



Australian Government

Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT 2016-17

Nepal

September 2017



NEPAL AID PROGRAM PERFORMANCE INFORMATION 2016-17

SUMMARY

This report summarises the performance of Australia's aid program in Nepal from July 2016 to June 2017 against the Nepal Aid Investment Plan (AIP) 2016-2020.

Nepal remains among the poorest countries in the world. Over a quarter of Nepal's population, or more than 7 million people, live on less than US\$1.25 per day.¹ Nepal ranks 144 out of 188 countries on UNDP's Human Development Index (2016) and the country's gross domestic income per capita was US\$2642 (2017).² The 2015 earthquakes contributed to increased household and community vulnerability.

Nepal's post-conflict transition continues to be affected by political developments. Nepal has seen the appointment of three Prime Ministers from three different political parties in the reporting period. The Government of Nepal's (GoN) ability to implement the new constitution will be affected also by the requirement to hold elections by 21 January 2018 at the new three tiers of government (federal, provincial and local). Political changes, state restructuring, and impending elections have had an impact on aid programming during the reporting period (and likely through 2017-18), affecting GoN capacity to develop and implement policy and programs.

Australia's aid program in Nepal in 2016-17 focused on three main objectives relating to **enterprise and job creation, education and governance**. Australia identified governance as a new sectoral focus in which to support Nepal's newly adopted federal structure. We also continued recovery programs following the 2015 earthquakes.

A range of cross-cutting investments and activities focusing on natural resource management, public financial management, support for cross border trade and regional economic integration, and Australia Awards, also support our three main sectoral focus areas in Nepal. These are funded from bilateral, global, regional and other Australian government departments. Australia continues to rely on non-government organisation (NGO) partners to deliver many of these program priorities, recognising the unique strengths that NGOs bring to development activities. NGOs both complement and strengthen Australia's overall aid efforts. Gender equality and social inclusion are key features of all major investments.³ Incorporating disaster risk reduction principles remains central to Australia's engagement in education and in all new investments.

Overall, the program continued to support GoN's poverty reduction agenda as outlined in Nepal's fourteenth three-year plan (2016-17 to 2018-19). Australia's total Official Development Assistance (ODA) to Nepal in 2016-17 was \$31.6 million, which represents a decrease from \$35.2 million in 2015-16. Australian ODA to Nepal in 2016-17 represented 1.3% of Nepal's total ODA.⁴ As a modest donor, Australia's value-add includes the provision of quality technical assistance which contributes to policy decisions.⁵

¹ Asian Development Bank (2017) <https://www.adb.org/countries/nepal/poverty>

² Department of Foreign Affairs and Trade (2017) <https://dfat.gov.au/trade/resources/Documents/nepa.pdf>

³ Gender Equality and Social Inclusion (GESI) is a concept that addresses unequal power relations experienced by people on the grounds of gender, wealth, ability, location, caste/ethnicity, language and agency or a combination of these dimensions. It focuses on the need for action to re-balance these power relations, reduce disparities and ensure equal rights, opportunities and respect for all individuals regardless of their social identity. Source: 2017 GESI Framework Report by the Inter-Agency Working Group on GESI in Nepal (p.7). http://www.np.undp.org/content/dam/nepal/docs/generic/GESI%20framework%20Report_Final_2017.pdf?download

⁴ According to the OECD DAC Nepal received USD1.215 billion in 2015.

⁵ Nepal's major bilateral donors include the United Kingdom (USD159.5 million), United States (USD119 million), Japan (USD61 million), Norway (USD51.7 million) and Switzerland (USD49.4 million). Nepal also received ODA from the World Bank's International Development Association (USD257.6 million) and the Asian Development Bank (USD158.6 million).

EXPENDITURE

Table 1 Total ODA Expenditure in FY 2016-17

| Objective | A\$ million | % of total ODA |
|---|-------------|----------------|
| Expand economic opportunities for the poor by promoting enterprise and job-creation | 8.6 | 27% |
| Support the Government to improve governance and policy implementation | 3.5 | 11% |
| Promote human development through improved access to and quality of basic education | 3.5 | 11% |
| Sub-Total Bilateral | 15.6 | 49% |
| Regional and Global | 15.0 | 48% |
| Other Government Departments | 1.0 | 3% |
| Total ODA Expenditure | 31.6 | 100% |

PERFORMANCE AGAINST STRATEGIC OBJECTIVES

| Objective | Previous Rating | Current Rating |
|---|-----------------|----------------|
| Expand economic opportunities for the poor by promoting enterprise and job-creation | Amber | Green |
| Support the Government to improve governance and policy implementation | N/A | Green |
| Promote human development through improved access to and quality of basic education | 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: Expand economic opportunities for the poor, particularly women, by promoting enterprise and job creation



Australia has supported **enterprise and job creation** through its funding to UNDP for the Micro-Enterprise Development Program (MEDEP) in Nepal since 1998. MEDEP has focused on improving livelihoods of the most poor, particularly women. Over the life of the program, MEDEP has exceeded its targets by creating more than 78,750 micro-entrepreneurs (71% of which were women) and 154,150 jobs (69% of which were for women).⁶ Due to the success of MEDEP, GoN is institutionalising the MEDEP model into its Micro

⁶ The program aimed to create 73,000 micro-entrepreneurs, 70% of which were women. See Final Report, MEDEP Phase IV Mid Term Evaluation.



Enterprise Development for Poverty Alleviation (MEDPA) program. MEDEP has had a significant transformational benefit. As an example, 299 MEDEP beneficiaries were elected in the mid-2017 local elections (244 of those elected are women). The impact on beneficiaries goes beyond program objectives for increased employment and enterprise: the program has empowered people personally, helping to develop their leadership skills and role in their community.

While identified as an investment requiring improvement (IRI) in 2016, objective one was rated green in 2017. To address last year's IRI rating, an independent management review of MEDEP was undertaken in July 2016 which resulted in a restructure of MEDEP and a greater focus on institutionalisation to address programmatic shortfalls over the reporting period. Over the reporting period, the program made good progress in streamlining and refocusing program implementation towards MEDPA institutionalisation, despite delays implementing some of the key recommendations of the Mid-Term Review (MTR). State restructuring in Nepal presented additional institutionalisation challenges for MEDPA, which will require strategic guidance by MEDEP partners, including GoN, UNDP and Australia. MEDEP also made good progress in 2016-17 by successfully creating 3,122 micro-entrepreneurs (80.7% women, 24.6% Dalit, 39.7% Indigenous Nationalities, 7.3% Madhesi, 66% youth and 2.1% people a disability) and exceeding the target of 3000 as outlined in the annual work plan.⁷

Australia is currently reviewing options for future engagement in the livelihood sector beyond June 2018 and the end of MEDEP. This includes exploring opportunities to work with the private sector to support small and medium sized enterprises (SMEs), but with a continued focus on poverty alleviation and the provision of appropriately targeted assistance to support GoN implementation of MEDPA.

Objective 2: Support the Government to improve governance and policy implementation



In 2016, Australia identified **governance** as a new strategic focus for the aid program in response to Nepal's challenges in effectively and equitably delivering services across the country, as well as Nepal's adoption of a new federal government structure. Objective two was rated green as the program achieved the performance benchmark of completing the design for a new sub-national governance program in Nepal in early 2017.⁸ Australia signed a Strategic Partnership Agreement with The Asia Foundation (TAF) to the value of \$14 million (2017-2020) to develop a sub-national governance program. The objective of the program is to promote an enabling environment for the development of strong, effective, and inclusive subnational government in Nepal that benefits all, including women and marginalized groups. In order to achieve the overall objective, the program identified the following four strategic areas: generating evidence and data on subnational governance; support for Nepal's transition to federal governance; improving urban service delivery and economic governance; and flexible programming. Progress relating to the first three strategic areas was above expectations, particularly in terms of responding to local elections. In partnership with Citizens Campaign for Clean Elections, the program fielded 3,330 short-term election observers, 86 long-term observers, and 25 eminent observers. Election monitoring empowered local civil society organisations and increased legitimacy of the election process through greater accountability. The TAF partnership also

⁷ In line with the MTR recommendations, the program now aims to achieve the following three outputs before its conclusion in July 2018: (i) GoN has increased capacity to design, implement and monitor a multi-partner supported micro-enterprise development program; (ii) a sustainable delivery system for micro-entrepreneurship development is established; and (iii) the importance of micro-enterprise creation to reduce poverty is further anchored in public and governmental awareness.

⁸ No previous rating is provided for this objective as work in the governance program commenced at the end of the 2016-17 reporting period.

resulted in broadened support of Australia's post-earthquake community mediation program to help manage socioeconomic and political disputes in the lead up to elections.

Objective 3: Promote human development through improved access to and quality of basic education



Australia provided long-term support to the School Sector Reform Plan Programme (SSRP, 2009 to 2016) to the value of \$34 million to help reduce disparities in **accessing education** linked to caste, ethnicity, and geography and to increase awareness of the importance of quality education in Nepal. Objective three was rated green in 2016-17 because the program saw continued progress in strengthening Nepal's education system, particularly policy and planning reforms at the central government level, ongoing commitment to the reform agenda, and a successful conclusion of the SSRP.⁹ In line with expectations, good progress was made in improving access across most levels of education in 2016-17.¹⁰ Improvements in the Net Enrolment Rate (NER) were seen at all levels of education, including primary (96.9%; up from 96.6% in the last school year), basic (91%; up from 89.4% in the last school year), and secondary (59.8%; up from 57.9% in the last school year). Gender parity in education was achieved at all levels, as measured by the Gender Parity Index (GPI) in the NER, including at primary (0.99), basic (1.00) and secondary (0.97). The number of fully trained teachers in community schools also increased in 2016-17, with 97.4% at primary level (up from 97.3% last year) and 95.5% at secondary level (93.3% in the last school year).¹¹

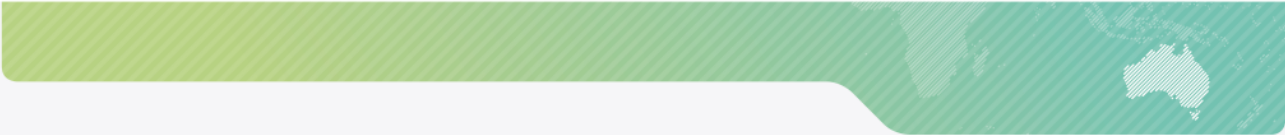
Australia concluded its post-earthquake support for the "Building Back Safer Schools for All" (BBSSFA) project (\$5 million, 2015-2017), which in partnership with Plan International Australia, saw the construction of 12 safe schools (92 classrooms, six hostel rooms and 23 disability friendly toilets) in six earthquake-affected districts. The project was considered to be efficient in that it was able to meet the majority of its targets within the stipulated timeframe, particularly with regard to the inclusive recovery component of the program.¹² Overall, the project contributed to creating an inclusive learning environment by ensuring appropriate infrastructure as well as educating teachers and the broader school community around disability-inclusive education. It included technical training on earthquake resistant building construction for 36 engineers and sub-engineers from district level project implementation units, the Ministry of Education and training for 121 masons in earthquake resistant building construction. The project also produced key publications including a Reference Guide on School Management Committee Led Reconstruction in Nepali and English and an Inclusive Education Training Booklet focusing on children with disabilities. The Australian Civilian Corps (ACC) Infrastructure Specialists in Nepal also incorporated disability inclusion principles in all projects through training, workshops, as well as through the development of engineering and technical policies, procedures and specifications.

⁹ See Joint Evaluation of Nepal's School Sector Reform Plan Programme 2009-2016, Final Report.

¹⁰ See Joint Evaluation of Nepal's School Sector Reform Plan Programme 2009-2016, Final Report, Chapter 4.1 – Achievement in Main Indicators.

¹¹ Flash Report I, 2016-17, the Department of Education, the Ministry of Education.

¹² Some delays were experienced in the school reconstruction component due to the blockade along the Nepal-India border (September 2015 to February 2016), strikes, fuel and material shortages. See Build Back Safer Schools for All Project, Final Evaluation Report, June 2017.



Cross-cutting, regional, global and other government departments

The Australian aid program in Nepal has a focus on gender equality, disability inclusiveness and social inclusion, all of which are integrated in a range of activities funded through our bilateral, regional and global programs. Some of these are highlighted below.

DFAT's **Sustainable Development Investment Portfolio** (SDIP) aims to increase water, food and energy security in South Asia to facilitate economic growth and improve the livelihoods of the poor and vulnerable (particularly women and girls). SDIP works with a mix of Australian and South Asian delivery partners (seven in total) across the three major Himalayan River Basins (the Indus, Ganges and Brahmaputra), to deliver initiatives aimed at increasing food, water and energy security. Australian partners are ACIAR¹³, CSIRO¹⁴ and ICEWARM.¹⁵ One of the key achievements of SDIP in 2016-17 SDIP was the development of Nepal's first National Water Policy to guide Nepal's water management arrangements for the next decade, and ensuring the policy had a focus on gender equality. In 2017, Australia's Ambassador to Nepal was appointed to a senior position to an advisory board of SDIP partner ICIMOD¹⁶ in Nepal. Through this role Australia has been able to positively influence the direction and further development of ICIMOD, a key agency contributing to regional cooperation and the sustainable development of the Hindu Kush Himalayan region from Afghanistan to Myanmar.¹⁷

Our funding to the **South Asia Regional Trade Facilitation Program** (SARTFP), managed by the World Bank, is supporting gender-sensitive trade facilitation, infrastructure connectivity, and livelihood and enterprise development initiatives. Activities under SARTFP contribute to increased commitment and buy-in by governments in Bangladesh, Bhutan, India and Nepal (BBIN), to improve cross-border trade and connectivity. In 2016-17, SARTFP achieved its performance benchmarks and met DFAT's expectations of influencing and contributing to institutional change to integrate gender equality in the World Bank's trade facilitation and connectivity projects. SARTFP activities enhanced large World Bank projects by providing gender analysis that otherwise would not have been considered. This included support to the 9th South Asia Economic Summit and the workshop 'Trade Facilitation Measures that Support Cross-Border Trade by Women in Bangladesh, Bhutan, India and Nepal' which resulted in key stakeholders (including Ministers, Members of Parliament and high-level policy makers) for the first time, developing a set of recommendations to develop gender-sensitive trade policies.¹⁸

Australia supported 52 Long Term **Australia Award Scholarships** for continued post-graduate studies in Australia in 2016 and 20 Long Term Scholarships in 2017. Four of these went to people with a disability. The main sectors of study were health, education, governance, livelihoods, economic development, gender and social inclusion, and water resources management. We provided 40 placements for short-course awards in 2016-17 focusing on the role of government in private sector and project management and on negotiation skills development.

Australia has supported more than 150 volunteers in Nepal through the **Australian Volunteers for International Development** (AVID) program since 2011. In 2016-17, 31 volunteers were working in Nepal on the priority areas of community and social development, education and health.

DFAT's **Australian NGO Cooperation Program** (ANCP) included 27 projects in Nepal in 2016-17 worth an estimated \$4.5 million as well as nine regional projects that deliver activities in Nepal. Australia's **Direct Aid**

¹³ Australian Centre for International Agricultural Research

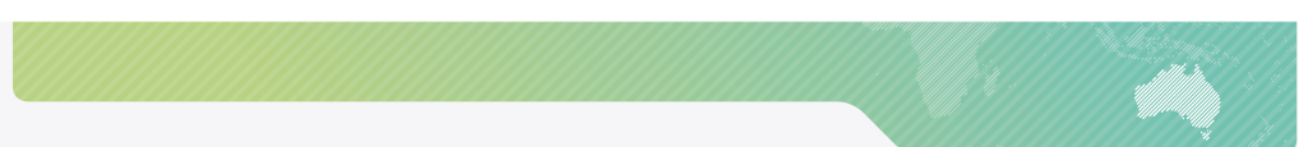
¹⁴ Commonwealth Scientific and Industrial Research Organisation

¹⁵ International Centre for Excellence in Water Resources Management

¹⁶ The International Centre for Excellence in Water Resources Management (ICIMOD) is a regional intergovernmental learning and knowledge-sharing centre, serving the eight regional member countries of the Hindu Kush Himalayas – Afghanistan, Bangladesh, Bhutan, China, India, Myanmar, Nepal, and Pakistan. ICIMOD implements projects that build climate resilience and facilitate policy dialogue and regional cooperation on sustainable development issues.

¹⁷ Please refer to the Aid Program Performance Report for the South Asia Regional Program, 2016-17 for progress reporting.

¹⁸ Please refer to the Aid Program Performance Report for the South Asia Regional Program, 2016-17 for progress reporting.



Program (DAP) in Nepal for 2016-17 provided support for 21 local NGOs working on a range of projects including gender equality, sexual and reproductive health, disability inclusiveness, media and democracy.

DFAT's **Civil Society Water, Sanitation and Hygiene Fund** (CS WASH Fund) achieved its goal to enhance the health and quality of life of the poor and vulnerable by improving sustainable access to safe water, sanitation and hygiene. In Nepal the Fund is supporting two projects: Australian Red Cross and SNV Netherlands Development Organisation to rehabilitate existing water supply schemes, and to strengthen professional and organisational capacity of local governments, private sector and stakeholders to develop a sustainable service delivery model at scale in their district area. Both projects are progressing well and over 130,000 people in the first half of 2016-17 achieved access to improved sanitation. In the same period, over 200,000 people achieved open defecation free status in their communities.

The **Gender Equality Fund** provided support to a UNFPA implemented project in 2016 on empowering girls in Nepal through life skills and comprehensive sexuality education. The goal of this project is to ensure young people (both in and out of school) have adequate sexuality education to empower them to make informed decisions about their own sexual and reproductive health (SRH) and subsequently increase their access to SRH services.

Through the World Bank-managed **Public Financial Management Multi-Donor Trust Fund**, Australia is contributing to building stronger financial systems in Nepal. The Trust Fund aims to strengthen performance, transparency and accountability in public financial management, resulting in improved resource management; increased awareness and oversight of government processes; and improved design of public financial management interventions across all new levels of government and sector levels.

MUTUAL OBLIGATIONS


Australian aid to Nepal is delivered in collaboration and accordance with Nepal's strategic priorities. Australia's two major bilateral aid investments—SSRP and MEDEP—are partnerships with GoN and, as outlined above, each program has achieved good results, reflecting constructive collaboration between GoN and donors such as Australia through active involvement in governance arrangements. SSRP was largely funded out of the GoN budget and was considered a national priority program. Australia's support to UNDP for enterprise and job creation and greater access to education aligns with GoN's fourteenth three year plan (2016-17 to 2018-19). The promulgation of the new Industrial Enterprise Act (2016) demonstrates Nepal's commitment to take full ownership of micro-enterprise development by 2018. In addition, Nepal met its commitment to gender equity through its Gender Responsive Budgeting system which mandates allocation of funds to specific gender activities. Nepal has made strong financial commitments through its 2017-18 budget to support the education sector and state restructuring. This support is being delivered in line with agreed expectations.¹⁹ Australian support to the new education program (SSDP) is led by Nepal's Ministry of Education through a sector wide approach including several other bilateral donors. GoN performance will be measured through disbursement-linked indicators jointly agreed on by the Ministry of Education and donor partners.²⁰ Australia will continue to work closely with the Ministry of Industry on the design of the new enterprise development program following the conclusion of MEDEP in July 2018. Australia has committed to work with key ministries to assist Nepal's transition to federalism and meet its obligations under the new Constitution.

PROGRAM QUALITY

During the reporting period, two Aid Quality Checks (AQC), two Humanitarian Aid Quality Checks (HAQCs) and two Final Aid Quality Checks (FAQCs) were completed. Overall investment performance improved compared to the results from the 2015-16 Investment Quality Reporting (IQR) process (see Annex C). After being deemed an Investment Requiring Improvement (IRI) in 2015-16, MEDEP saw improvements this

¹⁹ http://mof.gov.np/uploads/document/file/Budget_Speech_207475_20170530011441.pdf

²⁰ While Australia's support is not tied to the indicators they will inform future funding deliberations.



reporting period, scoring four (adequate) and above in each criteria. The Conflict Mediation in Post-Earthquake Recovery program scored five (good) and above in each criteria. The Building Back Safer Schools for All (BBSFA) program scored five (good) in each criteria. The Rapid Enterprise and Livelihood Recovery Project scored four (adequate) and above in each criteria. In the two FAQCs, the Nepal Health Sector Program (NHSP) Phase II scored an overall rating of five (good) and the School Sector Reform Program (SSRP) scored an overall rating of four (adequate). Gender equality is a significant objective across each of Australia's investments in Nepal. In gender equality, MEDEP and NHSP scored four (adequate), while the other four programs scored five (good).

MANAGEMENT ACTIONS

While all objectives achieved green ratings, Nepal's transition to a federal structure has and will continue to have an impact on all investments. There is now a greater appreciation by GoN of the challenges of transitioning to federalism as mandated by the constitution, and of the structural implications, but donors still face difficulties in determining how best to engage with the new levels of government in Nepal. Whereas previously all engagement was at the central level, there will be opportunities to engage with local government in the new federal structure. Uncertainty could result in delays in implementation and may affect planned aid program outcomes. Such challenges will be carefully monitored to ensure any emerging program risks are managed and outcomes maximised. Key to this approach will be utilising the information and analysis generated through Australia's Subnational Governance Program to inform management of all investments. Our Embassy in Kathmandu will continue to engage with GoN, donor partners, think tanks, and local and international NGOs to share and gather information.

In 2017-18 we will:

- > Continue to contribute actively to MEDEP planning meetings and monitor implementation of the MEDEP Exit Strategy and GoN transition to MEDPA.
- > Finalise the business case for a new phase of support for the livelihoods sector to ensure an uninterrupted program pipeline.
- > Coordinate with GoN and other donors on how to most effectively engage with new levels of government in Nepal.
- > Effectively manage administrative processes in response to state restructuring for a new phase of support for the education successor program.
- > Maximise the flexibility of the Subnational Governance program to address emerging issues arising from state restructuring.
- > Leverage Australia's role as Chair of the International Support Group for ICIMOD
- > Work with DFAT's gender advisers to develop a gender action plan 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 Gender Equality Strategy.

ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT RESPONSES

| Management responses identified in 2015-16 APPR | Rating | Progress made in 2016-17 |
|--|--------------|--|
| 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. | Achieved | The MTR recommended that MEDEP deepens its support to institutionalization and ceases its work on directly delivering micro-enterprise development. DFAT prepared a management response and together with GoN and UNDP revised the Results and Resource Framework (RRF) of MEDEP. |
| 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. | Achieved | Management, oversight and communication mechanisms of MEDEP were reviewed in line with the MTR recommendations. The program now aims to achieve the following three outputs in the remaining period (until July 2018) (i) Government has increased capacity to design, implement and monitor a multi-partner supported micro-enterprise development programme; (ii) A sustainable delivery system for Micro-entrepreneurship development established; and (iii) The importance of ME creation to reduce poverty is further anchored in public and governmental awareness. |
| 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. | Achieved | Post has increased its direct engagement with the Ministry of Industry and participated in the first Joint Review of MEDPA. A GESI strategy for MEDPA has been drafted to guide its future work. DFAT monitors MEDEP and MEDPA GESI analysis including disability. MEDEP filled in a GESI position in the 4th quarter of 2016 and until then made internal staff arrangements to progress GESI work. |
| 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. | Achieved | A new risk matrix and a communication framework for MEDEP have been developed in coordination with UNDP. In amending the Cost Sharing Agreement with UNDP, it has been stated that UNDP will spend DFAT funds following the NEX/NIM rules. |
| 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. | Achieved | A business case for a new phase of support - the School Sector Development Plan (SSDP 2016-2023) - was finalised and approved. |
| 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. | Achieved | A final evaluation of BBSFA was completed in June 2017 and found that teacher's trainings were instrumental in changing pedagogy. Almost 72% of the respondents said that their teachers had taught them about how to stay safe during disasters, 42% said teachers engaged in group counselling, 16% said they treated boys and girls equally, and 11% said teachers provided knowledge on how to treat children with disabilities. Teachers who participated in the training felt that they understood the material especially good because they had read the Training booklet on inclusive education. |
| 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. | Not achieved | A gender strategy for the Australian aid program in Nepal was not developed due to resource constraints in 2016-17. DFAT plans to develop the gender strategy in 2017-18. |

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.

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.




Partly
achieved

Achieved

The evaluation was done on the Building Back Safer Schools for All (BBSSFA) project which was a part of our early recovery program.

Evaluations in 2016-17 have been actively used to inform future sectoral priorities across all three DFAT aid objectives.

Note:

-  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 – PERFORMANCE BENCHMARKS

Progress towards Performance Benchmarks in 2016-17

| Aid objective | Performance Benchmark | Rating | Progress in 2016-17 |
|--|---|----------|--|
| Expand economic opportunities for the poor, particularly women, by promoting enterprise and job-creation | <ul style="list-style-type: none"> - Evidence of clear increases in the incomes of groups targeted by our key programs - Budget allocation by GoN to MEDPA increases - Operationalisation of the Management Information System (MIS) for MEDPA - 2nd MEDPA strategy drafted and MEDPA included in the 14th Development Plan | Achieved | MEDEP continues to successfully create micro-entrepreneurs in the target population. In 2016-17 it created 3,122 MEs (80.7% women, 24.6% Dalit, 39.7% Indigenous Nationalities, 7.3% Madhesi and 66% youths). Of the 3,122 MEDEP beneficiaries 66 (2.1%) have a disability, which is slightly higher than for the overall ME created by MEDEP (0.7% beneficiaries with disability - 554 of 78,769). While the new MIS for MEDEP/MEDPA was substantially delayed, it was finally completed and rolled out to all MEDPA districts and capacity development training for the MEDPA staff were mostly delivered on time. The program remained highly relevant to the needs and aspirations of Nepal and is strongly aligned with the 2015 Constitution, the 14th National Development Plan (2016/17 – 2018/19) and the Mol's MEDPA Strategy. |
| Support the government to improve governance and policy implementation | A completed design for a new program supporting improvements in governance and policy implementation | Achieved | The Sub-national Governance Program design was completed and Strategic Partnership with The Asia Foundation was signed. |
| Promote human development through improved access to and quality of basic education | <ul style="list-style-type: none"> - 12 schools constructed made up of 96 rooms - 3200 children (1700 girls and 1500 boys) including 300 children with disabilities, 200 Dalits and 1800 Janajatis - A completed design for a new program supporting improvements to basic education | Achieved | <p>Construction of 12 safe schools (92 classrooms, six hostel rooms and 23 disabled accessible toilets) in six districts (Dolakha, Sindhupalchowk, Sindhuli, Makwanpur, Lalitpur and Kathmandu). 167 temporary learning centres (TLCs) and learning materials support at individual and school level helped to get 17,213 children (9,124 girls and 8,089 boys) including 792 children with disabilities (CwDs) back into school.</p> <p>An investment design to support the School Sector Development Plan (SSDP) was completed. SSDP aims to improve the quality of basic education and strengthen the leadership of the Ministry and Department of Education in program management and implementation through a Sector-Wide Approach.</p> |

Note:

■ Achieved. Significant progress has been made and the performance benchmark was achieved

- Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- Not achieved. Progress towards the performance benchmark has been significantly below expectations

Performance Benchmarks for remainder of Aid Investment Plan

| Aid objective | Performance Benchmark | 2017-18 | 2018-19 | 2019-20 |
|--|--|---|--|--|
| Expand economic opportunities for the poor, particularly women, by promoting enterprise and job-creation | Finalisation of the new livelihoods initiative with a focus on enterprise development, including working with the private sector, to support small and medium sized enterprises (SMEs), but with a continued focus on poverty alleviation. | Approval of concept and design of a new livelihoods program in line with the Aid Investment Plan. MEDEP completion as per the Exit Strategy. | Implementation of a livelihoods program with a focus on economic empowerment of women and traditionally marginalised groups. | TBA |
| Support the government to improve governance and policy implementation | The sub-national governance program inception report is finalised and begins generating evidence and data on subnational governance; and shows early levels of support for Nepal's transition to federal governance. | Initial audit of the political economy of ongoing governance transition completed in all seven provinces. Support to elections violence monitoring and reporting across the three levels of the federal structure. | 10 Municipal and 7 Provincial profiles are utilised in planning and budgeting processes to improve service delivery. Development of guidelines for local governments to formulate local economic laws and policies. | Completion of the third Survey of the Nepali People to track perceptions of subnational governance. Continuing support to municipalities to develop and implement local level investment plans. |
| Promote human development through improved access to and quality of basic education | Implementation of the School Sector Development Program (SSDP), aimed at improving the equity, quality, efficiency, governance and management of the education sector. | Education Management Information System integrates disaggregated data on gender, caste/ethnicity, disability, mother tongue, socio-economic status and geographical location. | The Ministry of Education (MoE) implements the revised SSDP plans and programs based on the restructuring at federal, provincial and local levels. | MoE endorses a revised National Curriculum Framework for school education (from early childhood education and development/pre-primary education to grade 12) and revises the curriculum and textbook. |

ANNEX C- EVALUATION PLANNING

LIST OF EVALUATIONS COMPLETED IN THE REPORTING PERIOD

| Investment number and name (if applicable) | Name of evaluation | Date completed | Date Evaluation report Uploaded into AidWorks | Date Management response uploaded into AidWorks | Published on website |
|---|--|----------------|--|---|----------------------|
| INL754 Building Back Safer Schools for All | Build Back Safer Schools for All Project | June 2017 | 1 September 2017 | | |

ANNEX D- 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 | \$56.8m | 2017 AQC | 5 | 4 | 4 | 4 | 4 | 4 | n/a |
| | 2006-18 | 2016 AQC | 5 | 3 | 3 | 3 | 4 | 4 | 4 |
| Conflict Mediation in Post Earthquake Recovery | \$3m | 2017 AQC | 6 | 5 | 5 | 6 | 5 | 5 | n/a |
| | 2015-17 | 2016 AQC | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

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 |
|--|------------------------------|-----------|---------------|------------|---------------------------|---------------|------------|-----------------|----------------------|
| Building Back Safer Schools for All (BBSSFA) | \$5m 2015-17 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | n/a |
| Rapid Enterprise and Livelihood Recovery Project (RELRP) | \$8.07m 2015-17 | 6 | 5 | 5 | 4 | 5 | 4 | 5 | n/a |

FAQC RATINGS

Final AQC's assess performance over the lifetime of the investment (ratings are not compared to previous years).

| Investment name | Approved budget and duration | Overall rating | Relevance | Effectiveness | Efficiency | Monitoring and Evaluation | Sustainability | Gender equality | Risks and Safeguards |
|---|------------------------------|----------------|-----------|---------------|------------|---------------------------|----------------|-----------------|----------------------|
| Nepal Health Sector Program Phase II (NHSP) | \$20.8m 2010-17 | 5 | 5 | 5 | 4 | 5 | 5 | 4 | n/a |
| Schools Sector Reform Program | \$34.1m 2007-2017 | 4 | 5 | 4 | 4 | 3 | 4 | 5 | n/a |

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.