy decisions and the flexibility our grant funding provides. Major bilateral donors included the United Kingdom (USD165.1 million), the United States (USD74.1 million), Japan (USD57.8 million), Switzerland (USD45.8 million) and Germany (USD40.8 million)³. Nepal also received considerable assistance through the International Development Association (World Bank) (USD228 million) and the Asian Development Bank (USD157.5 million).

Australia's decision to align its post-earthquake recovery investments with existing activities and partners proved wise. Political developments in Nepal throughout 2015-16 continued to have an impact on the establishment and capacity of key GoN institutions, including the agency responsible for earthquake response. This was exacerbated by developments on the border with India, which halted the flow of essential goods and services for humanitarian response and recovery into Nepal for more than four months. Providing support through trusted NGO partners meant we were able to maintain a high degree of flexibility in our programming. In addition, aligning our recovery programming with existing programs ensured that these could be delivered efficiently, ensured synergies across programs, and supported the longer-term success of these recovery efforts.

¹ According to the OECD Development Co-operation Directorate Nepal received USD1.04 billion in total ODA in 2013-14.

² According to the International Monetary Fund (IMF) World Economic Outlook Nepal's total GDP was USD21.4 billion in 2015.

³ The Organisation for Economic Co-operation and Development, <http://www.oecd.org/dac/stats/aid-at-a-glance.htm>

PERFORMANCE AGAINST STRATEGIC OBJECTIVES

Objective	Previous Rating	Current Rating
Objective 1- Promote human development through improved access to and quality of basic education	Green	Green
Objective 2- Expand economic opportunities for the poor by promoting enterprise and job creation	Green	Amber
Objective 3- Post-Earthquake recovery	Green	Green

Note:

■ Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber. Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

■ Red. Progress is significantly less than expected at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Objective 1: Promote human development through improved access to and quality of basic education

Rating: Green


This rating is based on continuing progress in strengthening education in the Nepal school system particularly reforms to central level policy and planning and the ongoing commitment to the reform agenda. Quality of education and student achievement requires stronger district level capacity building and teacher development and resourcing. The earthquakes in 2015 and the four month shutdown of schools in the Terai region following political unrest affected overall results, but demonstrated the flexibility of the education sector to respond to emerging needs.

Australia is working with the Government of Nepal (GoN) and eight other funding partners through a Sector Wide Approach (SWAp) to support the Government's School Sector Reform Plan (SSRP), a high priority program for Nepal. The SSRP aims to expand access and equity, improve quality and relevance, and strengthen the institutional capacity of the school system in Nepal. Positive progress of the SSRP has continued to justify Australian investment, policy contributions and technical assistance.

The SSRP has helped reduce disparities linked to caste, ethnicity, religion and geography and increase awareness of the importance of education in Nepal. Good progress was made in improving access and equity across most levels of education and gender parity was achieved in primary (0.99), basic (1.0) and secondary (1.02) education⁴. In 2015-16 more than 284,000 teachers received training in basic and secondary education of which approximately 34 per cent were women⁵. The percentage of women teachers who received training is proportional to their representation across primary, secondary and basic education levels. Overall enrolment figures were slightly lower in 2015-16 compared with the previous financial year. Despite the success of the SSRP, significant disparities still exist amongst geographical areas (rural and mountain), *Dalits* and ethnic groups (*Janajatis* and Indigenous nationalities). Public Financial Management (PFM), including record keeping, requires on-going management and while central level structures and procedures have the potential to become sustainable, there is a risk of institutional knowledge declining due to the frequent transfer of personnel.

⁴ Joint Evaluation of Nepal's School Sector Reform Plan 2009-16.

⁵ Nepal Department of Education, *Flash Report 1*- Australia's contribution to the total number of teachers trained is 0.0015% based on our contribution of AUD2.0 million in 2015-16.



Close collaboration and networking with GoN counterparts and development partners in the SSRP has enabled Australia's limited resources to more effectively contribute to broad education system reforms and leverage improved outcomes in areas specifically aligned with Australia's policy interests. In 2015-16 our funding contributed to: improved services for students with a disability; increased focus on disaster risk reduction; strengthened data collection on disability; more inclusive policy on languages of education; establishing disbursement linked indicators (DLIs); strengthened quality mechanisms in school reconstruction and strengthened synergies with other Australian programs such as Building Back Safer Schools for All⁶. The decision to co-locate Australian Civilian Corps (ACC) deployees in the Department of Education (DoE) also delivered improved results with regard to reconstruction planning and co-ordination.

Objective 2: Expand economic opportunities for the poor by promoting enterprise and job creation

Rating: Amber

This rating is based on good implementation progress in micro-enterprise creation for the poor but varied success in achieving the ambitious objective of institutionalising and transitioning micro-enterprise development to Government of Nepal (GoN) management. Following the mid-term review (MTR) in July 2016 key improvements to the Micro-Enterprise Development Program (MEDEP) service model will be integrated across the program along with a shift away from service delivery to institutionalisation in order to enhance MEDEP's effectiveness.

Australia is working with the GoN and the United Nations Development Programme (UNDP) to contribute to poverty reduction and employment generation through micro-enterprise development. MEDEP Phase IV creates entrepreneurs from targeted groups of poor youth, women and individuals from socially excluded groups. MEDEP is also focused on institutionalising the program's approach within GoN's own Micro-Enterprise Development for Poverty Alleviation (MEDPA) program. Australia's funding of AUD7.9 million (2015-16) represents 93 per cent of total donor funding to this program.


Promoting enterprise and job creation has become even more relevant following the downturn in economic growth that resulted from the earthquakes and the political unrest that accompanied Nepal's new Constitution in 2015. During the reporting period micro-enterprise creation and scale up targets for MEDEP were largely on track. This is noteworthy given the 2015 earthquakes pushed a reported additional 700,000 Nepalis back into poverty (with roughly 50-70 per cent of these being from rural central hills and the mountains⁷). In 2015-16, MEDEP created 7,645 micro-entrepreneurs - slightly below its target of 7,790, and almost 23,000 poor people (of whom 71 per cent were women) increased their incomes⁸. Women were also equally represented on 22 MEDEP management committees out of a total of 51 in 2015-16. On MEDEP's secondary objective of institutionalisation within Government, progress was much slower than expected during 2015-16. There were delays in the establishment of micro-enterprise development funds (MEDF) at the district level, primarily owing to problems in establishing a high quality assurance mechanism to support the channelling of funds through these district-level funds. Delays have also been encountered in the development of a management information system and sufficient management resources to align MEDEP with the GoN's own MEDPA program. It is also evident that opportunities have been missed to leverage the work of MEDEP and MEDPA to strengthen partnerships and collaboration.

While MEDEP's overall progress at this stage of implementation is below expectations, there are a number of positives to report. Our support of MEDEP is also contributing to collaboration between the GoN and the private sector by promoting the growth of private sector micro-enterprise development service providers and maximising the development impact of individual businesses - activities that are consistent with

⁶ Joint Evaluation of Nepal's SSRP 2009-2016 and Building Back Safer Schools for All Mid-Term Progress Report, 2016.

⁷ The World Bank, <http://www.worldbank.org/en/country/nepal/brief/nepal-country-results-brief.print>

⁸ MEDEP, Annual Progress Report, 2015.



Australia's Private Sector Development Strategy. In the past 12 months Australia has invested significant time and resources into improving the management of MEDEP. An external consultant was engaged to participate in the Mid Term Review (MTR) to provide Australia with a report on the progress of MEDEP to date, identify areas hindering performance, and make recommendations on future options for the program. The MTR report was finalised in July 2016 and the 2016-17 Aid Program Performance Report will provide a more detailed analysis of the impact and outcomes of the recommendations from this review. Australia remains strongly committed to ensuring the successful delivery of MEDEP, which Australia has been supporting since 1998.

Objective 3: Post-earthquake recovery

Rating: Green


This rating is based on good progress in meeting targets for the recovery of micro-entrepreneurs, the successful construction of temporary learning centres, the provision of psychosocial support and first aid, and the successful training of mediators and mediation of local conflicts. Australia's partnerships with UNDP, Plan International and The Asia Foundation (TAF) are enabling us to make a direct and significant difference to the lives of those affected by the earthquakes in 2015, albeit in some instances at a slower pace than expected.

Contributions to this objective include our investments in the Building Back Safer Schools for All (BBSSFA) program with Plan International, the Rapid Enterprise and Livelihoods Recovery Program (RELRP) through UNDP, and the Conflict Mediation in Post-Earthquake Recovery Program through The Asia Foundation (TAF). These investments support three key priorities: the education needs of vulnerable children as they transition back to school post-earthquake; the re-building of livelihoods through micro-enterprise support for existing and new beneficiaries; and the re-building of social cohesion through access to alternative dispute resolution to address disaster-related conflict. Each investment has a strong focus on women, children and vulnerable people including those with disabilities.

Progress on the Rapid Enterprise and Livelihoods Recovery Program (RELRP) is on track to achieve its intended results. RELRP is based on the Micro-Enterprise Development Program (MEDEP) model for micro-enterprise development for poor and marginalised people. The RELRP theory of change directly addresses the link between crises, recovery and development and builds on existing capacities of affected populations. The program has struck the right balance between providing material assistance and encouraging self-reliance. Assistance is modest but appears to be enough to kick-start enterprises, without creating dependence. In 2015-16, 14,319⁹ micro-entrepreneurs revived their businesses, and many others received services such as counselling, training and equipment¹⁰. A component of psychosocial first aid was an important innovation to the MEDEP model and has been critical to the effectiveness of RELRP. This component was delivered to 7,000 micro-entrepreneurs between October and December 2015. While this was six months after the earthquakes in 2015 most communities were still struggling with continuing aftershocks. As observed during field visits the first aid is extremely effective, with micro-entrepreneurs reporting that it was very beneficial in helping them to understand their situation, learn behaviours to manage anxiety, and motivate them to rebuild their lives. Secondment of a DFAT officer into the program had a positive impact on its effectiveness, with shorter decision making cycles allowing quicker and more responsive program implementation.

⁹ This includes 11,333 entrepreneurs revived (89 per cent in production, 11 per cent started enterprises but do not have products yet) and 2986 new entrepreneurs (66 per cent in production, 15 per cent started enterprises but do not have products).

¹⁰ Rapid Enterprise and Livelihoods Recovery Program (RELRP), Aid Quality Check, 2016.



Progress on the Building Back Safer Schools for All (BBSSFA) program has been slower than expected due in part to delays in the establishment of the National Reconstruction Authority - the agency responsible for leading and managing earthquake recovery and reconstruction in Nepal. Despite these challenges BBSSFA is still on track to achieve its intended results, but further complications with the operations of the NRA would likely necessitate an extension to the program. In 2015-16, BBSSFA provided the immediate construction of 167 temporary learning centres, 81 water, sanitation and health facilities¹¹ and delivered back-to-school campaigns to raise awareness of the need to return to school and reduce the risk of children dropping out, being exploited, trafficked or married early¹². Psychosocial support was provided to assist with normalising life following the earthquakes. Plan International and the Department of Education signed a Memorandum of Understanding and partnership agreements were signed with technical partners Handicap International (inclusive education) and the National Society for Earthquake Technology (construction) to build 12 new schools¹³. Sites for the schools have been selected and building designs have been approved and construction commenced in 2016.

Progress on mediating local conflict and reducing vulnerabilities surrounding post-earthquake recovery has continued as expected. Following a rapid situational assessment of four highly affected districts—Sindhupalchowk, Kavre, Dolakha, and Ramechhap, TAF and its partners have rolled out community mediation programs in 346 out of 370 identified locations in seven districts. The majority of disputes focus on domestic violence, physical assault and land related issues, while crop, irrigation and animal grazing disputes are also common. In 2015-16, 46 district trainers/co-ordinators have been trained along with 3,415 mediators (approximately 38 per cent female and 53 per cent from marginalised groups) of which 1,584 have undergone advanced training¹⁴. In total over 649 cases have been registered since mid-December 2015 when mediation commenced, with 601 or 92.6 per cent of cases resolved¹⁵. The indirect benefits are also significant with more than 1600 beneficiaries affected by the outcome of cases which have completed mediation. With the mediation process now established and gaining traction, case numbers and resolutions will increase. TAF's previous work in community mediation in Nepal has proven to be successful and sustainable. TAF has also developed an association with Radio Broadcasters to promote community mediation programs through public service announcements in districts affected by the earthquakes.

Cross-cutting, regional, global and other government departments

The Australian aid program in Nepal has a focus on gender equality and social inclusion, which it addresses through advocacy as well as through targeted aid investments. In 2015-16 Australia's key aid investments in Nepal all rated well against gender equality measures. In addition, the Australian Embassy in Kathmandu held a series of major events promoting gender equality. In March 2016 an event celebrating International Women's Day was hosted in partnership with UN Women and Sancharika Samuha Nepal (a women's media organisation) with the theme "Building Back Better and Safer for Gender Equality". The event also included a presentation by a former member of the National Planning Commission exploring how the earthquakes affected men and women differently, and ways to address gender equality in the reconstruction process. A workshop was also held in June 2016 which included three thematic panel discussions focussing on the representation of women in efforts to build back better; livelihood opportunities and capacity development during reconstruction; and the legal challenges faced by women during and after the earthquakes. More than 60 people, including gender experts and policy makers, attended the workshop.

Public Financial Management (PFM) remains a top priority for Australia and other donors in Nepal as it ensures effective resource allocation, the strengthening of public service delivery, and the creation of inclusive broad-based development and is a key underpinning of effective governance. Australia is supporting PFM through our contribution to the World Bank's PFM Multi-Donor Trust Fund (MDTF). In

¹¹ 31 of the 81 WASH facilities are disability friendly.

¹² *Building Back Safer Schools for All Mid-Term Progress Report*, 2016.

¹³ Ibid.

¹⁴ The Asia Foundation, *Semi-Annual Report*, May-Nov 2015 and Nov-May 2016.

¹⁵ Ibid.

2015-16 the PFM MDTF continued to play a vital role in Nepal due to the country's limited resources, fragile environment and post-disaster recovery state. An updated assessment of the National Systems for Nepal was completed in February 2016 which found that Nepal continued to be a high risk fiduciary environment and reinforced the need for continued investment in PFM. A dedicated PFM MDTF Program Manager was recruited in 2015, and this has greatly improved coordination and consultation on the new PFM MDTF Phase 2 strategy. The PFM MDTF strongly complements Australia's engagement in the education sector.

Australia also supported Nepal's development through a range of other cross-cutting investments and activities funded from bilateral, regional, global and other government departments in 2015-16 including:

- > 60 Australia Award long-term scholarship holders (45 per cent women) continued post graduate studies in Australia, building the human resource base for Nepal's future¹⁶. The main sectors of study were governance, health, agriculture, the environment and infrastructure.
 - 37 short-course awards¹⁷ were offered focusing on the role of government in private sector development and inclusive education.
 - 9 informal learning opportunities (ILOs) were also provided to women to participate in conferences on maternal and child nutrition and women in leadership and business.
- > 17 Australian NGOs delivered a number of cost effective, practical and direct poverty reducing programs across Nepal (\$6.7 million). Good governance, sustainable livelihoods, youth empowerment, disability partnerships and gender inclusive learning were just some of the themes supported.
- > 17 small grants were provided through the Direct Aid Program (DAP) in Nepal. This included funding for the health sector to train community psychosocial workers in districts affected by the earthquakes in 2015; the media and broadcasting sector to build capacity of journalists in disaster reporting and ethical practices; and the disability sector to assist women entrepreneurs, elderly citizens and digital archiving.
- > Nepal also benefited from support through the South Asia Regional Sustainable Development Investment Portfolio (SDIP)¹⁸. The Commonwealth Scientific and Industrial Research Organisation (CSIRO) and the International Finance Corporation (IFC) formalised partnerships with the Government of Nepal (GoN) to strengthen capacity on river basin planning and to bring quality hydro-power investments to market. These investments will help drive economic growth domestically and in the South Asia Region.

PROGRESS TOWARDS PERFORMANCE BENCHMARKS IN 2015-16

Aid objective	2015-16 benchmark	Rating	Progress in 2015-16
Objective 1: Improved access to and quality of basic education	The new Education Sector design has a focus on mutual accountability, through tranche release conditions.	Achieved	In 2015-16 Australia actively contributed to the new education sector design and successfully advocated for an improved results framework which includes mutual accountabilities. The new results framework contains reforms that will move beyond just reporting on Disbursement Linked Indicator's (DLI's). Eight readiness indicators have been proposed which specify key conditions to be met prior to the release of tranche payments. The new design has also reduced the total number of DLIs but these are yet to be agreed with the GoN. Australia reinforced existing strong relationships with other funding partners through this process and was able to influence the overall direction of the program in a way that aligns with our funding requirements.

¹⁶ No new scholarships were awarded in 2015-16 due to reductions in the global program budget. We expect to offer new scholarships in 2016-17.

¹⁷ This includes eight short-course awards for officials from Disabled Peoples' Organisations and parents of children with disabilities.

¹⁸ The performance of this program will be reported in more detail in the South Asia Regional APPR.


Aid objective	2015-16 benchmark	Rating	Progress in 2015-16
Objective 2: Promoting enterprise and job creation	Facilitate capacity building for 7,790 individuals to become new micro-entrepreneurs	Partially Achieved	In 2015-16 targets for micro-enterprise creation were partially achieved with Australia's MEDEP investment facilitating capacity building for 7,645 micro-entrepreneurs against a target of 7,790. This includes capacity building for micro-entrepreneurs as part of the MEDPA program. The earthquakes and the political unrest in the Terai region contributed to these targets not being achieved, but main delays were due to the slow progress in institutionalising MEDEP into GoN systems.
Objective 3: Post-earthquake recovery	More than 17,000 children (including children with disabilities) assisted to transition back to school following the earthquakes.	Achieved	In 2015-16 targets for assisting children (including those with a disability) to transition back to school following the earthquakes were achieved with Australia's BBSSFA program resulting in 17,213 children assisted against a target of 17,000.
	Recovery of more than 12,000 micro-entrepreneurs following the earthquakes.	Achieved	In 2015-16 targets for micro-enterprise recovery were achieved with Australia's RELRP program resulting in 14,319 micro-entrepreneurs recovering against a target of 12,000.

Performance Benchmarks 2016-17 to 2018-19

		2016-17	2017-18	2018-19
Aid objective	<i>Promote human development through improved access to and quality of basic education.</i>			
Performance benchmark	Safer, resilient and more inclusive schools are constructed in identified districts.	12 schools constructed made up of 96 rooms.	TBD	TBA
Performance benchmark	Children (girls, boys) including children with disabilities, Dalits and Janajatis attend classes/activities in newly constructed schools.	3200 children (1700 girls and 1500 boys) including 300 children with disabilities, 200 Dalits and 1800 Janajatis.	TBD	TBD
Aid objective	<i>Expand economic opportunities for the poor by promoting enterprise and job creation.</i>			
Performance benchmark	Increased institutionalisation of MEDEP.	Budget allocation by GoN to MEDPA increases.	TBD	TBD
Performance benchmark	Increased institutionalisation of MEDEP.	Operationalisation of the Management Information System (MIS) for MEDPA.	TBD	TBD
Performance benchmark	Increased institutionalisation of MEDEP.	2 nd MEDPA strategy drafted and MEDPA included in the 14 th Development Plan.	TBD	TBD

MUTUAL OBLIGATIONS

Australia is committed to working in partnership with the Government of Nepal including the Ministries of Education, Industry and Finance, to strengthen national systems and public expenditure. Australia's support to education and enterprise job creation aligns with the GoN's development agenda as outlined in its thirteenth three year plan (2013-16). Australia's post-earthquake recovery programs are also informed by



GoN priorities, aligned as they are with the priorities of Nepal's Post Disaster Needs Assessment 2015. As in 2014-15, the GoN is behind on commitments to earthquake recovery and reconstruction, although the NRA has taken significant steps to speed up assistance to affected households, including by signing 224,000 housing agreements. The GoN is the largest single contributor to education in Nepal and over the life of SSRP has contributed more than USD3 billion. Its share of annual expenditure has increased from 77.3 per cent in 2009-10 to 87.7 per cent in 2014-15, demonstrating its commitment to improving education access and quality in Nepal. In 2015-16, USD986 million or 12 per cent of the total Nepal budget was allocated to education and year-on-year funding to education continues to increase. In 2015-16 the GoN increased its expenditure to the Micro-Enterprise for Poverty Alleviation (MEDPA) program to USD2.3 million which was slightly more than originally committed. Expenditure for MEDPA in 2016-17 is expected to increase further to approximately USD3 million.

PROGRAM QUALITY

Following a sustained period when program monitoring could not be undertaken due to operational and safety concerns in the aftermath of the earthquakes, the Nepal program invested significantly in program monitoring later in 2015-16. Development staff at the Embassy in Kathmandu have undertaken regular field monitoring of investments in conjunction with partners and technical experts. All post-earthquake recovery programs are scheduled to be completed by 2017.

Two evaluations were completed during the reporting period. An end of program evaluation of School Sector Reform Plan (SSRP) was completed in March 2016 which assessed the achievements, strengths and weaknesses of the different components of the SSRP against the results framework. The evaluation was positive and found that general awareness about the importance of education has increased, leading to increased community demands for quality education. A mid-term review of the Micro-Enterprise Development Program (MEDEP) was also completed in July 2016. Next year's APPR will provide a more detailed analysis of the impact and outcomes of the recommendations from the MTR.

Analysis of Aid Quality Checks (AQC)s

During the reporting period two Aid Quality Checks (AQC)s and three Humanitarian Aid Quality Checks (HAQC)s were completed. Overall investment performance for the two AQC)s was down slightly when compared with the results from the 2013-14 Investment Quality Reporting (IQR) process (see **Annex C**). MEDEP was deemed an investment requiring improvement (IRI) as it scored a rating of three (less than adequate) for both the effectiveness and efficiency criteria. A SES officer in DFAT will be assigned to provide senior management oversight of MEDEP and will approve and monitor management actions to improve the investment. MEDEP also scored a rating of three (less than adequate) for the monitoring and evaluation criteria. The School Sector Reform Plan (SSRP) received scores of four (adequate) and above in each of the seven criteria. Both MEDEP and SSRP received a rating of four (adequate) for gender equality during the reporting period. Gender equality is a significant objective of MEDEP which has set Gender Equality and Social Inclusion (GESI) targets including 70 per cent women beneficiaries. A GESI strategy and action plan was developed in late 2015.

MEDEP has also set clear provisions for women's representation at the decision-making level of beneficiary organisations and service providing organisations. Through the SSRP Australia achieved significant policy influence in terms of GESI and has been a strong advocate for obtaining sex disaggregated data from the Department of Education. It is clear however more can be done and Australia has used its influence to better define the aims and strategies for gender equality through its inputs to the design of a successor program.



MANAGEMENT RESPONSES

A one year AIP was concluded for 2015-16, and a new longer-term plan will be finalised in September 2016 covering the period 2016-2018. The plan will outline our strategic choices, aid priorities and implementation approaches to optimise our investments and improve the efficiency and effectiveness of the Nepal aid program. In the coming 12 months we will:

- > Carefully consider the findings of the MEDEP mid-term review and prepare a management response to the recommendations to guide negotiations with partners to agree on a mechanism to support MEDEP and the GoN's Micro-Enterprise Development for Poverty Alleviation program.
- > Review the management, oversight and communication mechanisms of MEDEP in line with the Mid Term Review (MTR) recommendations and consider changes to the program objectives to ensure a shared vision amongst partners for the remaining two years of the program. This is specifically aimed at shifting the focus from micro-enterprise development to institutionalisation of the MEDEP model.
- > Continue actively to contribute to MEDEP joint reviews and planning meetings/workshops and monitor the implementation of the Gender Equality and Social Inclusion (GESI) action plan both in MEDEP and MEDPA including the recruitment of a full-time GESI position. Work with partners to further strengthen reporting to ensure improved quality of data sets to better inform program management;
- > Work with partners to develop a more robust risk management plan and communication framework to manage fraud processes and reporting for MEDEP. Review and assess procurement systems and guidelines to support remaining micro-enterprise development in the districts;
- > Effectively manage administrative processes and finalise the business case for a possible new phase of support for the successor to the School Sector Reform Plan (SSRP) to ensure an uninterrupted program pipeline;
- > Monitor the outcome of training provided to teachers (inclusive education) and school management committees (construction oversight and financial management) as part of Building Back Safer Schools for All (BBSSFA). Monitor engagement with disability specialist organisations through participant interviews and field trips to ensure effective consultation;
- > Work with DFAT's gender advisers to develop a gender strategy for the Australian aid program in Nepal to strengthen gender equality and to inform Australia's current and future programming in Nepal in the context of Australia's new Gender Equality Strategy;
- > Work with DFAT's Office of Development Effectiveness (ODE) to prepare comprehensive terms of reference and to engage a consultant to review Australia's response to the earthquakes in 2015; and
- > Ensure program MTRs, annual reporting and individual assessments completed as part of evaluation processes are better used to inform future sectoral priorities and investments. Continue to increase monitoring and field visits.

ANNEX A - PROGRESS IN ADDRESSING MANAGEMENT RESPONSES

Describe progress made against management responses in 2014-15 report

Management responses identified in 2014-15 APPR	Rating	Progress made in 2015-16
Development and implementation of a Micro-Enterprise Development Program (MEDEP) management strategy to identify and re-focus a more realistic set of goals for the program. The MEDEP mid-term review (MTR) in early 2016 will define realistic parameters for the remainder of the program and identify the necessary Institutional changes required by the Government of Nepal to successfully implement its Micro-Enterprise Development for Poverty Alleviation (MEDPA) program.	Partially Achieved	A MEDEP management strategy was not finalised during the reporting period due to delays in finalising the MEDEP MTR. Delays in the MTR are attributable to the complex operating environment in Nepal following the earthquakes. The MTR report was completed in July 2016 and a management strategy has since been developed which refocuses the MEDEP program and includes the key steps required to achieve this. Details of the MEDEP management strategy including partner performance in implementing the strategy will be comprehensively reported on in next year's APPR.
The successor program to the School Sector Reform Plan (SSRP) will include a tighter focus on DFATs priority areas of engagement. This includes ensuring the design takes a new approach to building financial accountability within the Department of Education. Mutual accountability will also be a focus with a common set of disbursement linked indicators (DLIs) to provide incentive to the Government of Nepal to deliver on key results. The needs of the most vulnerable, particularly children with disabilities and girls, as well as a consolidation of gains for disaster resilient safe school buildings will remain a priority.	Achieved	Australia played an active role in the planning and design of a successor program to the SSRP and successfully advocated for its priorities, many of which were shared by other donors, to be included in the new program. These include: school safety, an improved focus on gender equity, inclusive education of children with disabilities, access for children including girls from marginalised groups, planning on languages of education (mother tongue, Nepali, English) and improved financial management and accountability.
Continued management of the Nepal earthquake early recovery package and implementation partners to deliver high impact programs. These investments require close management in a challenging implementing environment. Australia's focus will be on ensuring that our funding makes a difference by achieving both short term results and long term policy outcomes.	Achieved	Significant resources have been allocated to the continued management of the Nepal earthquake early recovery package, including staff supplementation at the Embassy in Kathmandu to support education investments. To support rapid delivery, Australia also seconded a program manager to UNDP to work on RELRP. This had a positive impact on the program assisting with more effective decision making and program implementation. The program manager also supplemented UNDPs capacities as and when required. Finally, Australia also deployed two Australian Civilian Corps (ACC) infrastructure specialists to Nepal's Department of Education (DoE) to assist and advise the DoE on earthquake reconstruction planning, design and implementation. This has resulted in strong relationships being developed with the DoE, and delivering a number of efficiencies including shorter approval times for school reconstruction projects.
Development of a new Aid Investment Plan (AIP) will identify key constraints to growth in Nepal and articulate how investments through Australia's aid program will address those constraints and promote economic development. The AIP will consider how investments will support and partner with the private sector; and promote economic empowerment and leadership opportunities for women. The AIP will also demonstrate efficient program management through more focused policy efforts identifying leverage opportunities between bilateral and global/regional activities.	Partially Achieved	Following announcement of the budget in May 2016 work has now commenced on a longer term Nepal AIP which will focus on future years including analysis of on-going need and Australia's ability to respond. Due to the significant changes in the Nepal's political landscape, including approval of a new constitution in September 2015, the election of a new Prime Minister in October 2015 and declining economic growth due to the earthquakes and political unrest in the Terai region, comprehensive analysis of constraints to growth including political, economic and poverty analysis were completed. The new Nepal AIP will be finalised in September 2016.

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

ANNEX B - EVALUATION PLANNING

List of evaluations completed in the reporting period

Investment number and name	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
INH602 School Sector Reform Plan (SSRP)	End of Program Evaluation	March 2016	June 2016	N/A	July 2016
ING833 Micro-Enterprise Development Program (MEDEP) Phase IV	Mid-Term Review	June 2016	July 2016	July 2016	August 2016

List of program prioritised evaluations planned for the next 12 months

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
Mid-Term Review of Building Back Safer Schools for All (BBSSFA) Program	INL754 Building Back Safer Schools for All	July 2016	August 2017	To assess program performance against outputs and outcomes and to identify lessons learned	Partner led
Post Mid-Term Review of Micro-Enterprise Development Program (MEDEP) Phase IV	ING833 Micro-Enterprise Development Program (MEDEP) Phase IV	May 2017	June 2017	To verify performance benchmarks agreed post-MTR remain relevant and on-track	DFAT led
Joint Annual Review of successor to SSRP	TBD	May 2017	May 2017	To review progress against agreed implementation plan	Joint review by financing partners
Review of Australia's post-earthquake early recovery programs in livelihoods, education and community mediation	Various	February 2017	April 2017	To review the effectiveness of Australia's response to the 2015 earthquakes in Nepal and to identify lessons learnt	DFAT led

ANNEX C - AID QUALITY CHECK RATINGS

AQC RATINGS

AQC investment performance over the previous 12 months and where available last year's AQC ratings.

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Micro Enterprise Development Programme (MEDEP) Phase IV	\$32.3m 2013-19	2016 AQC	5	3	3	3	4	4	4
		2015 AQC	5	4	4	4	4	5	5
School Sector Reform Plan (SSRP)	\$23.1m 2011-16	2016 AQC	4	4	4	4	4	4	4
		2015 AQC	6	5	5	4	5	5	4

HAQC RATINGS

Humanitarian response AQC's assess performance over the previous 12 months (ratings are not compared to previous years).

Investment name	Approved budget and duration	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Connectedness	Protection	Gender equality	Risks and Safeguards
Rapid Enterprise and Livelihoods Recovery Project (RELRP)	\$8.1m 2015-17	5	5	5	5	5	4	5	5
Building Back Safer Schools for All	\$5.0m 2015-17	5	4	4	4	5	5	5	4
Nepal Earthquake Humanitarian Assistance	\$10.1 2015-16	5	5	4	4	4	4	4	4

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