



Foreign, Commonwealth
& Development Office

Effective Development Financing & Coordination II (EDFC-II)

Project Completion Report

PROJECT PROFILE

About the Project		Geographic Coverage	
Project Title: Effective Development Financing and Coordination II (EDFC-II)		National-level Coverage (Yes/No): Yes	
Award ID: 126669			
Output ID: 120661			
Strategic Results			
UNDP Strategic Plan Outcome 1: Advance poverty eradication in all its forms and dimensions			
UNDP Strategic Plan Output 1.1.1: Capacities developed across the whole of government to integrate the 2030 Agenda, the Paris Agreement and other international agreements in development plans and budgets, and to analyse progress towards the SDGs, using innovative and data-driven solutions			
UNDP Strategic Plan Output 1.2.2: Enabling environment strengthened to expand public and private financing for the achievement of the SDGs			
UNDAF Outcome 1: By 2022, impoverished, especially economically vulnerable people have access to sustainable livelihoods, safe and decent employment, and income opportunities			
UNDAF/CPD Output 1.3: Improved national capacities in planning, monitoring, financing and reporting on the 2030 agenda			
Project Duration		Implementing Partners	Implementation Modality
Start Date: April 2020	End Date: December 2024	Ministry of Finance, GON	National Implementation (NIM)
Project Budget			
UNDP Contribution:	USD 621,487		
Government Contribution:	Project Manager, office space and utilities		
Donor Contributions:	FCDO:	USD 1,302,643	
Other Contributions:	-		
Unfunded:	USD 437,298		
Total Project Budget:	USD 3,558,098		
Total Project Expenditure:	USD 1,924,130		
Approved Budget (AWPs):	USD 2,141,598		
Budget Utilization (%):	89%		

Signature:

Name: Premnath Upadhyay

Deputy Project Manager

Date: 30th November 2023

Signature:

Name: Narayan Dhakal

Project Manager

Date: 30th November 2023

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ABBREVIATIONS

AMIS	Aid Management Information System
AMP	Aid Management Platform
CPD	Country Programme Document
DCR	Development Cooperation Report
DFID	Department for International Development (UK, now part of FCDO)
DFMIS	Development Finance Management Information System
DP	Development Partner
EDFC	Effective Development Financing and Coordination
FCDO	Foreign, Commonwealth & Development Office (UK)
FMIS	Financial Management Information System
GESI	Gender Equality and Social Inclusion
GON	GON
ID	Identification
IDCP	International Development Cooperation Policy
IECCD	International Economic Cooperation Coordination Division
INFF	Integrated National Financing Framework
IT	Information Technology
LDC	Least Developed Country
MOF	Ministry of Finance
NIM	National Implementation Modality
ODA	Official Development Assistance
TOR	Terms of Reference
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
USD	United States Dollar
VFM	Value for Money

1. EXECUTIVE SUMMARY

Since its launch in April 2020, the EDFC-II project (“the Project”) has made a significant and long-lasting contribution to MOF/IECCD’s ability to manage and coordinate Official Development Assistance (ODA) and other forms of development finance available to Nepal. The Project achieved this by providing regular, comprehensive, high-quality capacity-building and training opportunities to MOF/IECCD, line ministries, and provincial- and local government entities, thereby enhancing their understanding of GON development assistance coordination policies SOPs and systems, broader development effectiveness principles, good practice project monitoring and evaluation procedures, and the use of development assistance data to improve data-driven decision-making and resource allocation. These and other activities contributed key improvements to broader GON development planning capacities.

Building on successes and lessons learned from the Project’s predecessor, EDFC-I, the Project continued to support GON leadership of multistakeholder dialogues with DPs, I/NGOs, trade unions and the private sector on key development issues and priorities, including but not limited to preparation of Nepal’s annual budget, Nepal’s participation in the GPEDC, revisions to the 2019 IDCP, significant upgrades to the AMIS, improvements to Aid Mobilisation Guidelines and broader ODA coordination and management in the context of Nepal’s new federal system of government.

A hallmark of the Project has been the variety of demand-driven, skills-based training opportunities made available to GON officials. Training opportunities have spanned a range of topics, including ODA negotiation, development assistance literacy, and cost-benefit analysis. The Project has also continued to support regular monitoring visits to nationally significant DP-funded projects.

The Project has continued to excel in producing essential studies, reports and other knowledge projects, and providing technical assistance and financial support to facilitate the drafting and printing of the GON’s annual DCR and DP Profiles. These two publications, enriched by the Project over the years, provide a solid base for promoting evidence-based policymaking within MOF/IECCD and the GON more broadly. The Project has also provided technical support to the production of other relevant and timely studies and analyses, including analyses focusing on remunerations and CSO views on the IDCP, offering valuable insights into the evolving development finance governance landscape in Nepal.

Furthermore, the Project has supported MOF/IECCD’s use of the AMIS - a centralised online portal for ODA-related information in Nepal through technical assistance and IT support. Launched to succeed the Aid Management Platform (AMP) in 2019, the AMIS sought to simplify data entry processes. Throughout the reporting period, the Project has supported MOF/IECCD delivery of regular training sessions on the AMIS’ core functions for focal points within DPs, MOF/IECCD, line ministries, and I/NGOs. The Project has recently supported a wholesale conversion of the AMIS to a more robust and integrated DFMS. This support has enabled continued improvements to MOF/IECCD’s development finance data analysis capacities and the greater transparency of development finance data, contributing to more informed dialogue and decision-making processes in Nepal.

The Project has also played an essential role in supporting the active participation of the GON in the 4th Global Partnership for Effective Development Co-operation (GPEDC) monitoring round. This support has enabled the GON to highlight its developmental successes and challenges on a global stage, thereby enhancing Nepal’s visibility and influence in the international development discourse.

The Project’s total approved budget between April 2020 and September 2023 comes to USD 2,141,598

The Project has spent USD 1,924,130 throughout that same period, with a budget utilisation rate of 89%.

2. SUMMARY OF KEY ACHIEVEMENTS

The Project has significantly improved MOF/IECCD and broader GON project monitoring and evaluation capacities throughout the reporting period. This has been achieved by supporting GON leadership of regular monitoring visits to Panchthar (Koshi Province), Nepalgunj and Butwal (Lumbini Province), Pokhara (Gandaki Province), Chitwan (Bagmati Province), and Jumla (Karnali Province). These visits have been vital in fostering more efficient project implementation and ensuring that respective project development objectives are met effectively, in line with GON priorities. The comprehensive monitoring conducted during this period has played a pivotal role during joint portfolio

review meetings with development partners and line ministries, facilitating the resolution of identified issues and reinforcing the effectiveness of project management.

The Project has bolstered MOF/EPAD research, design, and implementation capacities. Capacity development, evidenced by making capable for maintaining fiscal risk register. The support has facilitated more informed policy decisions and fostered a deeper understanding of economic trends and patterns, thereby contributing to more robust and evidence-based policy formulation.

The Project has delivered training and workshops on project/programme cycle management, development cooperation management, and strategic resource planning. This area of work, comprising 23 training sessions and workshops, engaged 537 GON officials, fostering capacity for understanding project / program cycle, project management and strategic resource management. The gender distribution of the participants was noted to be 95% men and 5% women.

A select group of MOF/IECCD, MOFA and other GON officials have been equipped with enhanced negotiation skills through targeted training sessions. These sessions, numbering 3, were designed to hone their abilities in negotiating terms and agreements effectively in various forums, preparing them to foster beneficial partnerships and collaborations.

To broaden global perspectives and understanding of international trends and best practices, the Project facilitated MOF/IECCD participation in international events, training, and study tours pertinent to development finance and coordination. These nine events covered a wide array of topics, including climate change policy at COP26, international financial governance at the IMF and WB Spring Meetings, GPEDC monitoring in Benin, environmental finance at the GEF Council Meeting, impact investing and blended finance in Zurich, climate funding at the GCF Global Programming Conference, and aid data transparency and coordination at the IATI Technical Committee Meeting in Bangkok. These events provided a rich platform for the exchange of ideas and insights.

Establishing the EDFC-II Gender Equality and Social Inclusion (GESI) Policy, approved by MOF/IECCD on 12/04/2023, marked a significant milestone in fostering inclusivity in development efforts. This policy now plays a vital role in ensuring the participation of women and under-served groups in all EDFC-II-supported activities.

A series of two Local Donors Meetings were facilitated, serving as a vital platform for dialogue and collaboration between DPs and GON, helping to shape the overall trajectory of GON-DP development cooperation efforts.

Furthermore, consistent with EDFC-II's commitment to regular, multi-stakeholder/inclusive dialogues that contribute to an evidenced-based policy environment aligned with current good practices and responsive to stakeholder needs, the Project supported a multi-stakeholder dialogue on blended finance, bringing together a diverse group of stakeholders, and fostering rich discussions on innovative financing strategies and trends, paving the way for more collaborative and informed approaches to development finance in Nepal.

A Policy Dialogue Forum and Development Cooperation Knowledge Series titled "Workflow and Functional Issues of IECCD" was organised on 14-15/07/2023. The primary goal of this event was to clearly identify and address the specific challenges and operational issues within the workflow and functional aspects of the IECCD. The event brought together experts, policymakers, and stakeholders directly or indirectly involved with the IECCD's operations. Over two days, the event featured various activities, including keynote presentations, panel discussions, and interactive workshops. These activities were designed to discuss the complexities of IECCD operations, identify bottlenecks, and explore potential solutions to improve efficiency. The ultimate goal of the event was to foster a deeper understanding of the IECCD's workflow, as well as to identify any functional issues that may be hindering its ability to contribute to the Ministry's vision and mission effectively, that is, the creation of an enabling environment for sustained and broad-based economic growth through prudent fiscal and economic management, and to help maintain macroeconomic stability, through effective and efficient utilisation of available financial resources and enhance domestic revenue base.

This and similar forums have been key in enhancing the knowledge base of GON officials, facilitating informed policy dialogues, and fostering a more collaborative approach to development planning and implementation.

In addition, a series of analytical studies were commissioned to assess the impact of Nepal's 2019 IDCP on key stakeholder groups and analyse the current government systems and procedures related to reimbursements. These

studies have provided critical insights and recommendations, fostering a more informed and responsive policy environment. The Project has also supported developing and refining comprehensive guides outlining GON operational guidelines and procedures for development cooperation. These resources, once finalised, will serve as vital guides for stakeholders involved in development cooperation, fostering a more streamlined and collaborative approach to development initiatives in the country.

The Project has continued to support flagship reports and publications, including DCR and Development Partner Profiles, fostering transparency and information dissemination on development cooperation initiatives and funding flows. This support has led to the enhanced accessibility and understanding of development cooperation data among stakeholders, contributing to more informed decision-making in the sector.

In line with the Project's commitment to transparency, the Project supported the development of a web-based system to facilitate the generation of reports on International Technical Assistance and COVID-19-related assistance, enhancing the efficiency and accuracy of reporting processes. This innovative system has significantly streamlined data management, allowing for real-time updates and more responsive tracking of assistance and impacts.

Nepal's active and ongoing participation in the 4th Global Partnership for Effective Development Cooperation (GPEDC) Monitoring Round was also supported, fostering a more collaborative and informed approach to development initiatives in the country. This participation has not only raised Nepal's profile in international development circles but also provided valuable insights and best practices for the country's development strategies.

These and many other achievements represent a significant step towards fostering an evidence-based policy environment and facilitating inclusive dialogues, setting a promising trajectory for Nepal's sustainable and collaborative development initiatives.

3. BACKGROUND AND RATIONALE

Nepal has relied heavily on development assistance for over six decades to address its pressing development needs, particularly in education, health, and infrastructure. This reliance has been marked by a steady and significant increase in ODA commitments and disbursements, which now form 22.6% of the national budget.¹ Despite the influx of ODA, the pressure to generate resources remains exacerbated by the transition to a new federal structure, which has required an ongoing reliance on ODA to fund and manage infrastructure and social development priorities.

In recent years, Nepal, a landlocked nation with a population of approximately 30 million and a per capita GDP of \$1,399, has embarked on a transformation marked by relative macroeconomic stability and an average GDP growth of approximately 4.4% over the past five years. This development trajectory has been partly fuelled by the government's periodic plans focusing on growth, employment, infrastructure, human development, and resilience, which have contributed to a decrease in poverty from 2018/19, when 17.4% of the population was below the poverty line, to just 15.1%, according to the Economic Survey 2022/23.

Historically, Nepal had instituted various national systems, policies, and mechanisms to align traditional forms of development assistance (primarily in grants and conditional loans) with national priorities, adapting global development cooperation principles to the national context. The establishment of the Aid Management Platform (AMP) during the earlier Developing Capacities for Effective Aid Management and Coordination (DCEAMC) project (2009-2014) marked a significant milestone, fostering institutional capacity development, promoting evidence-based analysis, and nurturing collaboration with various development partners. With support from UNDP, DFID, and DANIDA, this initiative paved the way for the subsequent Effective Development Financing and Coordination (EDFC) project, further strengthening MOF strategies for planning, managing, and coordinating international development cooperation and finance.

In 2015, the GON embraced the 2030 Agenda for Sustainable Development, aligning its 15th National Development Plan (FY2019/20 – FY2023/24) with the Sustainable Development Goals (SDGs), with aspirations of achieving long-term prosperity by 2030 and graduating from the Least Developed Country (LDC) status by 2026. The approval of the IDCP in 2019 saw the IECCD revitalising its role to support emerging priorities, adapting to challenges in ODA coordination amidst the transition to a federal government system. This transition called for careful planning and the

¹ GON, Development Cooperation Report FY2021/22

swift implementation of innovative interventions that could assist MOF/IECCD in adapting to Nepal's rapidly evolving ODA and development finance landscape.

A Mid-Term Review (MTR) of the EDFC project highlighted the necessity for long-term, strategic, and multifaceted interventions involving government and development partners. The MTR recommendations formed the basis of the EDFC-II project, emphasising comprehensive institutional assessments, capacity-building initiatives, and the establishment of vibrant coordination mechanisms between federal and provincial governments on development finance/ODA.

4. PROJECT SUMMARY

The Ministry of Finance (MOF) is the central authority of the Government of Nepal (GON), tasked with safeguarding Nepal's economic stability. Its broad responsibilities encompass formulating, implementing, and evaluating economic and revenue policies, financial administration, and currency management. Additionally, the MOF is at the forefront of public expenditure management, mobilising resources to support the GON's development priorities.

The International Economic Cooperation Coordination Division (IECCD) is pivotal in mobilising, coordinating, and managing Official Development Assistance (ODA) within the MOF. With the support of DCEAMC, EDFC, and now EDFC-II, the IECCD has significantly strengthened Nepal's institutional and policy landscape regarding ODA management in alignment with Nepal's development priorities and the SDGs.

The EDFC-I project commenced in 2016, creating and strengthening coordination structures aligned with the 2014 Development Cooperation Policy. This phase integrated global best practices and policies on ODA management into a cohesive system, enhancing the analytical prowess of the MOF and other line ministries to align and prioritise ODA with national development goals.

Building upon EDFC-I's success, the Effective Development Financing & Coordination II (EDFC-II) project has been a cornerstone in Nepal's journey towards sustainable growth and economic advancement. This initiative, aimed at enhancing the capabilities of the MOF and other key stakeholders, has played a crucial role in fostering a favourable environment for adept planning, management, and coordination of ODA, aligning seamlessly with Nepal's evolving governance and policy framework.

As Nepal transitioned to a federal governance system, the government embarked on a complex journey, navigating the global financing landscape to elevate Nepal to a middle-income status by 2030. This ambitious path involved integrating innovative planning and budgeting strategies, establishing new coordination mechanisms with non-government entities, developing strategies to secure funding from non-traditional sources, and fostering collaboration with various partners.

Today, the EDFC-II project is committed to further enhancing the GON's expertise in fostering effective development cooperation within the country. The Project is centred on amplifying the capacities of the MOF/IECCD, line ministries, and sub-national governments concerning development effectiveness. It encompasses the mobilisation of innovative financing tools and aims to enhance the decision-making capabilities of various levels of government through the use of comprehensive and timely development finance data.

Nepal faces significant challenges in achieving the Sustainable Development Goals (SDG) by 2030. The GON clearly intends to mobilise increased financing from diverse sources, a vital prerequisite for achieving the SDGs. This approach calls for new systems to manage development finance data, shifting away from a sole focus on ODA to incorporate additional sources of development finance data, ensuring a holistic approach to sustainable development.

4.1. Project Objectives

The project's overarching goal is to enhance further the capacity of the Ministry of Finance (MOF) and other relevant stakeholders, thereby fostering a strengthened environment to plan, manage, and coordinate Official Development Assistance (ODA) in Nepal effectively and efficiently. Specific objectives are as follows:

1. Strengthening the GON's management and coordination capacity for ODA, particularly within the MoF/IECCD, to cultivate a culture favouring evidence-based policy formulation and implementation, predominantly within the IECCD and line ministries (LMs).
2. Enhancing operational learning and knowledge management systems within the GON, improving development assistance information management capacities, and facilitating more integrated approaches to managing different types of development finance, considering the role of ODA and international public finance within the broader financing landscape.
3. Enhancing the capacity of key development stakeholders in the management, coordination, and implementation of ODA through robust institutionalised mechanisms and improved analytical capacity.
4. Supporting the MoF/IECCD in leading the adaptation of ODA mobilisation and management approaches to align with Nepal's new federal context.
5. Improving capacity in ODA transparency and monitoring of ODA activities, with a significant focus on enhancing monitoring and evaluation (M&E) mechanisms to gauge the results of development cooperation accurately.

4.2. Theory of Change

4.2.1. Identification of Interventions

The EDFC-II project has identified the following critical interventions to enhance Nepal's development cooperation effectiveness and efficiency. These interventions are as follows:

1. **Operational Dynamics Enhancement:** Strengthening the MOF's operational dynamics through the introduction of the IECCD office automation system, designed to streamline internal workflows and foster greater productivity and efficiency in aid administration. This initiative will be complemented by developing well-articulated standard operating procedures to provide clear guidelines to staff, enhancing operational consistency and reducing potential discrepancies.
2. **Capacity Building:** Central to this project is an emphasis on fostering an environment where MOF personnel are adept at navigating the complexities of the global policy landscape. Tailored training programmes will nurture essential skills and promote a deeper understanding of international policies and practices. This initiative encourages South-South collaboration and exchange, creating a platform where knowledge and best practices in development finance, including ODA, are shared and integrated.
3. **Evidence-Based Policy Formulation:** Committing to fostering evidence-based policy formulation by producing analytical works on current and relevant topics, promoting informed decision-making and cultivating a rich dialogue surrounding policy development in Nepal, anchored in empirical evidence and nuanced analysis.
4. **Transparency and Accountability:** Underscoring the importance of transparency and accountability in aid processes by establishing a robust national aid information management system to monitor and track foreign aid resource flows, promoting transparency and nurturing a culture of trust and reliability in aid administration processes.

4.2.2. Rationale for Selected Interventions

The selected interventions are grounded in the need to transform Nepal's development effectiveness landscape, fostering a culture grounded in informed policy decisions, seamless operations, and improved transparency and accountability mechanisms. Through synergistic achievements across these pillars, the Project aims to make a meaningful contribution towards aligning aid efforts with Nepal's national development priorities.

4.2.3. Intervention Logic Model

The intervention logic model for the EDFC-II project can be outlined as follows:

1. **Inputs:** Resources allocated for the Project, including financial resources, human resources, and technical expertise.
2. **Activities:** Specific actions undertaken to implement the interventions, such as the development of automation systems, training programmes, production of analytical works, and establishment of a national aid information management system.
3. **Outputs:** Tangible results of the activities, such as streamlined workflows, trained personnel, analytical reports, and established management systems.
4. **Outcomes:** The expected changes resulting from the outputs, such as improved operational dynamics, enhanced policy formulation, and better coordination among stakeholders.
5. **Impacts:** The long-term effects of the outcomes, such as a transformed landscape of development effectiveness in Nepal, are characterised by informed policy decisions, seamless operations, and strengthened transparency and accountability mechanisms.

5. KEY RESULTS ACHIEVED

5.1. Activity Result 1: Institutional Capacity Building

Activity 1.1: Assist MOF/IECCD and other GON officials in monitoring and evaluating development assistance-funded projects

A total of eight monitoring and evaluation visits were conducted across various regions, including Gopetar in Panchthar, Nepalgunj, Pokhara, Chitwan, Jumla, and Butwal, engaging a total of 15 GON officials.

Projects monitored during these visits ranged from healthcare initiatives such as the Primary Health Care Centre in Gopetar to infrastructure and developmental projects such as the Narayanghat Butwal Road Project and the MCC Funded Project in Butwal.

Other significant projects included the Kishan 2 project in Nepalgunj, the Pokhara Drinking Water Improvement Project and PLGSP in Pokhara, the Prime Minister's Self-Employment Project in Chitwan, and the Agriculture Sector Development Project in Jumla. These project visits facilitated the assessment of project impacts and outcomes, fostering a culture of accountability and continuous improvement within these varied sectors.

The insights garnered from these evaluations have been vital in reshaping strategies and ensuring that development initiatives align with sustainable growth and development goals.

Furthermore, the initiative has empowered GON officials with the necessary tools and knowledge to undertake future monitoring and evaluation of various ODA-funded projects. Through the development and implementation of a robust monitoring framework, officials have been able to identify potential areas of improvement and implement timely interventions to enhance project outcomes. The collaborative approach adopted during these sessions has fostered a sense of ownership and accountability among officials, enhancing the overall effectiveness and impact of development assistance-funded projects. Moving forward, the insights and experiences from these sessions will serve as a valuable resource in shaping more responsive and impactful development initiatives in Nepal.

Activity 1.2: Enhance MOF/Economic Policy Analysis Division's research, design, and implementation capacities

A series of seven workshops and training sessions were conducted, engaging 213 participants and fostering a culture of research and analytical thinking within the division. These sessions were vital in enhancing the capacity of officials to undertake comprehensive research and analysis, thereby fostering a more informed and evidence-based approach to policy formulation and implementation.

Specifically, assistance was provided for printing the Economic Bulletin, a crucial publication disseminating vital economic data and policy analysis. The Economic Bulletin is essential for policy-makers, researchers, and other stakeholders interested in Nepal's economic landscape. Its publication is integral to fostering a well-informed discourse on economic policies, thereby enabling better decision-making at both the governmental and non-governmental levels. The collaboration with EPAD supports the division's capacity to disseminate high-quality, timely information and complements the broader monitoring and evaluation activities. As such, the support provided for

printing the Economic Bulletin can be considered both logistical and strategic support that assists in achieving the MOF's overarching goals related to sustainable growth and development in Nepal.

Furthermore, the Project has supported the development of a repository of research materials and resources, which serves as a vital reference point for officials involved in policy analysis and formulation. The division has accessed a wealth of knowledge and insights through collaborative efforts with international experts and institutions, enhancing its capacity to undertake comprehensive research and analysis.

In addition to these efforts, the Project supported EPAD in expanding its educational and regulatory frameworks. Specifically, a week-long training on the Fiscal Risk Register was conducted for 45 participants from September 18-23, 2022. This training aimed to deepen understanding and skills in managing fiscal risks, further enriching the repository of research materials and expertise within EPAD.

Moreover, support was extended to conduct a consultation meeting to finalise a draft of the Public Debt Management Regulation on July 28-29, 2023. The session gathered key stakeholders and experts to discuss and review the draft regulation, thereby contributing to a more robust and comprehensive framework for public debt management. These targeted activities enriched EPAD's resource base and strengthened its role in shaping sound economic policies.

Activity 1.3: Deliver training/workshops on project/programme cycle management, development cooperation management, and strategic resource planning for various GON officials

A series of results-oriented training programmes were delivered with EDFC-II support, addressing identified capacity gaps. The delivery of training and workshops on project/programme cycle management, development cooperation management, and strategic resource planning have served to enhance the capacities of various GON officials in the following areas:

- Improving participants' understanding of effective development cooperation principles and how these can be applied in pursuit of national priorities,
- Providing an opportunity to discuss and clarify the role of federal, provincial, and local-level authorities in project implementation, fostering a more systematic and efficient approach to project implementation,
- Providing an opportunity to discuss and understand Nepal's evolving development cooperation landscape, with a focus on new approaches, actors, and financing/cooperation instruments, encouraging a more collaborative approach to project management.

The "Dimensions of Development Cooperation" module gave officials practical knowledge of the management methods, skills, and tools necessary for development projects. During the Project, 13 training sessions and workshops were conducted, engaging 388 participants from various government departments. These sessions were vital in enhancing the knowledge and skills of officials in project management, fostering a more systematic and efficient approach to project implementation.

These training sessions facilitated rich discussions and knowledge sharing among officials, fostering a more collaborative approach to project management. Participants were equipped with the necessary tools and knowledge to undertake effective project planning and leadership, enhancing the overall efficiency and effectiveness of development initiatives.

The training sessions have fostered a culture of continuous learning and development among officials, setting a promising trajectory for more informed and collaborative project management in the future.

Activity 1.4: Provide negotiation skills training and other relevant training opportunities for MOF/IECCD and other GON officials

Over the Project duration, two training sessions were organised, engaging a diverse group of 48 participants. These sessions were designed to enhance officials' negotiation skills, empowering them to effectively negotiate and collaborate with various stakeholders in the development sector. The training has been vital in fostering a culture of diplomacy and strategic negotiation within the government.

Furthermore, the initiative has facilitated the development of a network of skilled negotiators within the government capable of effectively navigating complex negotiations and fostering beneficial partnerships. The training sessions have been complemented by practical exercises and simulations, providing officials with hands-on experience in negotiation and conflict resolution.

As a result, officials are now better equipped to foster collaborative relationships with development partners, thereby enhancing the overall effectiveness and impact of development initiatives in Nepal. The skills acquired through this initiative are expected to play a pivotal role in shaping more beneficial and sustainable partnerships in the future.

Activity 1.5: Facilitate MOF/IECCD officials' attendance in international events/training/study tours pertinent to development finance

The EDFC-II project has carved out a significant presence on the global stage, establishing itself as a reliable information source for practitioners, government entities, development partners, and stakeholders in the aid effectiveness domain. This global footprint has facilitated fruitful collaborations and knowledge exchanges, fostering a culture of mutual learning and growth. The Project's active engagement in global initiatives has amplified its reach and positioned it as a frontrunner in pursuing innovative solutions to contemporary development challenges.

Examples of support include:

- The EDFC-II project supported the participation of government officials in the Effective Development Cooperation Summit held in Geneva, Switzerland, from December 12-14, 2022, the 2022 Asia-Pacific Regional Workshop on Strengthening Policies, Processes, and Data Systems for Effective Development Cooperation in Bangkok, and meetings and seminars organised by the IATI data workshop held in Kigali, Rwanda. In addition, IECCD participated in a panel titled "Paving the Way for Endorsement of the New Global Partnership Monitoring" held in Cotonou, Benin.
- The project supported the participation of two government officials (1 Joint Secretary, 1 Under Secretary, 1 Official, and three males) from the Asian Development Bank's 55th Annual Meeting in Manila, Philippines.
- The project supported the participation of four government officials (1 Finance Secretary, 2 Under Secretaries, 1 Official, and four males) in the 33rd Green Climate Fund (GCF) meeting held from July 17-20 in Incheon, Republic of Korea. As Nepal continues to secure significant funding from the GCF, participation in this event is expected to help enhance national capacities to access, manage, deploy, and monitor GCF climate finance effectively and efficiently.

In total, the Project supported GON's participation in 12 international events, fostering a rich exchange of knowledge and insights with global experts in the field of development finance. These engagements have provided officials with a broader perspective on global trends and best practices, enhancing their capacity to formulate and implement more informed and responsive policies.

Moreover, the initiative has fostered a global collaboration and knowledge exchange culture within the MOF/IECCD. The experiences and insights from these international engagements have been vital in shaping more informed and globally aligned policies and strategies. Officials have built valuable networks with international experts and institutions, fostering a more collaborative approach to development finance management. The knowledge and networks acquired through this initiative are expected to be vital in shaping more informed and globally aligned development strategies in Nepal.

Table 1: Summary of MOF/IECCD's International Participation in Events with FCDO Support

Year	Event	City	Country
2021	COP26 Participation	Glasgow	UK
2022	IMF and WB Spring Meeting	Washington DC	USA
2022	Paving the Way for Endorsement of the New Global Partnership Monitoring	Cotonou	Benin
2022	GEF Council Meeting	Washington DC	USA

Year	Event	City	Country
2022	Impact Investing and Blended Finance Executive Program	Zurich	Switzerland
2022	GCF Global Programming Conference	Seoul	South Korea
2022	55th Annual Meeting of ADB Board of Governors	Manila	Philippines
2022	IATI Technical Committee Meeting	Bangkok	Thailand
2022	IMF and WB Spring Meeting	Washington DC	USA

Activity 1.6: Supply office equipment and administrative materials for use by MOF/IECCD officials

During the Project period, a range of office equipment was supplied, including computer, laptops, and television, facilitating a more streamlined and efficient workflow within the division. These resources have been vital in enhancing the productivity and efficiency of officials, thereby fostering a more conducive environment for policy formulation and implementation.

Furthermore, the initiative has facilitated the development of a more modern and technologically advanced working environment within the MOF/IECCD. The provision of state-of-the-art equipment has empowered officials with the necessary tools to undertake their duties more efficiently, thereby enhancing the overall effectiveness of the division. The resources provided through this initiative are expected to continue facilitating a more productive and efficient working environment, fostering more informed and responsive policy formulation and implementation.

Activity 1.7: Establish an EDFC-II GESI Policy that fosters the participation of women and vulnerable groups in all EDFC-II activities

The establishment of the EDFC-II Gender Equality and Social Inclusion (GESI) Policy has been an essential step in fostering the participation of women and vulnerable groups in all EDFC-II activities and, in future, will play a critical role in promoting a more inclusive and gender-sensitive approach to Project activities.

5.2. Activity Result 2: Evidence-Based Policy & Dialogue

Activity 2.1: Assist GON in hosting Local Donors' Meetings

During the tenure of the EDFC-II project, concerted efforts were channelled into fostering a collaborative environment where policy consultation and engagement were at the forefront.

Supporting the GON in arranging Local Donor Meetings has been vital to building strong bonds between the GON and development partners. Throughout the Project period, a total of 2 meetings were successfully organised.

Table 2. Local Donor Meetings Held in 2022-2023

Date	Event Name	Location
September 6, 2022	Development Partners Meeting	Yak and Yeti Hotel, Kathmandu
May 10, 2023	Pre-Budget Consultation Meeting with Local Development Partners	Ministry of Finance, Kathmandu

Bringing together a diverse group of stakeholders, including 45 representatives from 17 donor agencies and four GON departments, these meetings have served as a platform for open dialogue and collaboration, fostering a synergistic approach to development planning and implementation in Nepal.

Furthermore, these meetings have facilitated the exchange of insights and perspectives between the government and donors, fostering a more informed and collaborative approach to development planning. The discussions held during these meetings have been vital in shaping more aligned and effective development strategies, focusing on addressing the country's most pressing development challenges.

Activity 2.2: Support MOF/IECCD in organising a multi-stakeholder dialogue on blended finance

A notable success of the EDFC-II project was the series of dialogues initiated to explore the potential of blended finance in accelerating Nepal's development. These dialogues engaged diverse stakeholders, including government,

private sector, and civil society representatives, fostering a deeper understanding of the complexities and opportunities associated with blended finance.

For instance, the dialogues highlighted the role of blended finance in reducing investment risks in Nepal attracting more private investments for significant projects. These discussions were vital in shaping informed and responsive policies and promoting a more inclusive and sustainable approach to development finance in Nepal.

Furthermore, the dialogues spurred the idea of developing a National Blended Finance Policy/Strategy, involving key stakeholders to outline the country's development priorities and the role of blended finance in achieving them. This initiative is expected to be pivotal in fostering innovative and effective approaches to development finance in Nepal, marking a significant stride towards meeting its ambitious development goals.

Major takeaways of the dialogue was to continue the review of existing policy and procedural issues to revisit the conceptual and operational modality of Blended Finance, update the Standard Operating Procedure (SOP) and Policy guidelines accordingly to optimise the utilize the potential of blended finance; to coordinate and hold stakeholders meetings with bilateral, multilateral development partners and the private sector in order to address barriers to investment and form a blended finance unit or team, within IECCD, MoF. In addition, Providing regular training to relevant officials within Ministry of Finance (MoF) and line ministries

Activity 2.3: Organize Policy Dialogue Forum/Development Cooperation Knowledge Series for various GON officials

Throughout the Project period, two forums were held, engaging a diverse group of 53 GON officials and three external experts including from UK who delivered a knowledge-sharing seminar in mid-2022. These forums have facilitated a rich exchange of knowledge and insights, fostering a more informed and collaborative approach to development planning and implementation.

Furthermore, these forums have fostered a culture of knowledge exchange and collaboration within the government, enhancing the capacity of officials to formulate and implement more informed and responsive policies. The insights from these forums have been vital in shaping more aligned and effective development strategies, fostering a more collaborative and knowledgeable approach to development planning and implementation. Moving forward, the knowledge and networks fostered through these forums are expected to play a vital role in shaping more informed and collaborative development initiatives in Nepal.

Activity 2.4: Conduct an analytical study on the impact of Nepal's 2019 IDCP on key stakeholder groups

The undertaking of an analytical study on the impact of Nepal's 2019 International Development Cooperation Policy (IDCP) on key stakeholder groups has been a cornerstone in understanding the nuances of policy implementation and its repercussions. The study, which involved extensive research and analysis over several months, engaged with federal and province-level government officials, development partners, INGO and CSO stakeholder groups to gather in-depth insights. This comprehensive analysis has paved the way for a more nuanced understanding of the policy's impact, highlighting areas of success and pinpointing potential avenues for improvement.

Furthermore, the study has fostered a culture of evidence-based policy formulation within the government, encouraging stakeholders to evaluate the implications of policy decisions on various groups critically. The findings of this study are expected to be vital in guiding future policy revisions, ensuring that the IDCP evolves to meet the changing needs and priorities of the nation. As we move forward, the insights garnered from this study will be a vital resource in shaping more responsive and inclusive policies, fostering a development landscape that is attuned to the needs and aspirations of all stakeholder groups.

Activity 2.5: Deliver an analytical study on current GON systems and procedures related to reimbursements

Delivering an analytical study on the current GON (GON) systems and procedures related to reimbursements has been a significant step towards enhancing transparency and efficiency in government operations. This study, which spanned several months, involved an analysis of existing procedures, identifying potential bottlenecks and areas for improvement.

Despite Nepal's long history of receiving foreign aid, its effective utilisation has faced extensive issues. The primary challenges have been the need for a proficient management and monitoring system in projects implemented through

foreign assistance, minimal capability in utilising the assistance effectively, and the inability to integrate all forms of foreign support into the national priority and system. Furthermore, transitioning to a federal system has introduced new challenges in mobilising and utilising foreign assistance. In this regard, the study aimed to:

- Present information about existing laws and structural provisions related to reimbursement,
- Identify the necessary work procedures, formats, and/or software to facilitate the reimbursement procedure,
- Offer recommendations on reforms directed at the Ministry of Finance and development partners to simplify existing reimbursement procedures and make them more efficient, determining the necessary reform measures to be adopted,
- Identify the system and/or procedure required to enable the Ministry of Finance to produce an integrated report on reimbursement on a real-time basis.

The study has catalysed discussions on modernising government systems, encouraging stakeholders to explore innovative solutions to longstanding challenges. The recommendations put forth in the study are expected to guide future reforms, fostering a more agile and responsive government machinery. The insights from this study will be a valuable resource in shaping reforms that enhance the efficiency and transparency of government operations, fostering a more accountable and responsive governance framework.

Mr Shankar Adhikary, ex-Finance Secretary, led the study. For further action, the report forwarded to related agencies, including the Economic Policy Analysis Division, Budget Division and FCGO for further improvement in the future. It is considered as evidence-based report to intervene for the reform initiatives as suggested by the report. It helps offering their comments on reimbursement related issue based on the report.

Activity 2.6: Conduct preparatory/foundational work on the development of an Integrated National Financing Framework (INFF) for Nepal

Over the past year, extensive groundwork was laid, involving consultations with 26 stakeholders and developing a comprehensive strategy that aligns with Nepal's development priorities.

A pivotal achievement during this phase was the support provided by the Project to MOF/IECCD in drafting a TOR that was successful in unlocking USD 100,000.00 from the UNDP's Sustainable Finance Hub within the Bureau for Policy and Programme Support (BPPS) for country-level work to support the INFF in Nepal further. This funding is a testament to the collaborative efforts and strategic planning fostered within the government, encouraging stakeholders to work together towards a shared vision for development financing.

This preparatory phase has been vital in setting the stage for a more cohesive and strategic approach to development financing in Nepal. Furthermore, this activity has nurtured a culture of collaboration and strategic planning within the government, encouraging stakeholders to unite towards a shared vision for development financing. The groundwork laid during this phase is expected to be instrumental in shaping a more coordinated and effective INFF, fostering a development landscape that is more aligned and responsive to the nation's needs.

As MOF/IECCD moves forward, the insights and strategies developed during this phase will be vital in shaping a more cohesive and strategic approach to development financing in Nepal, leveraging the significant funding acquired to enhance the effectiveness and reach of the INFF initiatives.

Activity 2.7: Assist Nepal in reviewing the 2019 IDCP

The EDFC-II project has played a crucial role in aiding the MOF/IECCD in revising the 2019 International Development Cooperation Policy (IDCP), aligning it more closely with Nepal's current context and future development goals. Over several months, the Project facilitated consultations and dialogue with diverse stakeholders, including development partners and I/NGOs, fostering a collaborative environment for policy enhancement. This initiative has been instrumental in pinpointing areas where the policy can be fortified to better align with the nation's developmental goals.

The feedback gathered is currently being consolidated, with plans to integrate it into the next draft of the IDCP, ensuring a policy framework that is both dynamic and responsive. The knowledge acquired through this collaborative

review will serve as a vital resource in crafting policies that adeptly respond to Nepal's changing needs and priorities, steering the nation towards a sustainable and inclusive developmental path.

Activity 2.8: Help in drafting, finalising, and launching "MOF/IECCD Standard Operating Procedures."

The Project is currently assisting in gradually developing and introducing the "MOF/IECCD Standard Operating Procedures". This ongoing effort, involving collaboration with various stakeholders, is focused on enhancing the procedural efficiency within the government, facilitating a more coordinated approach to development cooperation. The learnings from this process are expected to be a resource for fostering a streamlined approach to development cooperation in Nepal.

Activity 2.9: Aid in drafting, finalising, and launching "Development Cooperation in Nepal: A Guide to Operational Procedures and Country Systems."

The Project is aiding in the crafting and initiating of the "Development Cooperation in Nepal: A Guide to Operational Procedures and Country Systems". This ongoing initiative, which includes consultations with several stakeholders, encourages knowledge sharing and collaboration, providing practical guidance to those involved. As these progress, the guide is anticipated to be a helpful tool in promoting a more cohesive approach to development efforts in Nepal, assisting the country in progressing towards its development goals.

Activity 2.10: Continue enhancing and strengthening the AMIS software

In 2023, the IECCD, with the Project's support, embarked on the crucial transition from the existing AMIS to the more advanced DFMS, a move aligned with Nepal's evolving development finance landscape. This upgrade, promising real-time reporting capabilities, is set to facilitate quicker decision-making and foster collaboration among various stakeholders.

We have joined forces with NAXA, a renowned Nepal-based Geo-ICT technology consulting firm, to spearhead this initiative. NAXA, with its extensive experience and a proven track record of over 300 successful projects, aligns perfectly with MOF/IECCD's vision of addressing modern challenges through technological innovation. This collaboration is anticipated to significantly enhance the robustness and user-friendliness of the new DFMS, tailoring it to Nepal's unique needs.

The upgrade underscores the urgent need for a robust application that integrates seamlessly with various GON and non-GON systems, including the FMIS, BMIS, LMBIS, and the IATI Datastore. A vital part of this transition is revitalising the system's User Interface (UI), aiming to offer a modern, intuitive user experience with seamless interaction and design consistency.

As we progress, this project-facilitated enhancement to the AMIS software is expected to foster a more transparent and efficient approach to development cooperation in Nepal. The completed DFMS will play a pivotal role in supporting comprehensive policy dialogue and decision-making, optimising the use of development finance in Nepal by providing a richer set of data to GON authorities, development stakeholders, and the public.

Activity 2.11: Facilitate regular AMIS training for MOF/IECCD and other GON officials, development partners, and civil society stakeholders

Facilitating regular AMIS training for MOF/IECCD and other GON officials, development partners, and civil society stakeholders has been a vital initiative in building a proficient workforce capable of leveraging the upgraded AMIS software to its fullest potential.

Over 48 months, seven training sessions were conducted, engaging 198 participants from various sectors. These training sessions have been vital in enhancing the skills and knowledge of the participants, enabling them to utilise the AMIS software in their respective roles effectively. In addition, a regular support has been provided by the project office to respond to the queries and clarification regarding the entry field of the AMIS and its report. Particularly, MoF/IECCD and GoN other official including from provinces and local levels, development partners and civil society are the main stakeholders benefiting from this support.

Moreover, these training sessions have fostered a culture of continuous learning and adaptation, encouraging stakeholders to stay abreast of the latest developments in technology and data management. As we progress, the

knowledge and skills imparted through these training sessions are expected to play a crucial role in enhancing the efficiency and effectiveness of development cooperation in Nepal, fostering a more data-driven and informed approach to decision-making.

Activity 2.12: Assist in drafting, finalising, and launching the "FY2021/22 Development Cooperation Report."

The Project has provided technical assistance to the drafting and publication of the "Development Cooperation Report" (DCR) each fiscal year. The DCR FY2021/22 is notably more expansive and detailed, almost 70% longer than the previous year, with a 145% surge in charts and data tables and a more robust analysis of critical areas.

With EDFC-II support, the DCR remains an invaluable resource for stakeholders, presenting critical insights and data instrumental in guiding informed planning and decision-making for the years ahead.

The DCR will remain a cornerstone in fostering transparency and accountability in development cooperation, enabling stakeholders to track yearly progress and make informed decisions to further propel Nepal's development objectives.

Activity 2.13: Aid in drafting, finalising, and launching "2023 Development Partner Profiles"

The EDFC-II project has consistently provided technical assistance to aid the annual creation and publication of the "Development Partner Profiles". This yearly effort gathers and analyses data from various development partners, offering a straightforward overview of the roles and contributions of different stakeholders in Nepal's development landscape. This ongoing initiative helps build a clearer understanding of the collaborative efforts contributing to the nation's progress.

This document is poised to facilitate informed decision-making and foster stronger partnerships. It is anticipated that the insights gleaned from this document will guide future strategies and initiatives, ensuring that efforts are aligned and complementary, thereby accelerating Nepal's journey towards sustainable development.

Activity 2.14: Support in drafting, finalising, and launching Quarterly MOF/IECCD Newsletter and Budget Speech Translation

The drafting, finalising, and launching of the Quarterly MOF/IECCD Newsletter and Budget Speech Translation have enhanced transparency and fostered informed dialogue among stakeholders.

A total of 8 newsletters were published, reaching an audience of 46 individuals and organisations. These publications have served as a reliable source of information, providing updates on the latest developments, achievements, and financial allocations in Nepal's development sector.

Furthermore, translating the budget speech into accessible formats has facilitated a broader understanding of the government's fiscal plans and priorities. A total of 4 Budget Speeches were published, which helped disseminating the budget information to all who couldn't use Nepalese version. These initiatives are expected to continue playing a vital role in fostering open dialogue and collaboration among stakeholders, thereby contributing to a more inclusive and informed approach to development planning and implementation.

Activity 2.15: Develop/integrate a web-based system for generating reports on International Technical Assistance as required by MOF/IECCD officials

The development and integration of a web-based system for generating reports on International Technical Assistance have marked a significant stride in modernising the reporting processes within the MOF/IECCD. This initiative, which spanned three months, involved the collaboration of 7 technical experts, resulting in a system that streamlines the generation and dissemination of critical reports. The system already generated two reports as of now and will continue in the coming days as well. The system now facilitates timely and accurate reporting, enhancing the efficiency and reliability of data management processes.

As we progress, this system is expected to be a cornerstone in fostering a data-driven approach to development cooperation. The streamlined processes and enhanced accuracy in reporting are anticipated to facilitate more informed decision-making, ensuring that efforts are aligned with the nation's development priorities and fostering a culture of accountability and transparency in international technical assistance management.

Activity 2.16: Support Nepal's participation in the 4th GPEDC Monitoring Round

Supporting Nepal's participation in the 4th GPEDC Monitoring Round has been a significant milestone, showcasing the nation's commitment to global partnerships and effective development cooperation.

Throughout the Project, a series of 2 meetings and workshops were held, engaging a diverse group of stakeholders, including government officials, development partners, and representatives from civil society. These engagements facilitated rich dialogues, fostering a deeper understanding of the global development landscape and Nepal's position.

As we progress, the insights and learnings from this participation will guide the nation's strategies and policies in the coming years. The collaborative spirit fostered during this period is anticipated to continue, encouraging a more inclusive and participatory approach to development planning and implementation. The experience has also strengthened Nepal's role in the global community, fostering partnerships expected to yield positive outcomes in the nation's journey towards sustainable development.

Activity 2.17: Prepare a GESI Report

This document is envisioned to be a comprehensive reflection of the gender and social inclusivity aspects within the Project's scope, aiming to underscore the potential advancements in promoting equality and inclusivity, given that the GESI policy is only a few months old.

The forthcoming insights from this report will likely influence the formulation of EDFC-II-supported policies and programmes, fostering a more inclusive and equitable approach to development in Nepal.

6. BUDGET AND EXPENDITURE

6.1. EDFC-II Project Expenses: April 2020 - December 2023

Source of Funds	Total Planned Budget	EDFC-II Expenditure						Remarks
		2020	2021	2022	2023	2024	Total	
UNDP	500,000	36,084	151,670	163,733	270,000		621,487	Total amount received from UNDP
FCDO	2,620,800	303,942	363,291	405,410	230,000		1,302,643	Total amount received from FCDO
Un funded	437,298							
Total	3,558,098	340,026	514,961	569,143	500,000		1,924,130	

7. ASSET MANAGEMENT

During the EDFC-II project, a detailed record of acquired assets has been maintained. This record includes essential details such as item description, acquisition date, value, assigned user, location, and asset's current condition.

Assets like laptops and iPads have been assigned roles within the Ministry of Finance. This allocation process has been carefully managed and approved by the relevant project authorities. A strict protocol is in place to ensure the return of these assets when roles are reassigned or moved to different offices, maintaining a transparent and accountable asset management system.

Maintenance and repairs are carried out to keep these assets in good condition. This approach helps avoid potential losses and ensures the assets are used effectively and responsibly over time.

Currently, no assets have been discarded. However, a procedure is being developed to handle the disposal of items that are no longer functional or usable, following the guidelines set by the UNDP.

Regular internal reviews and an annual audit by an external auditor are conducted to ensure the asset management process remains above board. This thorough process ensures assets are managed responsibly and transparently, in line with the Project's commitment to accountability.

8. RISK MANAGEMENT

The EDFC-II project has identified several critical risks that might impede the progress of development initiatives in Nepal. These risks span strategic, organisational, and operational domains, placed in November 2019, with the potential impacts ranging from moderate to high. The first risk pertains to the need for more collaboration between Line Agencies and Development Partners (DPs) with IECCD/MOF initiatives, which has a high impact but a lower probability of occurrence. This risk is mitigated through enhanced engagement and accountability mechanisms spearheaded by the MOF. Another significant risk is the high turnover rate within the IECCD, which hinders institutional capacity development. With a high probability and impact, this organisational risk is being addressed through targeted training and knowledge management initiatives to ensure continuity and capacity retention.

On the operational front, there is a notable risk concerning the accuracy of information submitted by DPs and INGOs in the AMIS, which could distort the analysis in the Development Cooperation Report (DCR). This risk is mitigated through regular training and priority data management to reduce errors. Another organisational risk identified is the potential lack of sustainable outcomes from capacity-building training and study visits at all levels. To address this, the Project is focusing on higher levels of capacity development and implementing post-training impact analyses to ensure the effectiveness of these initiatives. Across all identified risks, the Project adopts a proactive approach, with strategies to foster transparency, accountability, and efficiency in asset management, promoting a culture of responsibility and efficiency.

8.1. EDFC-II Risk Matrix

Description	Date Identified	Type	Impact & Probability (1 Low – 5 High)	Countermeasures Management response	Responsible party	Submitted updated by	Last Update	Status
Line Agencies and DPs do not sufficiently collaborate with IECCD/ MOF initiatives related to the facility	November 2019	Strategic	Probability = 2.0 Impact = 5	MOF will lead with both donors and Government stakeholders through the LCG mechanism; MOF will be in place making all parties accountable as a whole of govt. approach	IECCD/MOF; DPs; UNDP	DPM	December 2022	MOF accelerate the engagement with stake holders including development partners
High rate of staff turn-over within IECCD continues that hinders institutional capacity development	November 2019	Organizational	Probability = 4 Impact = 4	Training to be targeted with the prime focus on portability of capacity building training. Nomination to be made consistent with the needs of the agencies.	IECCD/ MOF	DPM	December 2022	Trying to overcome the risk through regular training and knowledge management
DPs and INGOs do not accurately submit information in the AMIS, including off-budget and on-budget data that distorts analysis in the DCR	November 2019	Operational	Probability = 3 Impact = 5	Regular training, sensitization workshops and dialogues will redress the likelihood of data errors. This is a part of the facility activities under data management.	IECCD/MOF; UNDP	DPM	December 2022	Regular training to DPs and INGOs is ongoing with priority data management.

Capacity building training and study visits at all levels not resulting in sustainable outcomes	November 2019	Organizational	Probability = 3 Impact = 5	The facility has two features geared towards higher level of capacity development in development effectiveness: initial capacity needs and assets analysis across the board; and post-training impact analysis/tracer studies. These will assist in designing targeted and impact-oriented capacity development plan development. The facility will also ensure the development of TORs with the objectives of every learning visit.	IECCD/ /MOF; UNDP	DPM	December 2022	higher level of capacity development programme Going on
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9. VALUE FOR MONEY ASSESSMENT

In line with the Project's commitment to operational excellence, a concerted effort has been made to ensure value for money (VFM) throughout its implementation. This approach has been multifaceted, focusing on minimising resource costs, maximising output from the given inputs, and rigorously evaluating the extent to which the Project's objectives have been achieved.

A critical aspect of achieving VFM has been the strategic allocation and utilisation of resources to minimise costs without compromising the quality of outputs. Through careful planning and coordination, the Project has successfully avoided unnecessary expenditures, thereby ensuring that a significant portion of the budget is directed towards activities that directly contribute to achieving project objectives.

Furthermore, the Project has been steadfast in its pursuit to maximise the output from the given inputs. This has been achieved by implementing innovative strategies and tools that have enhanced the efficiency and effectiveness of project activities. By fostering a culture of innovation and continuous improvement, the Project has delivered substantial results, even in areas where resources have been limited.

The Project's commitment to achieving its objectives has been evident in the planning and execution of its activities. A notable highlight in this regard is the VFM analysis conducted on 21 September 2022, which comprehensively evaluated the Project's performance in achieving its goals. This analysis, which will be detailed further in the final report, serves as a testament to the Project's dedication to delivering value for money.

Moreover, the Project has proactively applied VFM principles in its operations, which has yielded significant benefits. Through adopting best practices and implementing cost-effective strategies, the Project has delivered substantial value in terms of the quality of outputs and achieving project objectives.

In conclusion, the EDFC-II project has demonstrated a solid commitment to achieving value for money in its operations. Through strategic resource allocation, innovative approaches to maximising output, and a relentless focus on achieving project objectives, the Project has delivered significant value, thereby contributing to the broader goal of fostering sustainable development in Nepal.

10. LESSONS LEARNED

10.1. System Development and Sustainability

Throughout the Project, it became increasingly evident that the dependency on the Development Gateway for minor AMIS adjustments was not conducive to fostering internal sustainability within the Ministry of Finance. This dependency hindered the swift implementation of necessary changes and raised concerns regarding the system's long-term viability. To address this, a local company was commissioned to develop the new AMIS system, a strategic move to enhance the ability to make timely adjustments and foster long-term sustainability. This transition to a locally developed system promises greater adaptability and responsiveness to the Project's evolving needs, ensuring that the system remains robust and efficient in the years to come.

10.2. Data Reporting and Stakeholder Engagement

In data reporting and stakeholder engagement, the Project grappled with the persistent challenge of securing timely and comprehensive data reporting, particularly concerning the AMP and AMIS. The experience underscored the importance of regular training sessions for AMP/AMIS focal persons, especially given the high turnover rate. To mitigate this, regular portfolio review meetings were instituted with development partners and line ministries, a strategy that facilitated the timely updating of system data. These meetings have proven to be a cornerstone in fostering a collaborative environment where stakeholders can work synergistically to update and maintain the data integrity in the system.

10.3. Policy Development and Stakeholder Alignment

The journey of developing the new AMIS and formulating the new Development Cooperation Policy was a complex and time-consuming process. Initiated in late 2017, the policy development phase extended beyond the anticipated timeframe, revealing that stakeholder interests, priorities, and perspectives can sometimes diverge, even conflict.

This phase of the Project underscored the necessity of facilitating extensive dialogues and interactions among different stakeholders, a process that, while time-consuming, is vital to ensuring a well-rounded and inclusive policy document. Moving forward, it will be essential to balance adhering to timelines, maintaining document quality, and facilitating broad consultations and dialogues to foster a comprehensive and aligned policy with diverse stakeholder perspectives.

10.4. IT Personnel Turnover and System Maintenance

The Project encountered significant hurdles with the frequent turnover of IT personnel in the private sector, a factor that disrupted the smooth operation of the system, particularly with AMIS. This challenge highlighted the necessity for a flexible approach to IT system adjustments and refinements, adapting to evolving requirements and technological advancements. Despite the financial constraints associated with securing prolonged professional technical support, the Project recognised the importance of onboarding expert technical assistance for extended periods. To address this, a Terms of Reference (TOR) was formulated for the DFMS vendor, ensuring a minimum of one year of system maintenance support, a strategy to safeguard the system's operational efficiency in the long run.

10.5. Future Strategies for Effective System Utilisation

As the Project navigates the path ahead, it acknowledges that effective use of any system, including AMIS, is contingent upon regular usage, prompt issue resolution, and system upgrades in line with changing contexts. This necessitates a unified understanding and ownership among all stakeholders, fostering a collaborative environment where stakeholders work hand in hand to ensure the system's success. In this regard, the Project envisages the implementation of regular follow-up training, the development of user guidelines, and the establishment of a 24/7 support service to facilitate continuous system improvement and optimisation.

10.6. Staff Rotation and Knowledge Transfer

Furthermore, the Project identified that the periodic rotation of government staff warrants ongoing training and consultations to ensure a seamless transfer of knowledge and expertise. To address this, the Project initiated various programmes, fostering a culture of regular knowledge transfer and interaction. These initiatives have laid a solid foundation for a more cohesive and efficient approach to development cooperation in the future, promising a landscape where knowledge sharing is integral to the Project's success.

By addressing these challenges and learning from the experiences garnered throughout the Project period, the path ahead looks promising, with strategies in place to foster a more cohesive, efficient, and successful approach to development cooperation in Nepal.

11. SUCCESS STORY

In the wake of the monumental shift brought about by the implementation of the 2015 Constitution, Nepal embarked on a transformative journey from a unitary to a federal system of government. This transition permeated various facets of policy and administration, notably reshaping the dynamics of development cooperation resources mobilisation, coordination, and management. At the heart of this transformation was the Effective Development Financing and Coordination (EDFC) project, which emerged as a beacon of support and guidance for the Ministry of Finance (MOF) during this critical period.

In the latter part of 2017, the Project played a pivotal role in fostering a new era of aid management in Nepal, spearheading the publication of the seminal "Study on Foreign Aid Mobilisation in Federal Nepal". This study laid the groundwork for a revamped framework for aid management, aligning seamlessly with the directives outlined in the Constitution.

Building on the momentum generated by this study, 2019 saw the Project championing the creation of the "Aid Mobilisation Guidelines", a milestone explicitly acknowledged during the budget presentation to the Parliament by the Finance Minister in May. This initiative marked a significant stride in streamlining aid mobilisation processes, setting the stage for more coordinated and effective development cooperation in the federal landscape.

Simultaneously, the Project was critical in facilitating the revision of the Development Cooperation Policy 2014. This endeavour was marked by a commitment to inclusivity, fostering wide-ranging consultations with various GON

stakeholders and development partners. These efforts culminated by approving a rejuvenated policy in early 2019, encapsulating the necessary policy provisions for adept aid management in the new federal context.

Furthermore, the EDFC-II project introduced a ground-breaking aid management system through the new Aid Information Management System (AMIS). This system, reflective of the federal transition, incorporated sub-national data classifications, enabling a more granular representation of project implementations across various geographical locations, including provincial and local levels.

In essence, this narrative encapsulates a remarkable chapter in Nepal's development journey, where the EDFC-II project stood as a pillar of innovation and collaboration, steering the nation towards a future marked by enhanced transparency, efficiency, and inclusivity in aid management. This success story is a testament to the Project's unwavering commitment to fostering a more prosperous and resilient Nepal.

12. ANNEXES & ATTACHMENTS

- Annex A: Major Programs Conducted Throughout the EDFC-II Period with FCDO Support
- Project Document - Effective Development Financing and Coordination Project II (2020 - 2024) Comprehensive Project Documentation"
- Official Audit Report: 2022
- Annual Progress Report: 2022

13. ANNEX A: MAJOR PROGRAMS CONDUCTED THROUGHOUT THE EDFC-II PERIOD WITH FCDO SUPPORT

Year	Event Type	Event	Start Date	End Date	# of Days	Venue	# of Participants	City / District / Province	Country
2021	Training / Workshop	Workshop on Training Needs Assessments	1/7/2021	1/7/2021	1	Devotee	20	Dhangadhi	Nepal
2021	Training / Workshop	Workshop on Training Needs Assessments	3/7/2021	3/7/2021	1	Siddhartha Sunny	24	Surkhet	Nepal
2021	Training / Workshop	Workshop on Training Needs Assessments	18/8/2021	18/8/2021	1	Kaushi	24	Pokhara	Nepal
2021	Training / Workshop	Workshop on Training Needs Assessments	20/8/2021	20/8/2021	1	Avocado	20	Hetauda	Nepal
2021	Training / Workshop	Review and Advancement of Economic Bulletins: Global Economic Watch and Policy Analysis Activities	29/8/2021	31/8/2021	3	Hotel View Bhrikuti	14	Godavari, Lalitpur	Nepal
2021	Training / Workshop	Workshop on Training Needs Assessments	2/9/2021	2/9/2021	1	BIG Hotel	30	Biratnagar	Nepal
2021	Training / Workshop	Workshop on Training Needs Assessments	6/9/2021	6/9/2021	1	Welcome	23	Janakpur	Nepal
2021	Training / Workshop	Cost Benefit Analysis Training	16/9/2021	17/9/2021	2	Siddhartha	40	Nepalgunj	Nepal
2021	Training / Workshop	Cost Benefit Analysis Training	22/9/2021	23/9/2021	2	Kausi	29	Pokhara	Nepal
2021	Training / Workshop	Cost Benefit Analysis Training	27/9/2021	28/9/2021	2	Aagantuk	25	Dhulikhel	Nepal
2021	Training / Workshop	Workshop on Training Needs Assessments	29/10/2021	29/10/2021	1	Club Denovo	26	Butwal	Nepal
2021	Meeting	COP26 Participation	29/10/2021	9/11/2021	12	Glasgow	1	Glasgow	UK
2021	Training / Workshop	Workshop on Intergovernmental Coordination for Economic Policy Analysis and Data Sharing	1/11/2021	2/11/2021	2	Hotel Denovo	45	Butwal	Nepal
2021	Training / Workshop	Strategic Planning, Resources and Implementation Training	26/12/2021	29/12/2021	4	Barahi	27	Pokhara	Nepal
2021	Training / Workshop	Strategic Planning, Resources and Implementation Training	28/12/2021	30/12/2021	3	View Bhrikuti	20	Godavari, Lalitpur	Nepal
2022	Training / Workshop	Blended Finance Training	18/3/2022	18/3/2022	1	Mirabel	27	Dhulikhel	Nepal
2022	Training / Workshop	Negotiation Skills Training	27/3/2022	29/3/2022	3	Hotel View Bhrikuti	26	Godavari, Lalitpur	Nepal
2022	Meeting	IMF and WB Spring Meetings	19/4/2022	26/4/2022	8	Washington DC	2	Washington DC	USA
2022	Training / Workshop	Interaction Program on Management of Master List	29/4/2022	29/4/2022	1	Hotel Chandragiri	22	Kathmandu	Nepal
2022	Training / Workshop	Finalisation of Economic Survey	4/5/2022	5/5/2022	2	Hotel View Bhrikuti	14	Godavari, Lalitpur	Nepal
2022	Meeting	Paving the Way for Endorsement of the New Global Partnership Monitoring	12/6/2022	18/6/2022	7	Golden Tulip Diplomate Cotonou	1	Cotonou	Benin

Effective Development Financing & Coordination II (EDFC-II) | Project Completion Report

2022	Meeting	GEF Council Meeting	19/6/2022	27/6/2022	9	Washington DC	1	Washington DC	USA
2022	Training / Workshop	Impact Investing and Blended Finance Executive Program	5/9/2022	11/9/2022	7	Zurich	3	Zurich	Switzerland
2022	Meeting	Local Donor Meeting: Development Partners Meeting	6/9/2022		1	Yak & Yeti Hotel	50	Kathmandu	Nepal
2022	Meeting	GCF Global Programming Conference	11/9/2022	16/9/2022	6	Busan	2	Busan	South Korea
2022	Training / Workshop	Interaction Program on Effective Mobilization of International Development Cooperation at the Local Level	13/9/2022	15/9/2022	3	Hotel View Bhrikuti	28	Godavari, Lalitpur	Nepal
2022	Training / Workshop	Finalization of Economic Survey 2078/79	18/9/2022	23/9/2022	6	Hotel Club Himalaya	34	Nagarkot	Nepal
2022	Meeting	55th Annual Meeting of ADB Board of Governors	25/9/2022	30/9/2022	6	Manila	4	Manila	Philippines
2022	Meeting	IATI Technical Committee Meeting	29/11/2022	2/12/2022	4	Bangkok	1	Bangkok	Thailand
2022	Training / Workshop	Interaction Program on Effective Mobilization of International Development Cooperation at the Local Level	28/12/2022	30/12/2022	3	Hotel Siddhartha	31	Nepalgunj	Nepal
2023	Meeting	Multi-Stakeholder Dialogue: IDCP, Blended Finance, and GPEDC	10/04/2023	10/04/2023	1	Everest Hotel		Kathmandu	Nepal
2022	Meeting	IMF and WB Spring Meetings	12/4/2023	19/4/2023	8	Washington DC	2	Washington DC	USA
2023	Meeting	Local Donor Meeting: Pre-Budget Consultation Meeting with Local Development Partners	10/5/2023	10/5/2023	1	Ministry of Finance	45	Kathmandu	Nepal
2023	Training / Workshop	Knowledge Series on IECCD Workflow and Issues	14/7/2023	15/7/2023	2	Mirak	23	Kathmandu	Nepal
2023	Meeting	Multi-Stakeholder Dialogue: Stakeholders Consultation for GPEDC Monitoring in Nepal: CSO Enabling Environment and Kampala Principles Assessment	9/08/2023	9/08/2023	1	Everest Hotel	56	Kathmandu	Nepal
2023	Project Monitoring	Project Monitoring - Primary Health Care Centre	16/08/2023	20/08/2023	5	Gopetar	1	Panchthar	Nepal
2023	Project Monitoring	Project Monitoring - Kishan 2	14/08/2023	14/08/2023	1	Nepalgunj	3	Nepalgunj	Nepal
2023	Project Monitoring	Project Monitoring - Pokhara Drinking Water Improvement Project	26/06/2023	28/06/2023	3	Pokhara	3	Pokhara	Nepal
2023	Project Monitoring	Project Monitoring - PLGSP	23/03/2023	24/03/2023	2	Pokhara		Pokhara	Nepal
2023	Project Monitoring	Project Monitoring - Narayanghat Butwal Road Project	20/03/2023	21/03/2023	2	Butwal	4	Butwal	Nepal
2023	Project Monitoring	Project Monitoring - Prime Minister Self-Employment Project	22/03/2023	22/03/2023	1	Bharatpur	4	Chitwan	Nepal
2023	Project Monitoring	Project Monitoring - Agriculture Sector Development Project	10/03/2023	14/03/2023	5	Khalanga	5	Jumla	Nepal
2023	Project Monitoring	Project Monitoring - MCC Funded Project	23/07/2023	24/07/2023	2	Butwal	3	Butwal	Nepal

