



Government of Nepal  
Ministry of Finance

# DEVELOPMENT PARTNERS PROFILES

MARCH 2018

# Preface

International cooperation has been playing an important role in funding the gap of development finance in Nepal for decades. It is important to disseminate information on Development Partners (DPs) and their contribution to the socioeconomic development of Nepal to various stakeholders. In this context, Ministry of Finance has come up with this publication "*Profiles of Development Partners*". This is a revised and updated edition of the 2014 Profiles and is intended not only to provide background information about DPs, but also to further enhance harmonization, transparency, and coordination of the assistance that Nepal receives. I believe that this publication will be useful to a wide range of audiences in understanding sources of development finance and the knowledge of the DPs which are providing support to Nepal.

I would also like to note that this publication draws on the data and information contained in the Ministry of Finance's Aid Management Platform. For the preparation of this publication, the criteria applied was to include profiles of those bilateral and multilateral DPs for which disbursement was recorded in the AMP for at least one time during the past three fiscal years.

While preparing the profiles, secondary sources of data has been used wherever available. For bilateral DPs, key sources of information is compiled from various websites with information on country context, official websites of the headquarters offices and of the diplomatic missions/embassies. For multilateral DPs and vertical/global funds, official websites and those of the resident missions/offices were used as references for information. Official websites of the executing/implementing government ministries/departments, agencies, and projects were also explored for further information.

IECCD, Ministry of Finance officials reviewed each draft profile within their respective portfolios, and shared the draft profile with the Head of Agency/

Head of Office of the DP, with a request for feedback and endorsement of the profile. Effort was made to incorporate feedback received from DPs, while still maintaining consistency of format and length across all profiles.

I would like to thank all DPs for their support in preparing the profiles for this publication.

Let me also extend my thanks to the Effective Development Financing and Coordination (EDFC) project for its entire effort to prepare these profiles.

Finally, I thank my colleagues of the IECCD of the Ministry of Finance for their contributions and efforts to review and provide inputs towards finalizing the profiles.

Kewal Prasad Bhandari  
Joint Secretary  
IECCD, Ministry of Finance  
March 2018

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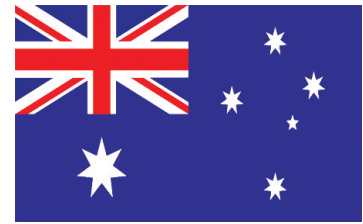
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# 1 | Australia



## Country Overview and Approach to Development Cooperation

The Commonwealth of Australia is the world's smallest continent and the sixth largest country by total area. It is located in the southern hemisphere and is comprised of its mainland, the major island of Tasmania and numerous other islands in the Indian and Pacific Oceans. Australia has welcomed more than 6.5 million migrants including over 660,000 refugees during the 60 years of planned post-war migration, which has tripled its population from approximately 7 million to over 24 million (2017). About 60% of the country's total population is concentrated in and around the mainland state capitals of Sydney, Melbourne, Brisbane, Perth and Adelaide. Overall, the nation's urban population makes up around 90% of the total, and the average population density is 3 per km<sup>2</sup>, though it varies greatly across the country.

Australia's system of government is based on the liberal democratic tradition, which includes religious tolerance, and freedom of speech and association. Its institutions and practices reflect features of British and North American models but are uniquely Australian. The Federal Government is based on a popularly elected parliament with two chambers, the House of Representatives and the Senate. Each has virtually equal powers in approving the passage of legislation. The Prime Minister is appointed by the Governor-General, who by convention under the Constitution must appoint the Parliamentary leader of the party, or coalition of parties, which has a majority of seats in the House of Representatives. This majority party or coalition becomes the government, with Ministers appointed from both chambers to serve in the Cabinet or outer ministry. Members of the House of Representatives seek re-election each time there is a federal election. Senators are elected for a six-year term and in an ordinary general election, only half of the Senators face the voters. Australia's six states and two territories also have their own legislative bodies.

Known as one of the greatest agricultural, mining and energy producers in the world, Australia has a very open and diverse economy, with a highly educated workforce and extensive service sectors. In 2015, Australia entered its 25th year of uninterrupted annual economic growth, averaging 3.3% a year. The service sector is the largest component of the Australian economy, accounting for around 60% of Gross Domestic Product (GDP) and four out of five jobs. The country is growing as an important financial center, with sophisticated service sectors and strong regulations. It is also one of the top five merchandise exporters, the 11th largest country in terms of international tourist arrivals, and the third largest in investment fund assets. In 2015, it ranked second in the world in Human Development Index (0.939).

Australia had allocated US\$ 3.8 billion in Official Development Assistance (ODA) in Fiscal Year (FY) 2016/17 through the Department for Foreign Affairs and Trade (DFAT) and Australian Aid, for promoting prosperity, reducing poverty, and enhancing stability in the world, especially in the Indo-Pacific region where it invested 90% of its bilateral and regional aid. The aid program was focused on seven main investment priorities: Infrastructure and Trade (15.2%), Agriculture Fisheries and Water (8.6%), Effective Governance (22.1%), Education (19.0%), Health (13.0%), Building Resilience (15.2%), and General Development Support (6.8%). However, Australian aid fell to 0.22% of GNI in FY 2017/18 the lowest level in Australia's history — due to significant cuts to its foreign aid program as a part of general budget savings.

## Diplomatic History

Nepal and Australia established diplomatic relations on 15 February 1960. Australia opened its residential Embassy in Kathmandu at the level of Chargé d'Affaires in 1984, which was subsequently upgraded to the Ambassadorial Level in 1986. Nepal established its residential Embassy in Canberra in March 2007 which was formally inaugurated in September 2007. In addition, Nepal also has Honorary Consulates General/Consulates in Brisbane, Melbourne, Sydney, Perth and Adelaide. On 20 May 2003, the Governments of Nepal (GoN) and Australia concluded a Memorandum of Understanding (MoU) on Development Cooperation, discussed in the next section. Australia maintains its Australian Embassy in Bansbari, Kathmandu. Mr Peter Budd is the Ambassador to Nepal (21 March 2017-present).

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

Though Australia included Nepal in its development cooperation program in 1979, the assistance actually began following the establishment of diplomatic relation in 1960. At that time, Nepal was receiving assistance from Australia in such areas as forestry, livestock development and manpower training. The MoU agreed in May 2003 between the GoN and the Government of Australia (GoA) provides for cooperation in development programs in line with Nepal's goals of economic development. Community development, human resources development, and health are the sectors targeted for Australian support, with good governance, human rights, gender, and environment identified as cross-cutting areas of focus.

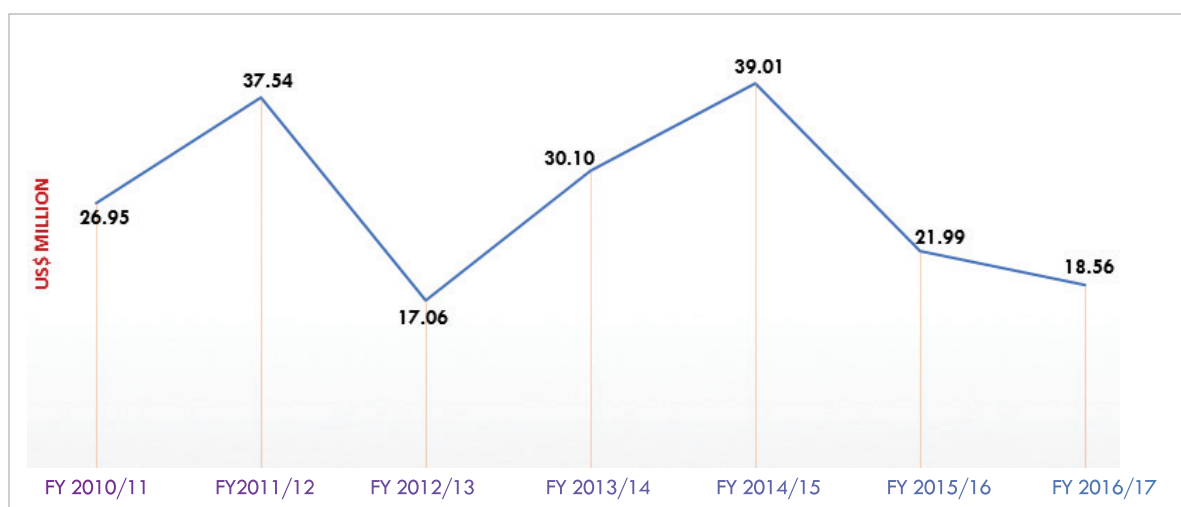
In FY 2015/16, Australia's total ODA budget to Nepal was US\$ 33.7 million, slightly more than the previous FY (US\$ 27.2 million). However, the amount for FY 2016/17 was US\$ 33.9 million. FY 2015/16 comprised more ODA compared to the previous and following years due to addressing three main objectives focused on education, enterprise and job creation as well as specific targeted post-earthquake recovery investments.

Since FY 2007/08, Australia has been supporting the GoN's Education for All (EFA) program and its follow-on program, the School Sector Reform Plan (SSRP), through a pooled funding arrangement with other Development Partners. Australia provided a total of approximately US\$ 14.63 million (AUD 19 million) in grant assistance to the program over the period FY 2009/10 to FY 2013/14. The program has contributed to improving quality and access and promoting inclusion of more than 3.8 million

children to attend public schools. To improve the health situation in Nepal, Australia joined the pooled funding arrangement and supported the implementation of the Nepal Health Sector Program (NHSP) in FY 2008/09, contributing US\$ 5 million (AUD 6.6 million) to the first phase of the program.

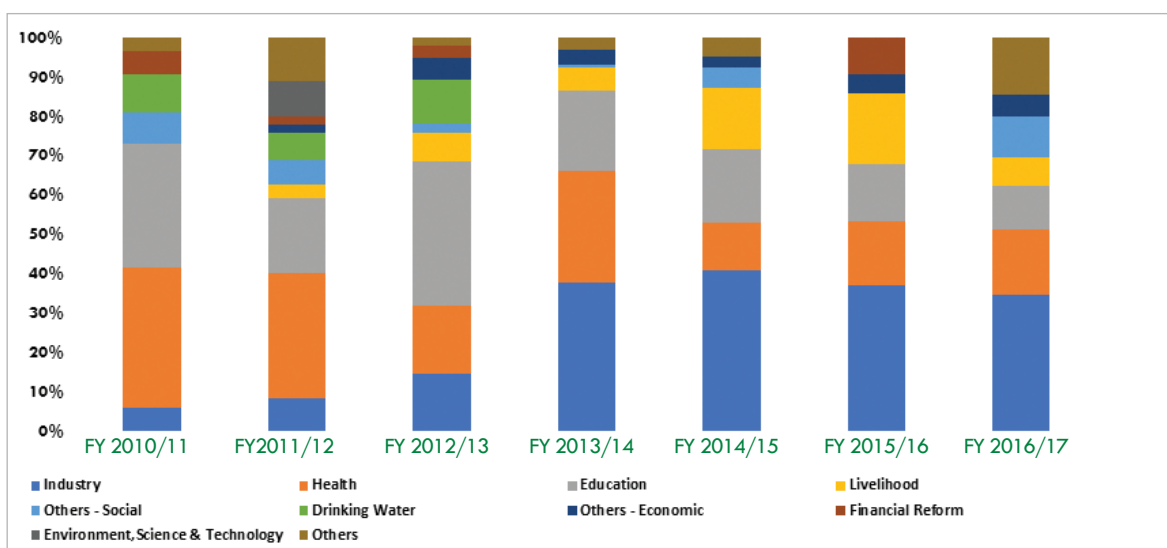
From FY 2010/11 to 2016/17, over US\$ 200 million of ODA was disbursed to Nepal (Figure 1). The disbursement was almost US\$ 37 million in FY 2011/12 and was highest in FY 2014/15, at almost US \$40 million. In terms of Australian support to specific sectors, Figure 2 shows that the Australian portfolio of aid directs close to 30% of aid disbursement on average to the education sector, and the spending share in Constitutional Bodies has been continuously increasing. Health is another sector Australia has consistently supported.

**Figure 1: Australia’s disbursement to Nepal, FYs 2010/11-2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: Australia’s support to Nepal by sector, FYs 2010/11-2016/17**



Source: Aid Management Platform



In an effort to promote governance and peace building, Australia financed the construction of Nepal's Election Education Information Center in 2012. This Center has been used to promote democratic norms and emphasize the importance of elections. The Australian Civilian Corps also placed two advisers with UNDP's Election Support Program within the Election Commission of Nepal to provide technical support during the November 2013 Constituent Assembly elections. Australia also supports the World Bank-managed multi-donor trust fund designed to strengthen the Government of Nepal's public financial management institutions. The Public Financial Management-Multi Donor Trust Fund (PFM-MDTF) was established in 2011. Australia is also supporting a program to accompany Nepal through its ongoing transition to federalism.

In the area of rural development, Australia has co-funded the Micro-Enterprise Development Program (MEDEP), which aims to contribute to poverty reduction and employment generation through micro entrepreneurship development. Building on the success of three previous phases, Australia has contributed US\$ 25.4 million during the period of 2013-2018. MEDEP IV expands and strengthens the Government of Nepal's own Micro-Enterprise Development for Poverty Alleviation (MEDPA) program to endow Nepal with a sustainable institutional setup, managed by the Ministry of Industry. Australia's contribution to micro-enterprise development in Nepal over the past 12 years exceeds AUD 56 million.

The Australian Volunteer Program is currently comprised of the Australian Volunteers for International Development (AVID); volunteers work with local people to share knowledge, develop sustainable skills and build the capacity of individuals, organizations and communities in line with the priorities of the Government of Nepal, the Government of Australia and the Sustainable Development Goals (SDGs). The Australian Volunteers assisted with the Electoral Education and Information Centre (EEIC) at the Election Commission of Nepal in 2013. The AVID program supported 30 volunteers in Nepal in FY 2015/16 and will support 18 volunteers in Nepal in FY 2016/17, including in the health and disability, education, disaster prevention and preparedness, and human rights sectors.

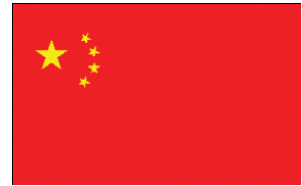
The Sustainable Development Investment Portfolio is a regional program supported by the Australian Government addressing the regional challenges of water, food and energy security in South Asia. It seeks to strengthen transboundary cooperation, facilitate economic growth and improve livelihoods, targeting the poorest and most vulnerable, particularly women and girls. Key areas for engagement in Nepal focus on river basin modelling, renewable energy capacity, environment and social standards for hydro investments, climate-resilient hydropower and national water plans and improving food system resilience

Since 1990, 847 Nepalese have completed their studies through the Australia Awards program. Australia Awards provide both long-term scholarships and short courses in line with Nepal's development priorities. The majority of Australia Awards are provided to Government of Nepal officials in the areas of health, education, governance, economic growth, rural development food security, water resource management, gender equality and disability.

#### **Additional Information**

- *Australian Government, Department of Foreign Affairs and Trade: [www.dfat.gov.au](http://www.dfat.gov.au)*
- *Australian Embassy in Nepal: <http://nepal.embassy.gov.au/>*
- *Aid Management Platform (AMP), Australia: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4795>*

## 2 | China



### Country Overview and Approach to Development Cooperation

China, officially the People's Republic of China (PRC), is a unitary sovereign state situated in East Asia. China covers approximately 9.6 million square kilometers, and is the world's third or fourth-largest country by total area. China has land borders with 14 countries: India, Pakistan, Afghanistan, Tajikistan, Kyrgyzstan, Kazakhstan, Mongolia, Russia, North Korea, Vietnam, Laos, Myanmar, Bhutan and Nepal. It is also the world's most populous country, with a population of approximately 1.4 billion in 2016. The population density is 145 per square kilometer, almost three times higher than the world average of 57 per square kilometer.

China is governed by the Communist Party of China, which exercises jurisdiction over 22 provinces, five autonomous regions, four direct-controlled municipalities (Beijing, Tianjin, Shanghai, and Chongqing) and the Special Administrative Regions of Hong Kong and Macau, also claiming sovereignty over Taiwan. China is a one-party state; the General Secretary of the Communist Party of China (CPC) holds ultimate power and authority over state and government. The electoral system is pyramidal. Local People's Congresses are directly elected, and higher levels of People's Congresses up to the National People's Congress (NPC) are indirectly elected by the People's Congress of the level immediately below. The political system is decentralized. The provincial and sub-provincial leaders have a significant amount of autonomy. The President of China is the head of state and the Premier of China is the head of government, presiding over the State Council composed of four vice premiers and the heads of ministries and commissions.

Since the late 1970's, China has moved from a closed, centrally planned economy to a more market-based one. Measured on a purchasing power parity basis, China ranked as the largest economy in the world (GDP of US\$ 21.29 trillion) in 2016, surpassing the United States in 2014 for the first time in modern history. China became the world's largest exporter in 2010, the largest trading nation in 2013, and currently is the nation with the largest number of outbound tourists. The Government's 13th Five-Year Plan was unveiled in 2016, emphasizing the need to increase innovation and boost domestic consumption to make the economy less dependent on government investment, exports, and heavy industry. China is also the world leader in gross value of agricultural outputs, mining and ore processing, ships, and telecommunications equipment, among others. However, China's per capita income (PPP) estimated for 2017 is US\$ 16,624, which is slightly more than the world average of US\$ 15,800 in 2015. The Human Development Index is 0.738, ranking China 90th among 188 countries.

China provides three types of international economic cooperation: grants, interest-free loans, and concessional loans. The first two originate from China's state finances, while concessional loans are provided by the Export-Import Bank of China. This aid is provided in various forms: projects, goods, materials, technical cooperation, human resources, development cooperation, volunteer services, and emergency humanitarian aid. The Department of Foreign Aid of the Ministry of Commerce of China manages all forms of aid provided to recipient countries. The first White Paper on China's Foreign Aid was released by the Information Office of China's State Council in April 2011; it outlined China's official aid policies, principles and practices. The second White Paper was released in July 2014. It provides an update of Chinese aid from 2010–2012, covering the volume, scope, forms of Chinese foreign aid and its engagement in international cooperation. Chinese aid, according to the first White Paper, is 'a model with its own characteristics' and 'falls under the category of South-South Cooperation'.

The Silk Road Economic Belt and the 21st-century Maritime Silk Road, better known as the One Belt and One Road Initiative (OBOR), the Belt and Road (B&R) and the Belt and Road Initiative (BRI) is a development strategy proposed by China that focuses on connectivity and cooperation between Eurasian countries, primarily China, the land-based Silk Road Economic Belt (SREB) and the oceangoing Maritime Silk Road (MSR). The Asian Infrastructure Investment Bank (AIIB) was established and initiated by the Government of China. China is also one of the BRICS (Brazil, Russia, India, China and South Africa). China is a key player in the emerging development cooperation paradigm.

## Diplomatic History

The history of Nepal-China relations can be traced back to the 5th century; modern day diplomatic relations were established on 1 August 1955. The People's Republic of China opened its residential Embassy in Kathmandu in July 1960 and Nepal opened its residential Embassy in Beijing in September 1961. At present, Ms Yu Hong is China's Ambassador to Nepal and Mr Leela Mani Paudyal is Nepal's Ambassador to China.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

Nepal-China economic cooperation was initiated with the formalization of bilateral relations in the 1950's. The first 'Agreement between China and Nepal on Economic Aid' was signed in 1956. Since then, China has been providing financial and technical assistance to Nepal, which has greatly contributed to Nepal's development, especially in infrastructure building, industries establishment, human resources development, health, education, and water resources, among other areas.

China has supported the construction of about a dozen major roads in Nepal, including Arniko Highway, Kathmandu-Bhaktapur Road, Kathmandu Ring Road, and the Narayanghat-Mugling, Narayanghat-Gorkha, and Pokhara-Baglung Roads, Syaphrubesi-Rasuwagadi Highway, as well as others. Support to the establishment of industries includes the Bansbari Leather and Shoes Factory, Hetauda Cotton Textile Mills, Harisidhi Brick Factory, Bhaktapur Brick Factory, Bhrikuti Paper Mills, and the Lumbini Sugar Mills. In the water resources sector, China has supported the Sunkoshi Hydroelectricity Plant, and the Sunkoshi-Kathmandu Electricity Line Transmission Project, and cooperation in the health

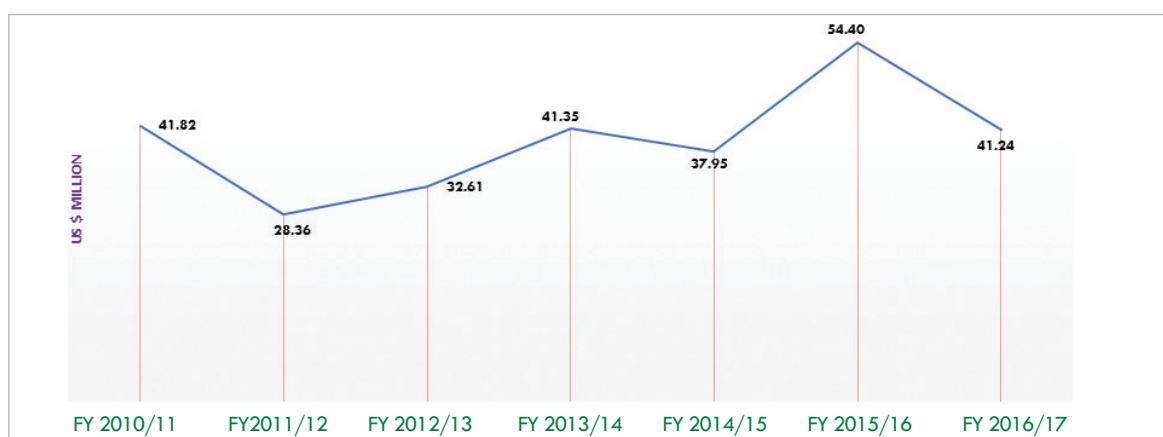
sector has included the establishment of B.P. Koirala Memorial Cancer Hospital in Bharatpur, the Civil Service Hospital in Kathmandu, and the National Ayurveda Research and Training Centre. Construction of sports complexes in Kathmandu and Lalitpur, the city hall in Kathmandu, and the Birendra International Convention Centre are also examples of past cooperation.

The major on-going projects in Nepal which are being supported through development cooperation extended by the Government of China include the Upper Trishuli 3'A' Hydroelectric Project, Pokhara Regional International Airport Project, Kathmandu Ring Road Expansion Project, Arniko Highway Long-term Opening Maintenance Project, Syaphrubesi-Rasuwegadi Highway Repair and Improvement Project, Nine-storied Basantapur Tower Restoration Project at Durbar Square of Kathmandu, Kathmandu Durbar High School (Bhanu Secondary School) Reconstruction Project, Post-Disaster Recovery for Tatopani Frontier Inspection Station Project, Timure Frontier Inspection Station Project, Solar Photovoltaic Project in Singha Durbar Secretariat of Nepal, Earthquake Monitoring Network Project, Agricultural Technical Cooperation Project (Phase I), Upgrading and Renovation Project of Civil Service Hospital, and Aircrafts for Nepal Airlines Corporation (NAC).

From FY 2010/11 to FY 2016/17, a total of US\$ 278 million of aid was disbursed to Nepal by China (Figure 1). The volume of disbursement, totaling US\$ 54 million, was the highest in FY 2015/16. This was due to the Government of Nepal's initiation of health projects as well as emergency assistance for earthquake victims including the provision of relief goods, emergency medical supplies, and petroleum products. Figure 2 shows that China has supported Nepal in various sectors including economic development, emergency, housing, and infrastructure development. The Government of China provided substantial and immediate support to search, relief and rescue efforts in Nepal following the devastating earthquakes of 2015.

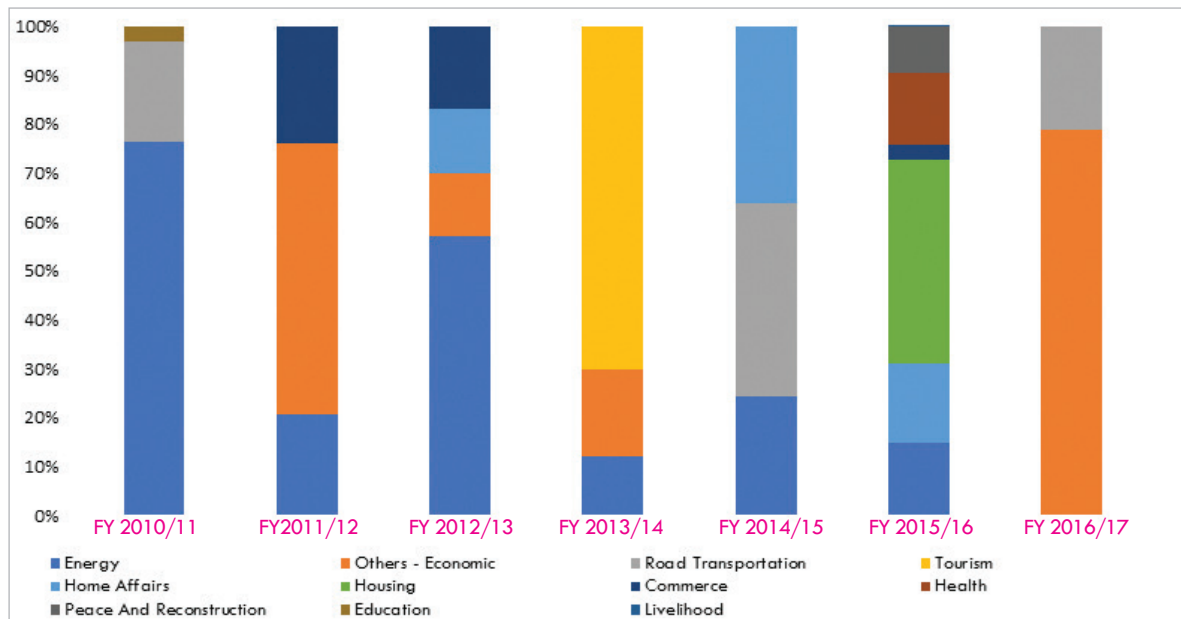
China has also provided RMB 3 billion (approximately US\$ 456 million) for Nepal's reconstruction to be used in 25 jointly selected major projects during the 2016-2018 period. On 23 December 2016, Nepal and the People's Republic of China signed an Agreement on Economic and Technical Cooperation in Beijing to provide grant assistance of RMB 1 billion (approximately US\$ 152 million) to the Government of Nepal for implementing the Syaphrubesi-Rasuwegadhi Highway Repair and Improvement Project, the Upgrading and Renovation Project of Civil Service Hospital, and mutually agreed post-disaster reconstruction projects.

**Figure 1: China's disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: China's support to Nepal by sector, FYs 2010/11-2016/17**



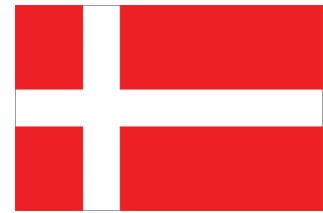
Source: Aid Management Platform

With the signing of a Memorandum of Understanding (MoU) on cooperation under the Belt and Road Initiative (BRI) on 12 May 2017 in Kathmandu, new avenues for bilateral cooperation in mutually agreed areas are expected to open. With support provided under the umbrella of BRI, Nepal expects to upgrade its vital infrastructure, enhance cross-border connectivity with China and enhance people-to-people relations. The major focus of the MoU is to promote mutually beneficial cooperation between Nepal and China in various fields such as economy, environment, technology and culture. The MoU aims at promoting cooperation on policy exchange, trade connectivity, financial integration and connectivity of people.

#### Additional Information

- Ministry of Foreign Affairs of the People's Republic of China [http://www.fmprc.gov.cn/mfa\\_eng](http://www.fmprc.gov.cn/mfa_eng)
- Chinese Embassy in Nepal: <http://np.china-embassy.org/eng>
- Aid Management Platform (AMP), China: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4796>

## 3 | Denmark



### Country Overview and Approach to Development Cooperation

The Kingdom of Denmark is one of the four Nordic countries, the others being Finland, Norway and Sweden. It consists of the peninsula, Jutland, Zealand, Funen, Lolland, Falster and Bomholm including 443 named islands, of which 72 are inhabited, and has 7,314 km of coastline. Greenland and the Faroe Islands are parts of the Kingdom of Denmark but are autonomous Danish territories. In 2016, the country's population was 5.7 million with a population density of 136 per km<sup>2</sup>.

Denmark is a constitutional monarchy with a parliamentary democracy. Since 1972, Queen Margrethe II has served as Chief of State. Lars Løkke Rasmussen from the Liberal Party is the Prime Minister and Head of Government. A Council of State is appointed by the monarch. For the legislative branch, there is a unicameral People's Assembly or Folketing. It has 179 seats including two representing Greenland and two representing the Faroe Islands. Members are directly elected in multi-seat constituencies by a proportional representation vote.

Denmark's market economy features a high-tech agricultural sector, advanced industry with world-leading firms in pharmaceuticals, maritime shipping, and renewable energy, and a high dependency on foreign trade. Denmark is a net exporter of food, oil, and gas and enjoys a comfortable balance of payments surplus, but depends on imports of raw materials for the manufacturing sector. The economy grew by 1.6% in 2015 and 1.7% in 2016 and an estimate of 2% in 2018. The labor market has strengthened since 2013, and the unemployment rate stood at 4.2% in early 2017, based on the national measure. Danish people enjoy a high standard of living, and the Danish economy is characterized by extensive government welfare measures and an equitable distribution of income. The aging population will be a long-term challenge. The Human Development Index was 0.925 in 2016, 5th among 188 countries.

Denmark contributes significant amounts of aid to developing countries through the Danish International Development Agency (DANIDA) and has for many years complied with the target that a developed country should give at least 0.7% of GNI as Official Development Assistance. DANIDA is the main agency used by the Ministry of Foreign Affairs of Denmark when it provides humanitarian aid and ODA to other countries, with a focus on developing countries in Africa, Asia, Latin America, the Middle East, and Denmark's European Union neighbors. In 2015 Denmark provided US\$ 2.7 billion (DKK 16,893 million) in ODA, which is about 0.83% of its GNI for 2015. Denmark is one of six

Development Assistance Committee (DAC) members to exceed the UN target of 0.7% ODA/GNI. It is the 4th largest DAC provider in terms of ODA as a percentage of GNI, and the 13th in terms of volume. However, from 2016, Denmark's ODA was expected to drop to approximately 0.7%, in line with new government policy.

## Diplomatic History

Nepal and Denmark established diplomatic relations in December 1967. In 1989 Nepal became a program country for Danish development assistance and the Danish Embassy in Kathmandu opened in April 1992. Nepal opened its Embassy in Copenhagen, Denmark in 2007. As a consequence of the Government of Denmark's decision to reduce the number of priority countries where Denmark has substantive development aid programs, in September 2015, it was decided that the Embassy of Denmark in Nepal would close by 2017 and Danish development cooperation in Nepal would be phased out over the coming years by 2019.

The closure of the Embassy was due to new political priorities by the Government of Denmark and an increased focus on Africa. Upon the closure of the Embassy of Denmark in Kathmandu the Government of Denmark decided to establish a temporary Administrative and Technical Programme Support Unit (PSU) to manage the remaining implementation and the completion of ongoing programs. The PSU is expected to be operational until all obligations to current programs are fulfilled at the end of 2018.

As of 1st of November 2017, the Embassy of Denmark has been closed and the PSU is operational and headed by a posted diplomat, former finance Councillor of the Embassy of Denmark, Mr Kasper Thede Anderskov until August 2019.

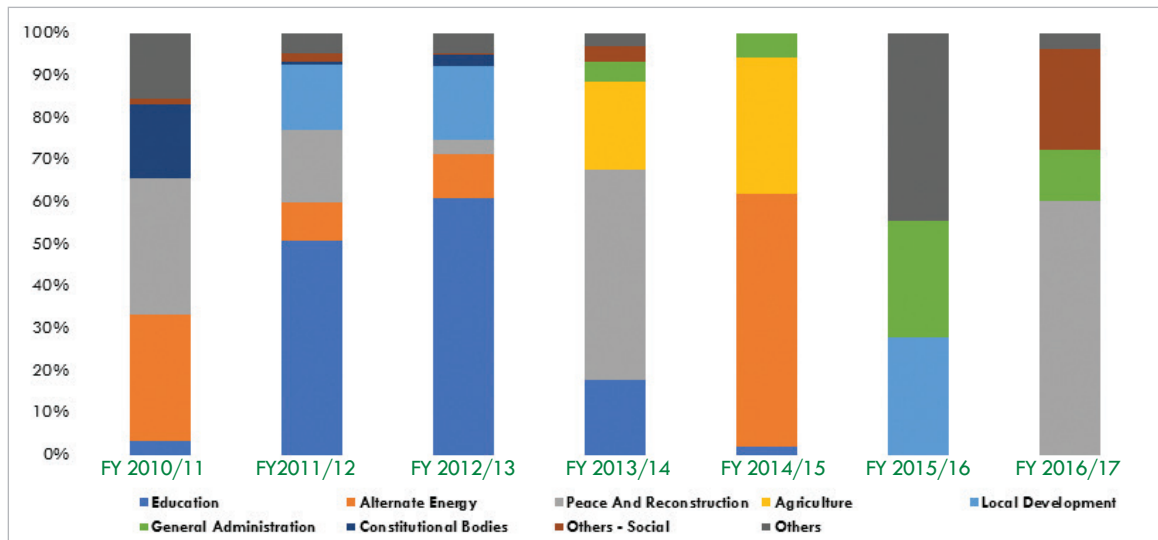
## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

The strategy *The World 2030— Denmark's Strategy for Development Cooperation and Humanitarian Action* is based on a vision of a more secure, free, prosperous, sustainable and just world where each individual, now and in the future, is able to take charge of his/her own life and provide for himself/herself and his/her family. Denmark will work to realize this vision through active development cooperation that contributes to achieving the Sustainable Development Goals for everyone by 2030 – that fights poverty, creates equal opportunities for everyone and thus also contributes to reducing inequality. Denmark has been extending support to Nepal since the establishment of its Mission in Kathmandu. It provides annually around US\$ 25.6 to US\$ 32 million (DKK 160-200 million) in development assistance to Nepal, supplemented by the support of Danish civil society, private sector, cultural institutions, and educational institutions that work with Nepali partners.

Figure 1 shows that the sectoral focus of support to Nepal has been on Green Growth, Human Rights and Democracy, Social Progress and Prosperity, and Stability and Protection. The support for Green Growth has been directed towards the forest conservation and alternative energy development areas. The Education sector received large amounts of funding during FYs 2011/12 and 2012/13, whereas the Peace and Reconstruction sector covered almost 60% in FY 2016/17; overall it has an average

share of 23%. Agriculture is also a top priority followed by Alternative Energy.

**Figure 1: Denmark's support to Nepal by sector, FYs 2010/11-2016/17**



Source: Aid Management Platform

In 2015, Denmark also provided support in response to the earthquakes in Nepal. In addition to the immediate Danish donation of US\$ 1.7 million, Denmark followed up with a further donation of US\$ 3 million in humanitarian assistance, for a total of US\$ 4.7 million, or approximately US\$ 1 from every Dane. Currently Denmark provides assistance to Nepal through two key programs. The Advocacy for Rights and Good Corporate Governance (UNNATI-Inclusive Growth Program in Nepal) is a five-year project (January 2014-December 2018) funded by the Danish Government with a total budget of US \$64 million (DKK 400 million). It focuses on promoting sustainable inclusive growth by reducing poverty and raising living standards in Nepal. The program supports farmers to improve their production by supporting them financially, improving the infrastructure and the value chain. It focuses on strengthening and commercializing the value chains for agriculture commodities including ginger, orthodox tea (whole leaf teas manufactured using the traditional process of making tea), and dairy in seven districts of Eastern Nepal.

The Peace, Rights and Governance Program of 2014-2018 looks to foster social cohesion and improve access to justice and public services in rural areas, and in turn promote political stability and peace in Nepal. The program consists of three main components: (1) peacebuilding and democratic development, (2) local governance, and (3) access to justice and human rights.

#### Additional Information

- DANIDA, Ministry of Foreign Affairs of Denmark: <http://um.dk/en/danida-en/>
- Aid Management Platform (AMP), Denmark: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4797>



## 4 | Finland



### Country Overview and Approach to Development Cooperation

The Republic of Finland is a sovereign state in Northern Europe. The country has land borders with Sweden to the northwest, Norway to the north, and Russia to the east. Finland is a Nordic country situated in the geographical region of Fennoscandia, which also includes Scandinavia. It is the eighth largest country in Europe and the most sparsely populated country in the European Union. Finland's population was 5.4 million in 2016, with the majority of the population concentrated in the southern region. Its population density in 2016 was 18 per square kilometer.

Finland is a parliamentary republic with a central government based in the capital Helsinki, local governments in 311 municipalities, and an autonomous region, the Åland Islands. The head of state is the President while the head of the government is the Prime Minister. The President is elected by a popular vote for a six-year term. Finland has a unicameral parliament, or Eduskunta, which has 200 seats, with members elected by a popular vote on a proportional basis to serve four-year terms.

Finland has a highly industrialized, largely free-market economy with per capita GDP almost as high as that of Austria and the Netherlands and slightly above that of Germany and Belgium. Trade is important, with exports accounting for over one-third of GDP in recent years. The government is open to, and actively takes steps to attract, foreign direct investment. Finland is historically competitive in manufacturing - principally the wood, metals, engineering, telecommunications, and electronics industries. Finland excels in the export of technology as well as the promotion of startups in the information and communications technology, gaming, clean technology, and biotechnology sectors. Except for timber and several minerals, Finland depends on imports of raw materials, energy, and some components for manufactured goods. Due to the cold climate, agricultural development is limited to maintaining self-sufficiency in basic products. Forestry, an important export industry, provides a secondary occupation for the rural population. In the Human Development Index, Finland was ranked 23rd in 2015.

International development is an important part of Finland's foreign and security policy. The aim of Finland's Development Policy is to support developing countries' efforts to eradicate poverty and inequality and promote sustainable development. The implementation of Finnish development policy is guided by the 2016 Government Report on Development Policy and the activities are based on the 2030 Agenda for Sustainable Development. Therefore, the Policy has four areas of emphasis:

democratic and accountable societies that promote human rights, an inclusive green economy that promotes employment, sustainable natural resources management and environmental protection, and human development.

In 2017, EUR 881 million (approximately US\$ 1.045 billion) was reserved for development cooperation appropriations under the state budget. The appropriations consist of the exclusive Official Development Assistance (ODA) budget item administered by the Ministry for Foreign Affairs and other development cooperation funding. These funds are used through its bilateral development cooperation between Finland and its partner countries, support for work done by UN agencies, development banks and Finnish CSOs, and humanitarian aid. Nepal stands amongst one of the ten biggest partner countries as a recipient of the funds in 2016.

## Diplomatic History

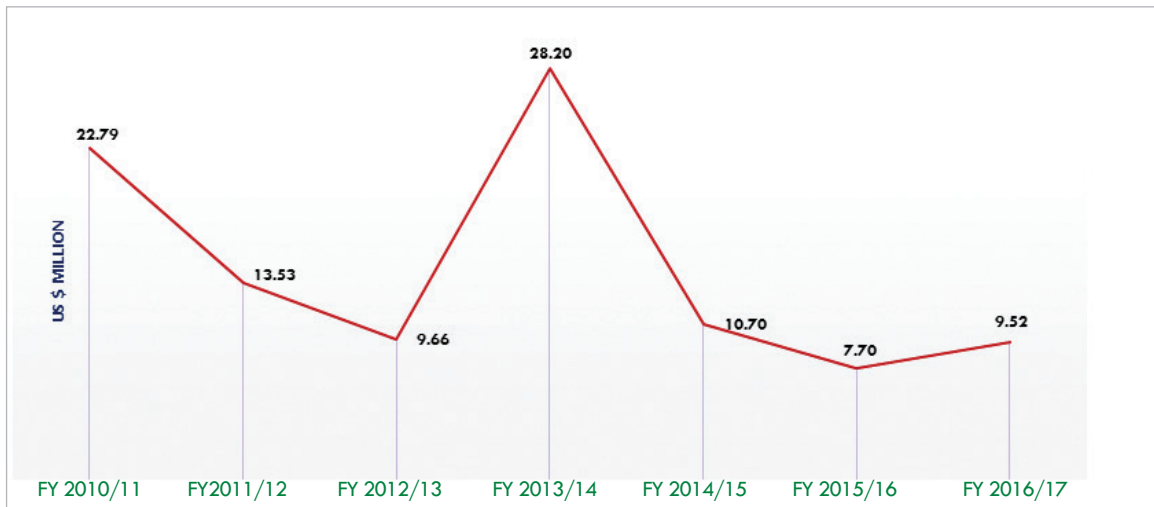
Nepal and Finland established diplomatic relations on 21 September 1974. The Finnish Embassy was opened in Kathmandu at the Chargé d'Affaires level in 1992. The Embassy has been upgraded with the appointment of its Ambassador from September 2011. Nepal has no residential Embassy in Helsinki. The Nepalese Embassy in Copenhagen is concurrently accredited to Finland. Mr Jorma Suvanto is Finland's Ambassador to Nepal (September 2015-present).

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

According to the Country Strategy for Development Cooperation Nepal 2016-2019, Finland's focus of support to Nepal is on access to clean drinking water and sanitation, developing education, and improving the influence of women and other vulnerable groups. Finnish cooperation with Nepal commenced in 1982 with grant assistance of 6,000 MT of chemical fertilizers. Presently Nepal is one of Finland's primary long-term development partner countries. In the earlier years, the Finnish development program in Nepal focused mainly on energy, forestry and water resources. The Forestry Master Plan (1983) and National Forest Policy, forest conservation and community forestry projects, and, since 1989, environment, and water and sanitation sector, were the major areas which have benefited from Finnish assistance. Likewise, Nepal has also received assistance from Finland for the detailed engineering design of the Kali Gandaki Hydropower Project, rural electrification, and the multi-fuel diesel plant.

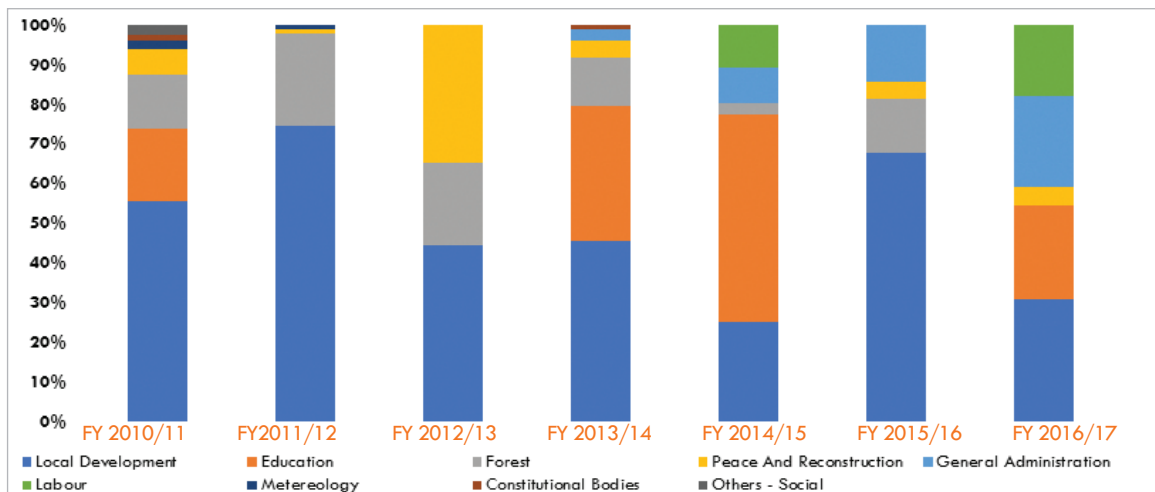
More recently, Finnish development cooperation has shifted towards a focus on alleviation of poverty, environmentally sustainable development, disaster risk reduction, and the promotion of democracy, human rights, and a participatory system of governance. From FY 2010/11 to FY 2016/17, a total of over US\$ 100 million of ODA was disbursed to Nepal (Figure 1), and 18 programs and projects were implemented. With a distinctive fluctuation in terms of aid volume during this period, disbursement was the highest in FY 2013/14, with the largest proportion of disbursement allocated to the School Sector Reform Program (over US\$ 9.5 million). Figure 2 shows that support to the forestry sector has decreased in recent years, with more priority given to education and local water resources management.

**Figure 1: Finland’s disbursement to Nepal, FYs 2010/11-2016/17, US\$**



Source: Aid Management Platform

**Figure 2: Finland’s support to Nepal by sector, FYs 2010/11-2016/17**



Source: Aid Management Platform

Finland funds two water projects in cooperation with the Government of Nepal: the Rural Water Supply and Sanitation Project in Western Nepal (RWSSP-WN) and the Rural Village Water Resources Management Project (RVWRMP). RWSSP-WN II concentrates on improving the water, sanitation and hygiene situation in Western Nepal and, in turn, on improving well-being and reducing poverty in the area. The second phase of the project started in September 2013 and will end in 2019. Finland’s contribution to RWSSP-WN II is 13.7 million euros for 2013-2019.

The Rural Village Water Resources Management Project (RVWRMP) was started in 2006 and will continue until 2022. The project is based on the concept of Integrated Water Resource Management (IWRM). In addition to drinking water, sanitation and work related to hygiene, the thematic areas covered include irrigation, home gardens, cooperatives and micro-hydro energy. RVWRMP III (2016-2022), which covers 10 districts in Provinces 6 and 7, aims to achieve universal access to basic WASH services, and improved livelihoods with establishment of functional planning and implementation frameworks for all water users and livelihoods promotion in the project area. This includes drinking

water, sanitation and hygiene, livelihoods development, renewable energy and climate change and governance. The RVWRMP III is jointly funded by the Government of Nepal, European Union and Government of Finland. Finland's contribution to RVWRMP III is 15 million euros and European Union's contribution is 20 million euros for 2016-2022.

Finland supported UNICEF's Aligning for Action: Sanitation and Water for All in the context of Climate Change in Nepal Program during 2011-2015 with 9.8 million euros. Under the program, access to improved sanitation and water supply services for households of most disadvantaged VDCs and scaled up climate change resilient WASH services were targeted. Additionally, Finland pledged 2 million euros to the Government of Nepal for the earthquake reconstruction program in 2015 and the contribution was made through UNICEF's Thematic Co-financing to WASH Earthquake Recovery and Reconstruction Programme, concentrating mainly in WASH recovery/reconstruction and disaster preparedness in four earthquake affected districts for 2016-2018.

In addition to being a major donor to rural WASH programs, Finland is an active partner in the WASH Development Partners Working Group which includes more than ten organizations covering Development Banks, UN organizations, bilateral donors and a representative of Association of International NGOs. Finland chaired the group from August 2014 until September 2017 and recently handed over the responsibility to the World Bank. Improving the quality of education and student learning outcomes and improving institutional capacity at basic and secondary levels has been the main objective of Finland's support to Nepal's education sector. Specifically, Finland supports two programs: the School Sector Development Programme (SSDP) and the Technical Assistance for Soft Skills Development (TASS). Finland's contribution to SSDP is 20 million euros for 2016-2020 and to TASS-project 1.7 million euros for 2016-2019.

Finland also supports gender equality through the project Advancing Women's Economic Empowerment (AWEE). This runs as a bilateral project executed by UN Women with Finnish support for four years (2015–2019) and the contribution to the project is 4 million euros. The program seeks to enhance the capacity of government officials as duty bearers to integrate and monitor the inclusion of gender equality provisions in economic policies, and provide skills and enterprise development assistance for networks of excluded women as rights holders for sustainable livelihoods. In addition, Finland has supported UN Women in 2017 to implement the project Advancing the Resilience and Empowerment of Women in five districts and at the national level. Finland's contribution to the project is 400,000 euros. The program focuses on (i) creating an enabling environment of human rights, peace and security, and humanitarian commitments by strengthening the capacity of targeted government authorities to formulate and implement laws, policies and plans that assure women's safety and deliver gender-responsive action and (ii) ensuring women and girls from excluded groups, participate in, lead and benefit from peacebuilding, humanitarian efforts by socially and economically empowering them.

#### **Additional Information**

- *Finland's Ministry of Foreign Affairs: <http://formin.finland.fi>*
- *Finland's Embassy in Nepal: <http://www.finland.org.np/Public/Default.aspx>*
- *Aid Management Platform (AMP), Finland: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4799>*

## 5 | Germany



### Country Overview and Approach to Development Cooperation

The Federal Republic of Germany is located in Central Europe, between the Netherlands and Poland, and to the south of Denmark. It borders the Baltic Sea and the North Sea. It includes 16 constituent states, covers an area of 357,021 square kilometers, and has a largely temperate seasonal climate. In 2016, the country's population was 82.6 million, with a population density of 237 per square kilometer.

The German economy — the fifth largest economy in the world in PPP terms and Europe's largest — is a leading exporter of machinery, vehicles, chemicals, and household equipment and benefits from a highly skilled labor force. The German economy suffers from low levels of investment, and a government plan to invest 15 billion euros during 2016-18, largely in infrastructure, is intended to spur needed private investment. Germany plans to replace nuclear power largely with renewable energy, which accounted for 29.5% of gross electricity consumption in 2016, up from 9% in 2000. Domestic consumption, bolstered by low energy prices and a weak euro, and exports are likely to drive German GDP growth again in 2017. The Human Development Index was 0.926 in 2016, 4th among 188 countries.

Germany has a bicameral Parliament. The Federal Assembly or Bundestag currently has 622 seats. They are elected by popular vote under a system combining direct and proportional representation. A party must win 5% of the national vote or three direct mandates to gain representation; members serve four-year terms. The President is elected by the Bundesversammlung (federal convention), an institution consisting of the members of the Bundestag and an equal number of state delegates. The Chancellor is the head of government and exercises executive power, similar to the role of a Prime Minister in other parliamentary democracies.

The international development policy of the Federal Republic of Germany is an independent area of German foreign policy. It is formulated by the Federal Ministry for Economic Cooperation and Development (BMZ). The inter-ministerial Program of Action is guided by the principle of human rights and pursues the following aims: sustainable poverty reduction, reducing structural deficits, encouraging civil society involvement in development, supporting private sector activities to deliver for development, enhancing the effectiveness of German development cooperation and improving its visibility. Mr Thomas Silberhorn, Parliamentary State Secretary to the Federal Minister for Economic Cooperation and Development of Germany is the one of three Co-Chairs of the Global Partnership for Effective Development Co-operation (GPEDC).

Germany extends its development cooperation mainly through GIZ (Deutsche Gesellschaft für

Internationale Zusammenarbeit), PTB (Physikalisch-Technische Bundesanstalt / National Metrology Institute of Germany) and KfW (Kreditanstalt für Wiederaufbau). GIZ and PTB provide Technical Cooperation (TC). KfW is a German government-owned development bank and channels all bilateral financial cooperation related investments (FC). According to the Organisation for Economic Cooperation and Development (OECD), Germany was one of the top 15 countries of the world in terms of providing the highest amount of ODA (in absolute terms) in 2015. It was ranked third and the volume was US\$ 17.78 billion.

## Diplomatic History

Diplomatic relations between the Government of Nepal and the Federal Republic of Germany were established in 1958. Germany has been maintaining an Embassy in Kathmandu since 1963. The Embassy of Germany to Nepal is in Gyaneshwor, Kathmandu. Mr Roland Schaefer is the German Ambassador to Nepal. Similarly, Nepal also maintains an Embassy in Berlin, Germany. At present, Nepal's Ambassador to Germany is Mr Ramesh Prasad Khanal.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

Nepal is an important partner country of German Development Cooperation. Over 50 years, Germany has contributed to the improvement of the lives of the Nepali people with support to the country's political, economic, environmental and social development. Since the commencement of bilateral development cooperation in 1961, a total of Euros 1.1 billion (US\$ 1.3 billion) has been committed for bilateral projects. On behalf of BMZ, FC through KfW started in 1963, and TC through GIZ has been active since 1975 with the opening of its office in Kathmandu in 1979. The priority areas of Nepal-German cooperation are sustainable economic development and trade, renewable energy and energy efficiency, and health. BMZ pursues a biennial commitment cycle in Nepal and allocates the amount of assistance accordingly. Furthermore, annual consultation and negotiation has remained as a Nepal-Germany joint mechanism for development cooperation.

From FY 2010/11 to FY 2016/17, a total of US\$ 203 million of aid was disbursed to Nepal (Figure 1). The highest disbursement, amounting to US\$ 39 million, was provided in FY 2011/12. In FY 2015/16, Germany provided an additional Euro 30 million for earthquake reconstruction, Euro 25 million in FC and Euro 5 million in TC. Figure 2 shows that Germany's major sectors of support are Health, Peace and Reconstruction, Energy, Alternative Energy, and Urban Development. Since FY 2011/12, the largest proportion of disbursement, with a sum of US\$ 25.8 million, was contributed to renewable energy and energy efficiency projects, particularly to the just completed Middle Marsyangdi Hydroelectricity Project and the Energy Sector Assistance Programme Phase II. The increase in support to sustainable economic development and trade in FY 2013/14 is due to Germany's support to the Inclusive Development of the Economy Programme, Trade Promotion Programme, and Revenue Administration Support Project along with the launching of re-financing lines through the local banks to help Middle/Small/Medium Enterprises mostly in the Agricultural sector. Financial and Technical support to the Health Sector SWAp is on-going. Since 2007, Physikalisch Technische Bundesanstalt (PTB) has been active in Nepal under the TC in building capacities in the areas of quality infrastructures.

Under the priority area Promotion of Sustainable Economic Development and Trade: The Inclusive Development of the Economy (TC) Programme aims to support socially balanced economic growth. The Programme's focus is on the increase in the growth and inclusiveness of selected value

chains and responsible businesses. The Trade Promotion Programme (TC) has supported effective implementation of the National Trade Integration Strategy since 2013. The purpose of the project is to improve the political, legal and regulatory framework for companies, while increasing their access to trade facilitation services. The project is phasing out in 2017. The Revenue Administration Support Project (TC) supports the Inland Revenue Department (IRD) for a transparent and efficient tax revenue collection and administration. Reforms focus on modernization of IT/communication systems including web-based services to taxpayers, management/ HCD support and tax policies as well as taxation of small and medium-sized enterprises and taxpayer education. Sustainable Economic Development in Rural Areas (FC): Germany is supporting Nepal in expanding loans to MSMEs in the "missing middle" through the regular banking sector focused in the Far & Mid-Western regions of the country particularly in the agro sector. The project will also assist banks to develop new products and generate demands for the same. The PTB (TC) project consists of strengthening metrological and testing services. It is expected that the basic metrological infrastructure will be strengthened and the Nepal Bureau of Standards and Metrology (NBSM) will improve its technical capabilities, its service orientation and its international recognition.

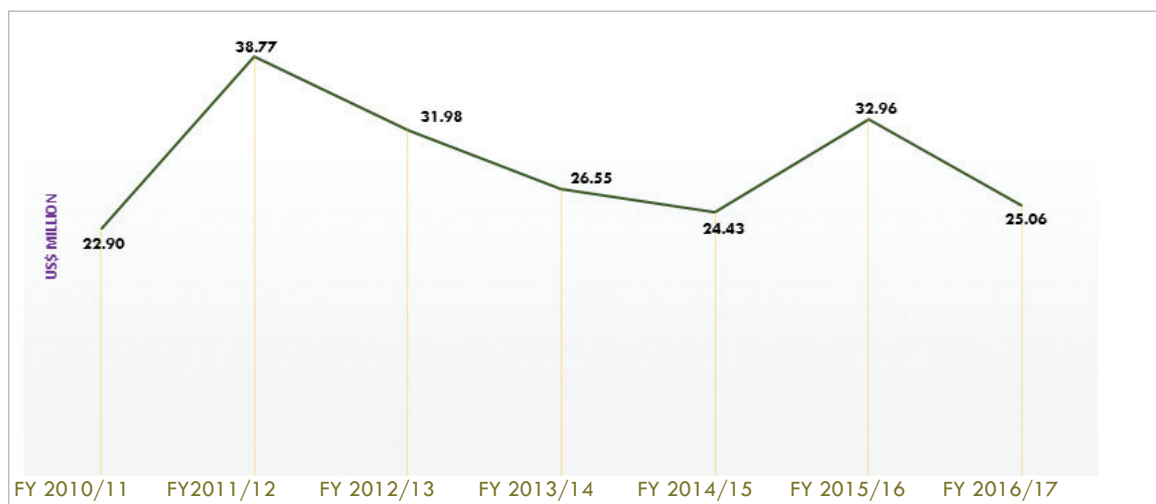
Under the priority area Renewable Energy and Energy Efficiency: The Nepal Energy Efficiency Programme (TC) provides expertise for the establishment of a policy framework to foster energy efficiency. The program targets introducing market-based energy efficiency services and also supports for standardizing improved biomass cooking stoves. Energy Efficiency Programme (FC) aims to establish some lighthouse projects to demonstrate the economic application of Energy Efficiency. Industries audited with TC support are targeted with limited motivational subsidies to attract industrial investment towards energy efficiency. The Energizing Development (TC) Project works to promote sustainable access to grid electrification under community management and ownership in rural areas as well as access to credit financing for off-grid micro hydropower development. Chilime-Trisuli 220 KV Transmission line (FC) with two sub stations of double-circuit 27 km transmission line aims to evacuate the hydro generation in Chilime region and also supports for neighborhood electrification. Lekhnath-Damuali Transmission line (FC) 40 km project is under final preparation and aims to evacuate the hydro generation in the north and west of Pokhara through a double-circuit 220 KV line. Reconstruction-Energy (FC) project targets to reconstruct, upgrade and extend the grid supply in Rasuwa and Nuwakot, two of the 14 most affected districts by 2015 earthquake. Load Dispatch Centre/LDC (FC) project is for the upgradation of the LDC, the central control system of the grid. The Renewable Energy in Rural Areas (TC) Project supports central and local government bodies to ensure efficient and effective service delivery of renewable energy through improved outreach and enhanced local cooperation in federal Nepal. National Rural and Renewable Energy Programme (FC) targets in promoting solar PV for rural communities and public institutions. The technology will be used for pumping of drinking water and for electrifying the rural schools and health facilities.

In the priority area of Health, the Support to the Health Sector Programme (TC) adopts a multi-level approach that is closely incorporated into the implementation of the Nepal Health Sector Strategy (NHSS) in which it advises government actors at all levels. This module concentrates on implementing a social health insurance system, including hospital management; raising the quality of health care services in sexual and reproductive health; strengthening governance in health with a focus on the transition to a federal system and urban health; improving and harmonizing health information systems. Since 1996, German FC has provided financial support to the health sector including procurement of FP commodities and essential drugs; construction of health facilities; maintenance of medical equipment in health facilities and social marketing along with basket funding support to Nepal SWAp II. The existing portfolio consists of three major components: post-earthquake

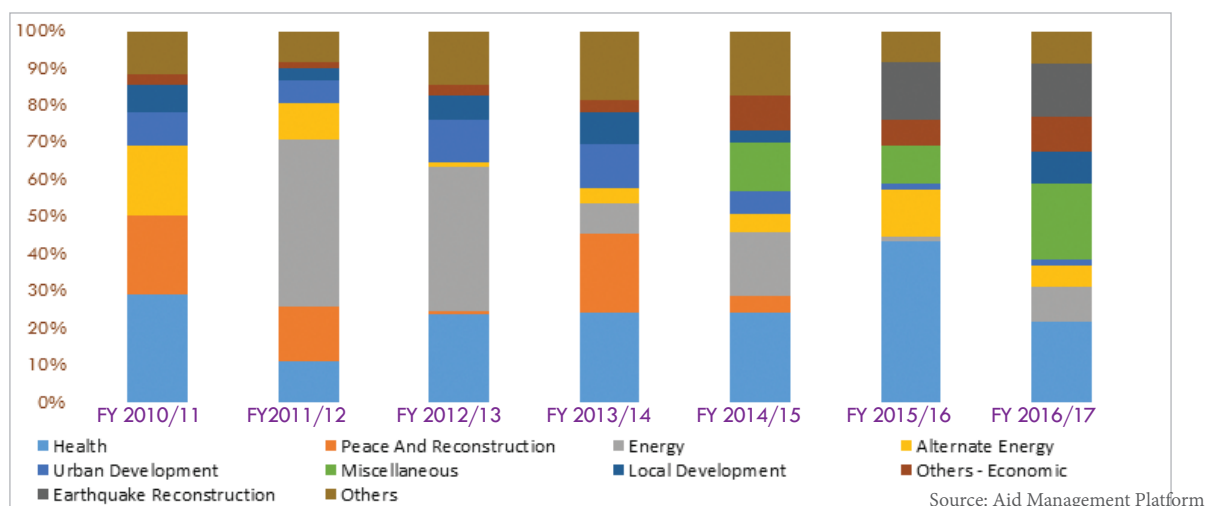
reconstruction of district hospitals in Rasuwa, Ramechhap, Gorkha and Jiri of Dolakha; support to NHSS/SWAp III; and improvement of maternal and child care in remote areas. FC also supports the scaling up of medical equipment maintenance program to the national level.

Furthermore, the Capacity Development of new Municipalities project (TC) supports the established municipalities in improving their service delivery through demand-oriented capacity development services. In addition, the German Embassy runs a small-scale project fund to various institutions and groups in Nepal. The Senior Expert Services (SES) supports projects with highly qualified retired experts who come to Nepal on short-term missions for voluntary activities.

**Figure 1: Germany's disbursement to Nepal, FYs 2010/11-2016/17, US\$**



**Figure 2: Germany's support to Nepal by sector, FYs 2010/11-2016/17**



### Additional Information

- Federal Ministry for Economic Cooperation and Development (BMZ): <https://www.bmz.de/en/>
- Embassy of Germany in Nepal: <http://www.kathmandu.diplo.de/Vertretung/kathmandu/en/Startseite.html>
- Aid Management Platform (AMP), Germany: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikui/index.html#report/open/4801>



## 6 | India



### Country Overview and Approach to Development Cooperation

India, officially the Republic of India, is a country in South Asia with diverse terrain — from Himalayan peaks to Indian Ocean coastline. It is surrounded by the Indian Ocean to the south, the Arabian Sea to the southwest, and the Bay of Bengal to the southeast. It shares land borders with Pakistan to the west; China, Nepal, and Bhutan to the northeast; and Myanmar (Burma) and Bangladesh to the east. India is the seventh-largest country by area (3.28 million km<sup>2</sup>), the second-most populous country with over 1.2 billion people — it is home to 17.5% of the world's population— and is the most populous democracy in the world. The number of Indians living in urban areas grew by 31.2% between 1991 and 2001. Yet, over 70% live in rural areas according to the 2011 census of India<sup>1</sup> and population density increased to 385 per km<sup>2</sup> in 2011 from 325 per km<sup>2</sup> in 2001.

India is a federal parliamentary democratic republic, in which the President of India is the head of state and the Prime Minister of India is the head of the government. India follows the dual polity system, i.e. a double government which consists of the central authority at the center and states at the periphery. There is a provision for a bicameral legislature consisting of an Upper House, i.e. Rajya Sabha, which represents the states of the Indian federation and a lower house i.e. Lok Sabha, which represents the people of India as a whole. Governments are formed through elections held every five years, by parties that secure a majority of members in their respective lower houses (Lok Sabha at the center and Vidhan Sabha in the states).

The Indian economy is mainly dependent on the agriculture, handicrafts, industries, and service sectors. Since the mid-1980's, India has opened up its markets through economic liberalization. After unveiling more fundamental reforms since 1991 and their renewal in the 2000's, India has progressed towards a free market economy. According to World Bank data<sup>2</sup> the Indian economy is the seventh largest in the world with a GDP of US\$ 2 trillion. It has emerged as one of the fastest growing major economies in the world. In FY 2015/16 the Indian economy grew by 7.6% but growth is expected to have declined slightly to 7.1% for FY 2016/17. However, the IMF's forecast shows it will rebound to 7.2% in FY 2017/18 and to 7.7% in FY 2018/19. In 2016, India ranked 131st in the world Human Development Index (0.624).

With the rise of its economy, from one of the highest recipients of multi-lateral development aid, India has transformed itself into a provider of development aid with a global development cooperation

1 The 15<sup>th</sup> Indian Census, conducted in two phases, house listing and population enumeration in 2010-11

2 World Development Indicators database, World Bank, 1 February 2017

approach. The volume of its assistance has expanded significantly in the past five years. Its development aid flows mainly into Asian countries through various ministries and institutions under the Ministry of External Affairs (MEA). In FY 2015/16, India provided total aid worth US\$ 1,149 million and out of that budget about 74.6% was pledged to Bhutan, followed by 9.1% to Afghanistan, 6.6% to Sri Lanka, 4% to Nepal, and 2.8% each for Bangladesh and the Maldives. Its priorities are aimed at developing hydro-electric power in the Himalayan Kingdom and Bhutan.

As India does not have a single agency for Indian Development Cooperation (IDC), estimates about the magnitude of India's development assistance have to be picked out of the budget outlays of the relevant Ministries/ Departments and other sources under the MEA.

## Diplomatic History

Diplomatic ties between India and Nepal were established on 13 June 1947 and subsequently, in December 1947, India established its Embassy in Nepal. However, the South Asian neighbors initiated their modern-day relationship with the 1950 India-Nepal Treaty of Peace and Friendship<sup>3</sup> which compels both nations to acknowledge and respect the complete sovereignty, territorial integrity and independence of each other.

India maintains its Embassy at Lainchour, Kathmandu and Nepal has its Embassy in New Delhi. Shri Surjit Singh Majithia was the first Ambassador of India to Nepal from 1947 to 1949. To date there have been 23 Ambassadors. Mr Manjeev Singh Puri is the 24th Ambassador to Nepal (25 March 2017-present).

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

The India-Nepal economic cooperation relationship was launched in 1951 following the India-Nepal Treaty of Peace and Friendship. India's development aid is guided by the vision that alongside progress in political processes in Nepal, it is equally important to ensure economic progress, particularly in the areas of education, health and infrastructure. Towards this end, the Government of India is providing technical and financial assistance for multi-sectoral development in Nepal.

Since the 1950's, India has been assisting Nepal in its quest for prosperity and economic development. India's initial assistance was channeled through the India Aid Mission, which was established in 1954 to support development projects across Nepal. Its earliest initiatives were to develop the network of roads, airports and communication. The first highway to link the Kathmandu valley with the Terai region was constructed with Indian assistance in 1953. Also, Nepal's first six airports — at Gaucher (1951), Simara (1964), Janakpur (1964), Bhairahawa (1964), Pokhara (1964) and Biratnagar (1968) — were major landmarks in the initial years. Other large projects, such as Koshi Barrage (1963), Devighat Hydropower and Irrigation Project (1983), and Bir Hospital in Kathmandu (1984) were also a key part of Indian assistance to its neighbor.

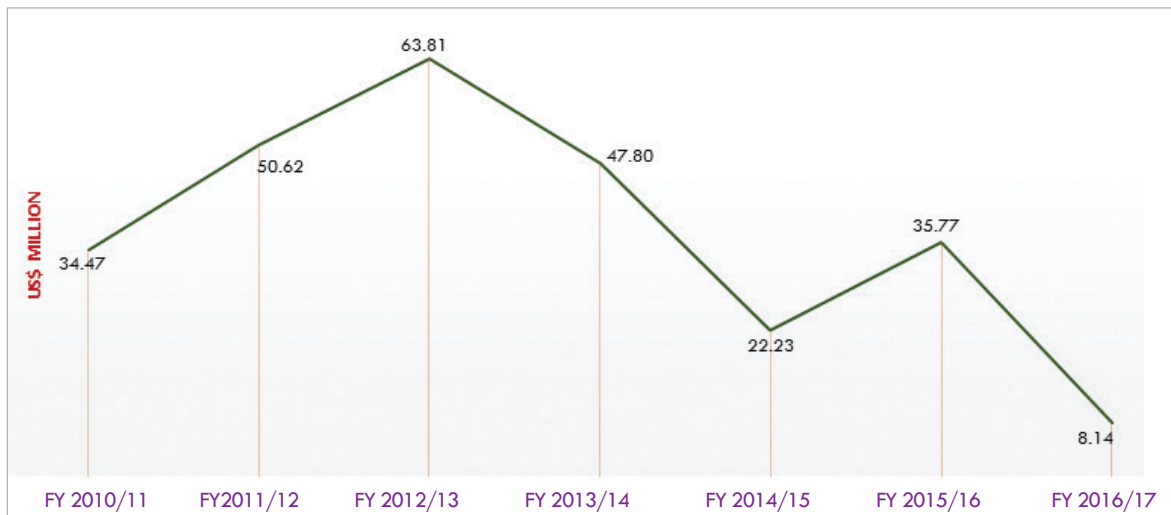
The India Aid Mission was renamed the Indian Cooperation Mission in 1966 to reflect the spirit of

<sup>3</sup> A bilateral treaty between Nepal and India establishing a close strategic relationship between the two South Asian countries, signed by the last Rana Prime Minister of Nepal, Mohan Shamsher Jang Bahadur Rana, and the Indian Ambassador to Nepal, Chandreshwor Narayan Singh on 31 July 1950

cooperation. In the 1980's Indian cooperation was recast into the Economic Cooperation Wing of the Embassy of India. India began a new chapter in the six-decade long journey of India-Nepal economic cooperation in 2003 with the launch of the Small Development Projects, which are implemented on the basis of a MoU signed between India and Nepal. The MoU was renewed in June 2006, August 2008, August 2011 and August 2014. These projects are implemented by local bodies of the Government of Nepal.

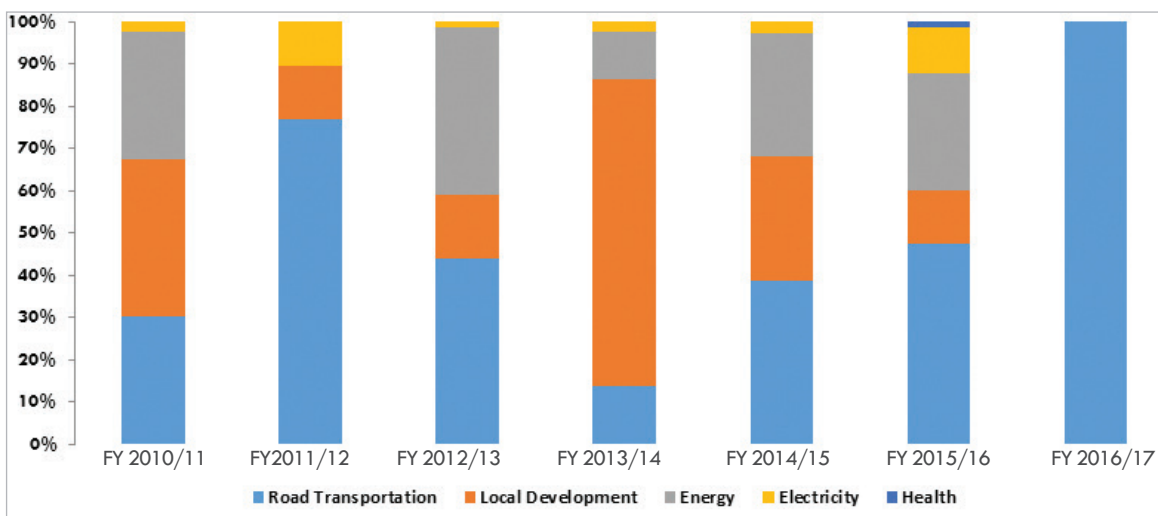
From FY 2010/11 to 2016/17, India disbursed US\$ 262.84 million of ODA to Nepal (Figure 1). The flow of ODA from the neighboring nation in FY 2012/13 was the highest at US\$ 63.8 million compared to the last six fiscal years' data given below in the first figure. The amount declined more than 50%, to US\$ 22.2 million, in FY 2014/15, its lowest during the period. However, India increased its aid to US\$ 35.7 million in FY 2015/16. Figure 2 shows that the Indian portfolio of sectoral support to Nepal includes Road Transport, Local Development, Energy, Electricity and Health in general.

**Figure 1: India's disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: India's support to Nepal by sector, FYs 2010/11 to 2016/17**



Source: Aid Management Platform

As in the past, India's development cooperation with Nepal seems vital for the current scenario of the country and its future prospects. Over the years, India's contribution to the development of human resources in Nepal has been one of the major aspects of India-Nepal cooperation. Currently, around 3,000 scholarships/seats are provided every year by the Government of India through the Embassy of India in Kathmandu, to Nepali nationals for undergoing various courses at the level of PhD/Masters and Bachelors for study in India; and Bachelors and Class-XI for study in Nepal. These scholarships/seats are provided for a wide spectrum of studies ranging from engineering, agriculture, pharmacology, computer application, business administration, music and fine arts.

In recent years, the Government of India has supported the establishment of Centers of Excellence in the fields of education and health such as BPKIHS at Dharan, Manmohan Memorial Polytechnic at Morang and National Trauma Centre at Kathmandu. The Governments in India and Nepal have paid special attention to enhance connectivity to facilitate smooth trade and transit across the border between the two countries. Towards this objective, the Government of India has been supporting construction of Postal Highway, Optical Fibre Network, railway links, Integrated Check Posts and transmission lines at different locations near the border of the two countries.

India has annually been providing assistance to Nepal for strengthening and extension of river embankments along the Lalbakeya, Bagmati and Kamla rivers and similarly for river training works along the Trijuga, Lakhandei, Sunsari, Kaligandaki, Kankai and Banganga rivers in Nepal for flood protection and disaster risk reduction in Nepal and India so that the shared water resources contribute to the development and prosperity of the two countries.

Recognizing the historical and cultural relations between the two countries, the Government of India has been providing support for renovation and preservation of the unique cultural heritage of Nepal apart from supporting improvement of infrastructure and facilities at major pilgrimage and heritage sites such as Pashupatinath, Muktinath and Janakpur.

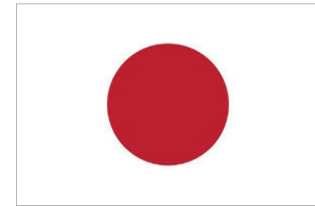
Among other major ongoing projects, India announced a new economic package of US\$ 1 billion during the International Conference on Nepal's Reconstruction held on 25 June 2015 in Kathmandu to help support the Government of Nepal in its reconstruction efforts. The Government of India's economic package was comprised of 25% grants and 75% lines of credit (LoC) aimed to support reconstruction work in the areas of Housing, Road and Transport, Health, Education, Cultural Heritage, Power, and Disaster Risk Management. In terms of India's role in post-earthquake reconstruction, apart from 50,000 houses, 157 projects in the health sector, 70 schools and 28 cultural heritage sites have been identified.

In order to facilitate the movement of patients from rural, remote and far flung areas to medical centers in Nepal, the Government of India has provided 632 ambulances since 1994 across 73 districts in Nepal. In addition, 124 school buses have also been provided to various health and educational institutions to facilitate the movement of teachers, students, doctors and nurses.

#### **Additional Information**

- *Ministry of External Affairs, Government of India: <http://www.mea.gov.in/>*
- *Embassy of India in Nepal: <https://www.indianembassy.org.np/index.php>*
- *Aid Management Platform (AMP), India: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4803>*

## 7 | Japan



### Country Overview and Approach to Development Cooperation

Japan is an island nation located in the North Pacific Ocean. The country has a total area of 377,971 square kilometers. It lies off the eastern coast of the Asian mainland and stretches from the Sea of Okhotsk in the north to the East China Sea and China in the southwest. Japan consists of 6,852 islands; the four largest are Honshu, Hokkaido, Kyushu and Shikoku. Most terrain is rugged and mountainous. In 2016, the country's population was 127 million, with a population density of 348 per square kilometer, almost six times higher than the world average of 57 per square kilometer.

Japan is a constitutional monarchy with a parliamentary government. The Emperor is the symbol of the country and the Prime Minister is the head of the Government. Emperor Akihito (7 January 1989-present) is the Emperor of Japan. The Prime Minister is appointed by the Emperor after being designated by the National Diet. The National Diet is Japan's legislative body, comprised of the House of Representatives and the House of Councilors. The House of Representatives consists of 465 members elected for a period of four years, and the House of Councilors consists of 242 members elected for a period of six years. Administratively Japan is divided into 47 prefectures, each overseen by an elected governor, legislature and administrative bureaucracy.

Measured on a purchasing power parity basis in 2016, Japan is ranked as the fourth-largest economy in the world after first-place China, which surpassed Japan in 2001, and third-place India, which edged out Japan in 2012. For three post-war decades, overall real economic growth was impressive — a 10% average in the 1960s, 5% in the 1970s, and 4% in the 1980s. Growth slowed markedly in the 1990s, averaging just 1.7%, largely because of the aftereffects of inefficient investment and the collapse of an asset price bubble in the late 1980s, which required considerable time for firms to reduce excess debt, capital, and labor. Modest economic growth continued after 2000, but the economy has fallen into recession four times since 2008. Scarce in critical natural resources, Japan has long been dependent on imported energy and raw materials. However, the present government is seeking to restart nuclear power plants that meet strict new safety standards and is emphasizing nuclear energy's importance as a base-load electricity source. Reforms of the electricity and gas sectors, including full liberalization of Japan's energy market in April 2016 and gas market in April 2017, constitute an important part of the current government's economic program. Japan's Human Development Index was 0.903 in 2015, 17th among 188 countries.

Japanese ODA is provided through both grants and loans. Grants are provided for debt relief, infrastructure development, equipment support, cultural support, human rights, underprivileged farmers, food, emergency and other purposes. Low-interest loans are provided to developing countries for long-term projects. Japan also has a technical assistance channel which dispatches experts and volunteers abroad for development cooperation. The implementing organization for Japan's development cooperation is the Japan International Cooperation Agency (JICA). According to the OECD, in 2015 Japan was one of the top 15 countries in the world in terms of provision of ODA (in absolute terms). It was ranked fourth and the volume was US\$ 9.2 billion.

## Diplomatic History

Nepal and Japan established diplomatic relations in 1956. In 1968, the Embassy of Japan was established and in 1978, the Japan International Cooperation Agency (JICA) office was opened in Nepal. Since 1969, Japan has been supporting Nepal for social and economic development activities. Japan maintains an Embassy in Panipokhari, Kathmandu. Mr Masashi Ogawa is the Ambassador to Nepal. Similarly, the Embassy of Nepal in Japan is in Tokyo and Ms Pratiba Rana is the Ambassador for Japan. There are also two consulate offices of Nepal in Fukuoka and Osaka.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

Japan has been a development partner to Nepal since 1969, contributing to both the social and economic development of the country. Loan assistance (ODA loans) and grant assistance (grant aid) were initiated in 1969 and 1970, respectively. Since 1970, Japan has also provided technical cooperation through the dispatch of Japan Overseas Cooperation Volunteers (JOCVs). Priority areas of Japanese support, in the past, have been the social, agricultural, economic infrastructure, and environmental sectors.

Beginning in 1975, Japan provided support to construct several economic infrastructure facilities, including the Kulekhani Hydroelectric Power Plant, the Kaligandaki Hydroelectric Power Plant, the Udayapur Cement Plant, and several bridges in Kathmandu. During the period of 1980-1994, Japan also provided assistance to establish and expand the Tribhuvan University Teaching Hospital, the Water-Induced Disaster Prevention Technical Center and the Kanti Children's Hospital. In the environment sector, it provided technical support to the Community Development and Forestry/Watershed Conservation Project.

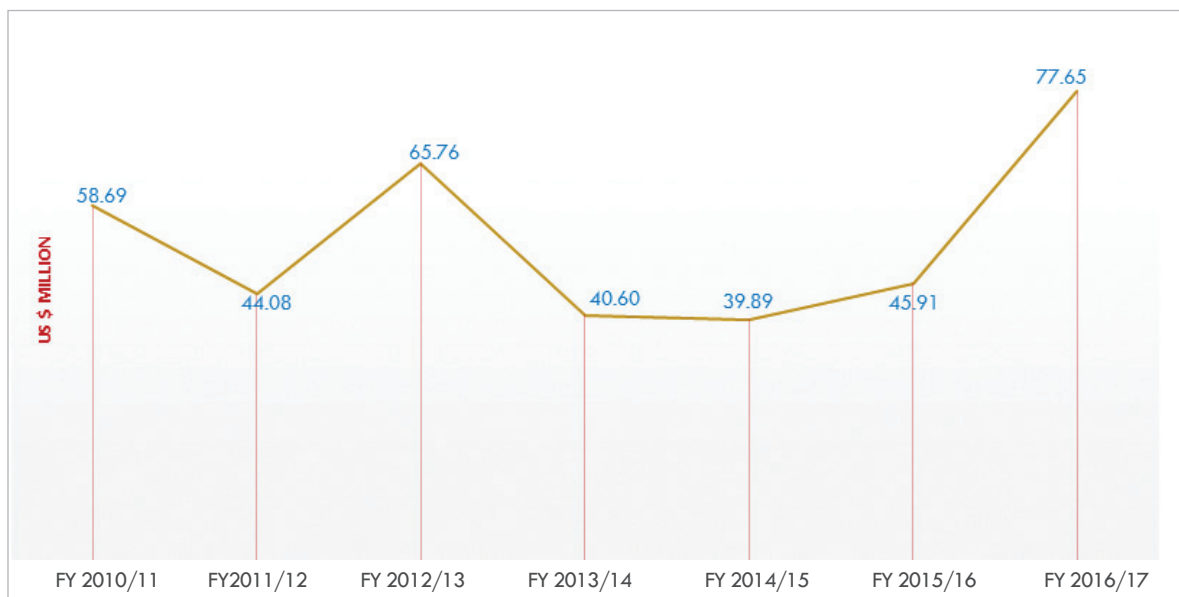
Furthermore, Japan is the only bilateral development partner providing food grains (especially rice) and chemical fertilizers. Japan has been providing food grains since 1970 under the scheme popularly known as KR or KR1 (Kennedy Round) and fertilizer assistance since 1977 under KRII. Similarly, to date, Japan has provided Non-Project Grant Assistance (NPGA) three times from 2002 to 2006, amounting Japanese Yen 4.4 billion (approximately US\$ 39 million). The main objective of the assistance was to support the foreign exchange reserve for fiscal stability.

Japan has an ODA policy entitled 'Country Development Cooperation Policy' to guide its cooperation

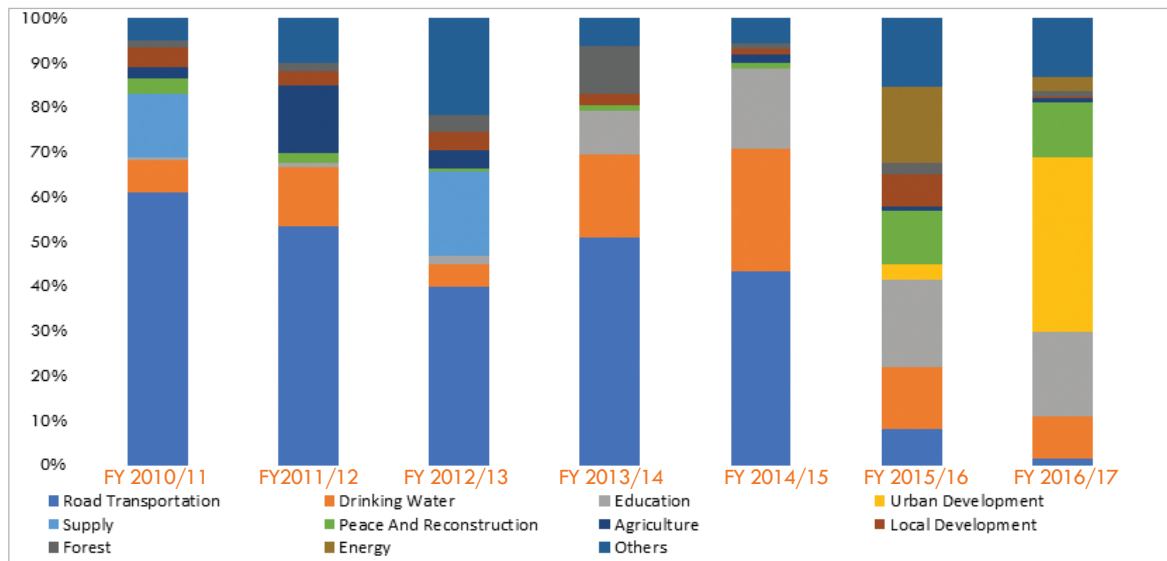
to Nepal. The major objective is to provide assistance for balanced and sustainable economic growth, focusing on Nepal's graduation from LDC status. The priority areas (medium-term targets) are: (1) Recovery work and disaster resilient nation-building in both structural and non-structural aspects, (2) Social and economic structure and mechanism development which directly lead to economic growth and the national livelihoods improvement, (3) Poverty reduction and quality of life improvement, and (4) Governance enhancement and basic framework development for democracy.

From FY 2010/11 to FY 2016/17, a total of US\$ 373 million of aid was disbursed to Nepal (Figure 1). Disbursement volume was the highest in FY 2016/17, amounting to US\$ 78 million. This was due to the initiation of projects related to rehabilitation and recovery from the earthquakes. These projects are focused on financing as well as capacity development for resilient house construction and school reconstruction. The sudden spike in disbursement in FY 2012/13 is due to the support extended to enhanced food security and agriculture as well as socio-economic activities funded from the Japan Debt Relief Fund besides the construction of Sindhuli Road. In 1998, Japan announced a policy initiative through which it will expand its cooperation in grant assistance for debt relief to reduce the plight of the people of heavily indebted poor countries (HIPC). Nepal is directing those financial resources which are made available through debt relief measures to socio-economic activities of the country. Figure 2 shows that a significant proportion of Japanese aid has been directed to infrastructure development, including for Kathmandu-Bhaktapur Road Improvement, Sindhuli Road Construction, Resilient Houses and School Construction in the aftermath of 2015 earthquake, Air Transportation Improvement, Construction of Melamchi Water Treatment Plant and Nagdhunga Tunnel Construction. Since FY 2013/14, support to the education and health sectors has increased as a result of Japan's focus on promoting quality education, nutrition, child healthcare, and provision of human resources development through scholarships.

**Figure 1: Japan's disbursement to Nepal, FYs 2010/11-2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: Japan's support to Nepal by sector, FYs 2010/11-2016/17**

Source: Aid Management Platform

Currently, Japan is supporting the Tanahu Hydropower Project, Nagdhunga Tunnel Project, Pokhara Water Supply Project, Aviation Safety Project, Improvement of Medical Equipment to Tribhuvan University Teaching Hospital and the Melamchi Water Supply Project. Tanahu Hydropower Project is constructing medium-sized hydropower plant (140 MW) with water storage to make power supply available year-round and meet the country's peak demand in particular for the dry season. The Government of Japan has agreed to provide loan assistance of US\$ 184 million, out of the total project cost of US\$ 505 million. The other co-financers are Asian Development Bank (ADB), European Investment Bank (EIB) and the Government of Nepal. In order to alleviate the chronic water shortage in the Kathmandu Valley on a sustainable, long-term basis, and to improve the health and well-being of its inhabitants, Melamchi Water Treatment Plant is under construction through Japanese loan assistance and now is in completion phase. Nagdhunga Tunnel is to smooth the traffic problem of the main gateway to the capital city.

Similarly, the Aviation Safety Project is to improve the safety of major domestic airports after the installation of a new radar system to the Tribhuvan International Airport. Pokhara Water Supply Project is to improve quality water supply to the second largest and tourist destination city of Pokhara.

#### Additional Information

- Ministry of Foreign Affairs of Japan: <http://www.mofa.go.jp/region/asia-paci/nepal/index.html>
- Embassy of Japan in Nepal: <http://www.np.emb-japan.go.jp/visa.html>
- Aid Management Platform (AMP), Japan: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikui/index.html#report/open/4804>



## 8 | Korea



### Country Overview and Approach to Development Cooperation

The Republic of Korea, or South Korea, is a sovereign state situated in East Asia. The territory consists of the southern part of the Korean peninsula and its adjacent islands and is surrounded by the Yellow Sea to the west, Sea of East to the east, and East China Sea to the south. In the north, there is a 250-kilometer border barrier called the Korean Demilitarized Zone running across the peninsula which was established by a provision of the Korean Armistice Agreement in 1953. In 2016, the country's population was estimated to be about 50.8 million by the National Statistical Office. Its population density in 2016 was 526 per square kilometer, almost 10 times higher than the world average of 57 per square kilometer.

The President is the head of the constitutional democratic state. The government has three distinct branches: executive, legislative and judicial. Executive power is exercised by the government, while legislative power is with both the government and the National Assembly. The Assembly deliberates and passes legislation; it has 300 members – 253 elected in local constituencies and 47 elected by political parties. The judiciary is independent of the executive and legislative branches and is comprised of a supreme court, appellate courts, district courts, family courts, administrative courts, and the patent court.

In 2016 South Korea became the 14th strongest economy in terms of purchasing power parity GDP, the 5th largest exporter, and the 10th largest importer in the world. Globally, it ranks high in the ease of doing business index, access to the internet, and low rates of long term unemployment. South Korea's rapid economic growth following the devastation of the Korean War has been hailed as a success story. Devoid of capital and natural resources following the Korean War, the country pushed ahead with export-oriented economic development plans in the 1960's, invested in heavy chemical facilities in the 1970's, and currently has several industries with solid international competitiveness in shipbuilding, iron, steel, and chemical industries. Its journey from a poor to developed country, and from recipient to donor country, is seen as a successful development example. The country's Human Development Index ranking in 2015 was 0.901, 18th highest among 188 countries.

The South Korean government provides Official Development Assistance (ODA) in grants or concessional loans to developing countries classified by the OECD-Development Assistance Committee, with the objective of alleviating poverty and improving quality of life. The Framework Act on International Development Cooperation and the Presidential Decree which came into effect

in 2010 identify the following five basic principles for South Korea's development cooperation: (i) reduce poverty in developing countries; (ii) improve the human rights of women and children, and achieve gender equality; (iii) realize sustainable development and humanitarianism; (iv) promote cooperative economic relations with development partners; and (v) pursue peace and prosperity in the international community. Implementing organizations are the Korea International Cooperation Agency (KOICA) which is responsible for grants, and the Export-Import Bank of Korea which is responsible for loans. The total ODA volume in 2015 was US\$ 1.9 billion – US\$ 1.46 billion of which was bilateral and US\$ 440 million multilateral. South Korea has increased its ODA steadily since becoming a member of the Development Assistance Committee (DAC) of the OECD in 2010. The government plans to further increase ODA to 0.2% of GNI by 2020. Given geographical proximity and cultural similarities, the South Korean government allocates the majority of its ODA to Asian partner countries.

## Diplomatic History

The Republic of Korea and Nepal established diplomatic relations on 15 May 1974. Both countries have enhanced bilateral cooperation through concluding the Agreement on Korean Youth Volunteers in January 1992, the Economic Development Cooperation Fund (EDCF) Agreement in September 1997, the Agreement on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income in October 2001, the Air Services Agreement in March 2005, and the Culture Agreement in April 2005. In 2007, the Nepalese and South Korean governments signed a MoU on the Employment Permit System (EPS) for recruiting Nepalese workers according to Korean labor laws. Korea has been maintaining the Embassy of the Republic of Korea in Kathmandu since 1974. Mr Youngsik Park is the Ambassador of the Republic of Korea to Nepal (2017 – present).

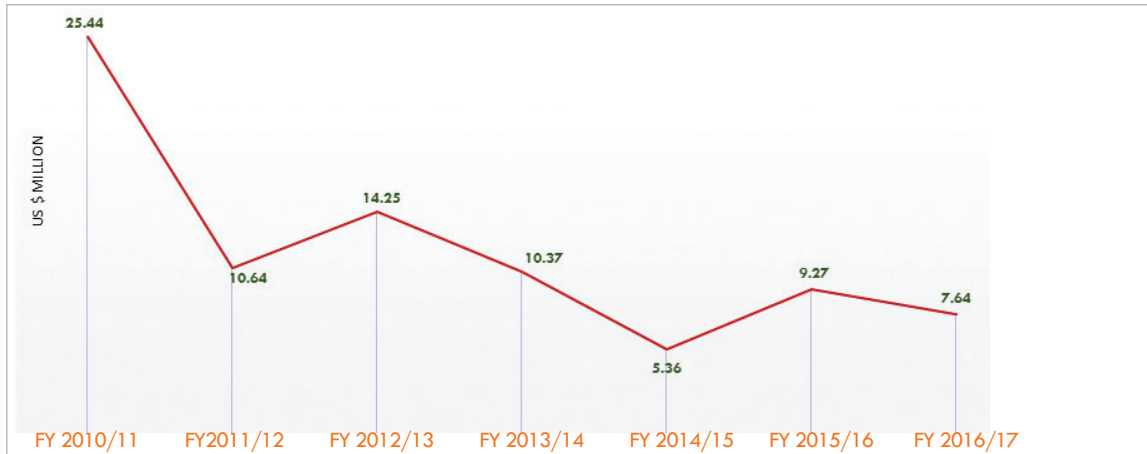
## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

KOICA's Country Partnership Strategy for Nepal 2016-2020 states that the Government of Korea aims to contribute to poverty reduction and economic growth. It also advocates for Nepal's graduation from Least Developed Country (LDC) status to Middle Income Country status by building a socio-economic infrastructure and strengthening the Government of Nepal's public service quality. Priority areas of focus are the public health, education, rural development, and energy sectors. From 1978 to 1995, KOICA focused on developing sericulture in Nepal by implementing the Sericulture Development Project and constructing a Khopasi Sericulture Center. To increase access to energy, the Government of Korea conducted a feasibility study for the Modi Khola Hydroelectric Project (1993-1994), eventually providing a soft loan to the project in 1997. In 1999, with financial and technical support from KOICA, the Korea-Nepal Friendship Hospital was established in Bhaktapur to provide the people of Bhaktapur and adjoining districts with access to quality health services.

From FY 2010/11 to FY 2016/17, around US\$ 100 million of ODA was disbursed by Korea to Nepal (Figure 1). Disbursement was the highest in FY 2010/11 due to the large investment in the Chameliya Hydroelectric Project: over 70% of Korea's disbursement (US\$ 18 million) was channeled to the project in that fiscal year. Since FY 2011/12, the average annual spending has been approximately US\$ 10 million. Figure 2 shows that more than 40% of support was provided to the energy sector in the early

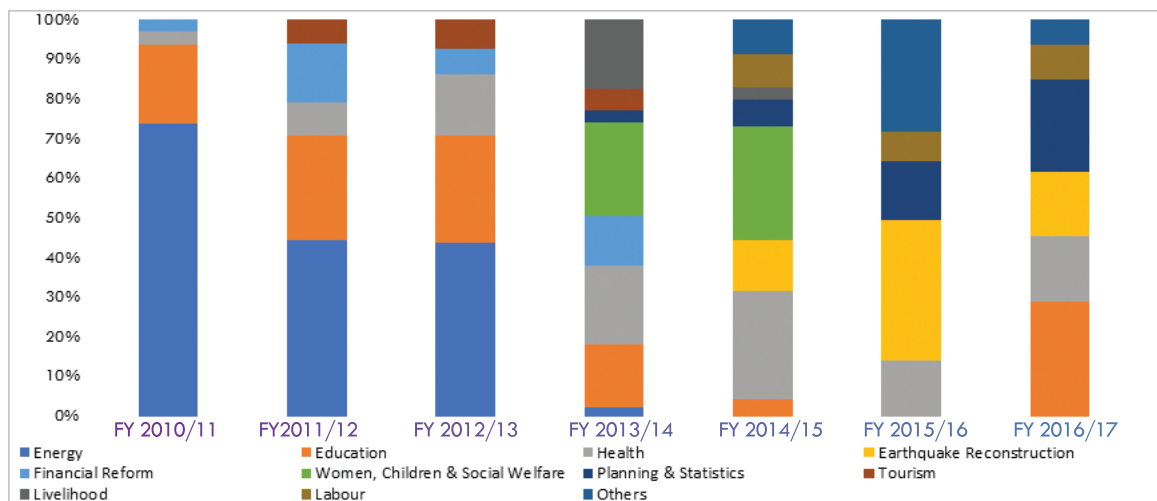
2010's, while in FY 2013/14 and FY 2014/15 the majority was channeled to the health sector.

**Figure 1: Korea's disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: Korea's support to Nepal by sector, FYs 2010/11 to 2016/17**



Source: Aid Management Platform

Looking at KOICA's recent projects, in the Health sector, in FY 2015/16 the focus of Korean aid temporarily shifted to post-disaster recovery, in response to the 2015 earthquakes. Specific activities included recovering the public health service in Nuwakot district by reconstructing health facilities and normalizing health services with technical assistance of US\$ 8.4 million through the project Post Disaster Health Service Recovery Program in Nuwakot District (2016- 2018). Additional support has been provided through the National Health Insurance Support Program (2013-2018) and Improving Maternal and Child Healthcare in Mugu (2013-2018). The former has been implemented mainly in Kailali district with technical assistance of US\$ 4.5 million to the Government of Nepal. It has contributed to promoting universal health coverage by supporting policy, capacitating stakeholders and supporting implementation of national health insurance initiated by the government.

Korea's support to the Rural Development sector has been realized through the signing of the US\$ 8 million Inclusive Rural Development in Nawalparasi Project (2014-2019). It supports sustainable agricultural development and strengthening social infrastructure, improving the quality and access to

health care services and enhancing the capacity of the community and local government. The project also aims to build a contemporary development model through integration of the local participatory planning process for developing an effective rural development model. In the Education sector, the project Empowering Adolescent Girls and Young Women through the provision of Comprehensive Sexuality Education and a Safe Learning Environment in Nepal (2016-2021), with total funding from KOICA of US\$ 5 million, is being implemented by UNESCO in partnership with UN Women and UNFPA.

Similarly, the project Integrated Rural Development of Nepal through Strengthening Research and Development Capacity of Kathmandu University (2018-2023) provides technical assistance of US\$ 10 million to contribute to the integrated rural development of Nepal by strengthening research and development capacity of Kathmandu University. To improve the quality in Technical and Vocational Education and Training System for better TVET education in Nepal by enhancing the Competitiveness of TVET Instructors and Training Institute for Technical Instruction of Nepal, KOICA is implementing Capacity Building of Technical and Vocational Education and Training Instructors in Nepal (2018-2020) with technical assistance of US\$ 5 million.

In the area of ICT, the Disaster Recovery Center has been established in Hetauda with technical assistance of US\$ 4.6 million (2013-2018) to minimize the government data losses from natural or human induced disasters through the back-up system of disaster recovery center. In terms of KOICA volunteers, in an effort for knowledge sharing and enhanced interaction, Korea dispatches volunteers – both junior and senior- to various regions of Nepal. From 1990 to date 428 Korean volunteers in various sector have been dispatched in language training, sports, rural development, health, and nutrition. The Korean volunteer services have been mainly focused on contributing to the education, health, rural development and ICT sectors.

The Fellowship Program provides opportunities to government officials of Nepal to gain first-hand knowledge of Korean development. The purpose of this program is to enable the fellows to put what they have learned via the fellowship program to use for the development of their home country or local community. Each year KOICA invites more than 100 government officials from Nepal to Korea in order to improve their capacities in a number of fields. As of FY 2017 the number of participants increased to 111. Between 1991 and 2017, KOICA offered fellowship programs to a total of 1,697 fellows from Nepal. However, KOICA is very much committed in introducing relevant fellowship programs for Nepal and increasing the number of fellows in the coming years.

Additional ongoing multi-lateral projects supported by Korea include the WFP Saemaul Zero Hunger Project Phase II (2015-2018), with US\$ 4 million of assistance. The ILO Labour Market Information & Employment Services Project (2014-2018) is also ongoing and has been supported with US\$ 1.8 million.

#### **Additional Information**

- *KOICA: <http://www.koica.go.kr/english/main.html>*
- *Embassy of the Republic of Korea in Nepal: <http://npl.mofa.go.kr/english/as/npl/main/index.jsp>*
- *Aid Management Platform (AMP), Korea: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4806>*

## 9 | Kuwait



### Country Overview and Approach to Development Cooperation

Kuwait is a constitutional emirate situated in the Middle East which borders the Persian Gulf, and is located between Iraq and Saudi Arabia. This geographic location provides Kuwait with a commercial importance, as it is a natural outlet for the northwestern part of the Arab Peninsula. The total area of Kuwait is 17,818 square kilometers. In 2016, the country's population was about 4 million, with a population density of 227 per square kilometer.

Kuwait has a hereditary monarchy. His Highness the Amir of the State is the ruler of the country. The Prime Minister and Deputy Prime Ministers are appointed by the Monarch. The Council of Ministers is appointed by the Prime Minister and approved by the Monarch. The country has a unicameral National Assembly, or Majlis al-Umma, which has 50 seats; each member is elected by popular vote every four years.

Kuwait has a wealthy and relatively open economy with crude oil reserves of about 102 billion barrels - more than 6% of world reserves. Kuwaiti officials plan to increase production to 4 million barrels of oil equivalent per day by 2020. Petroleum accounts for over half of GDP, 92% of export revenues, and 90% of government income. Kuwait is currently in discussion with foreign oil companies to develop fields in the northern part of the country. Kuwait's climate limits agricultural development. Consequently, with the exception of fish, it depends almost wholly on food imports. About 75% of potable water must be distilled or imported. The Human Development Index of Kuwait was 0.800 in 2015, 51st among 188 countries.

The Kuwait Fund for Arab Economic Development (KFAED), commonly known as the Kuwait Fund, is the State of Kuwait's agency for the provision and administration of financial and technical assistance to developing countries. KFAED is the first institution in the Middle East that took an active role in the international development efforts. It extends loans on concessional terms to finance development projects in developing countries. The Fund also provides technical assistance to finance the costs of the feasibility studies of projects, as well as the training of nationals of the borrowing countries. In addition, the Fund subscribes in the capital of international and regional development institutions. Today, the Kuwait Fund forms a solid bridge of friendship and solidarity between the state of Kuwait and the developing nations.

The Kuwait Fund for Arab and Economic Development (KFAED) was established on 31 December 1961 in order to extend loans and aid to Arab and other developing countries. KFAED is an autonomous public body having an independent legal identity. According to recent statistics, the Fund's paid-up capital since its foundation amounts to KWD 2 billion (approximately US\$ 6.6 billion). As of today, it has given a total of 944 loans to 106 beneficiary countries with loan commitments totaling KWD 6 billion (approximately US\$ 19.7 billion). Kuwaiti foreign assistance, channeled mainly through the Kuwait Fund, averages an annual equivalent of 4% or more of Kuwait's GNP. As such, Kuwait is one of the few countries in the world whose aid budget exceeds the UN target of 0.7% of GNI.

## Diplomatic History

Nepal and Kuwait established diplomatic relations on 25 February 1972. Nepal established its Embassy in Kuwait on 21 March 2010. The Embassy of Nepal in Kuwait facilitates aid and other matters with KFAED. There is no Embassy of the State of Kuwait in Nepal.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

Economic cooperation between the two countries started in January 1976 with the signing of a loan agreement amounting US\$ 18.5 million for the Kulekhani Hydro-Project. Further, in 1979, Kuwait provided a supplementary loan of US\$ 7.4 million to meet the cost overrun of the same project.

Later, under an agreement signed on 25 January 1985, Kuwait provided KWD 6 million (approximately US\$ 20 million) for civil works related to the Marsyangdi Hydro Power Project. Kuwait further provided an additional KWD 2.9 million (around US\$ 9.5 million) for works related to the same Project. The total funds extended amounted to KWD 11.4 million (around US\$ 37.8 million) as of 31 December 2002.

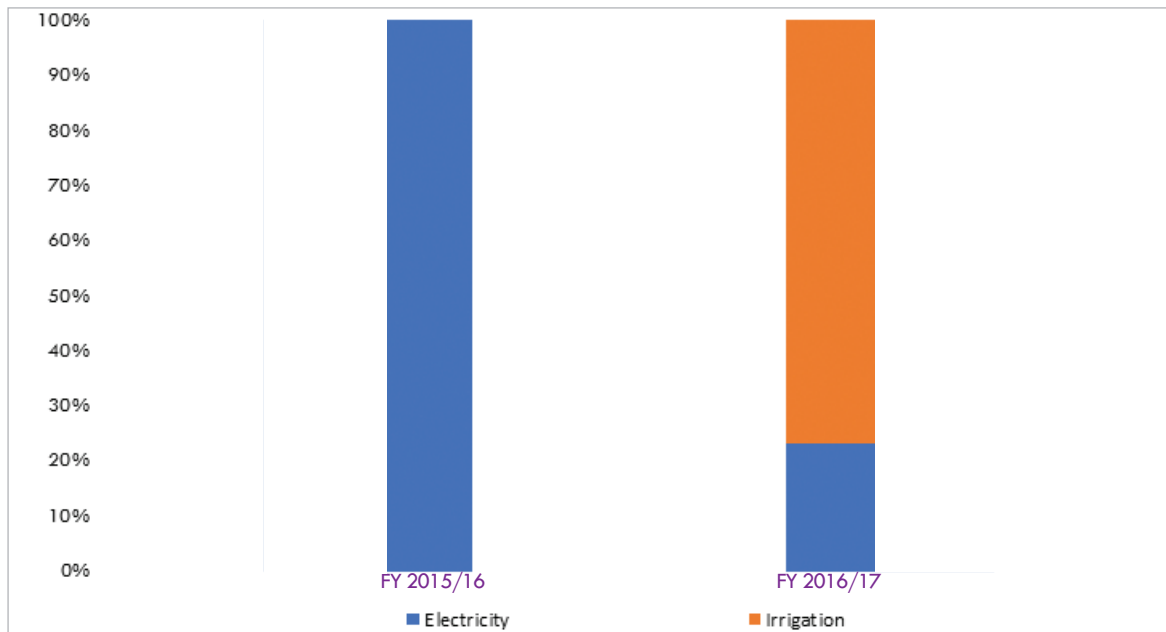
An agreement for a loan amounting to KWD 1.5 million (around US\$ 5 million) was also concluded on 26 October 1998 for the execution of the Praganna Kulo Irrigation Project in Dang district. The loan was used for the construction and rehabilitation of irrigation canals and intakes.

In 2013, KFAED agreed to provide loan assistance of US\$ 18 million for the Budhiganga Hydropower Project to be developed in Acham District. The project aims at contributing to the social and economic development of Nepal through increasing electricity generation capacity of the country to meet the load demand and reduce the load shedding. The project is a peaking run-of-river type that lies within the Achham and Bajura districts on the Budhi Ganga River, a major tributary to the Seti River and is located in the Far-Western Development Region, approximately 830 kilometers west of Kathmandu.

KFAED provided an additional loan of KWD 5 million (US\$ 16.5 million) in 2015 for the implementation of the Irrigation Systems Improvement Project (ISIP). The main objective of this project is to facilitate irrigation support in the Central and Eastern Development Regions of Nepal by rehabilitating and extending existing Farmer Managed Irrigation Systems (FMIS). It further aims at enhancing agricultural productivity and sustainability by reducing poverty and improving the livelihoods of the poor rural population. The project covers all 35 districts of the Central and Eastern Development Regions for

the benefit of the farmers of the targeted areas by strengthening the community managed irrigation systems.

**Figure 1: KFAED's support to Nepal by sector, FYs 2015/16 and 2016/17**



Source: Aid Management Platform

According to the disbursement data available in the Aid Management Platform, KFAED had a total disbursement volume of US\$ 1.2 million in the two fiscal years of FY 2015/16 and FY 2016/17. As shown in Figure 1, for the former year, the disbursement was entirely to the Electricity sector, while in the latter year, over 75% of disbursement was to the Irrigation sector, with the balance made to the Electricity sector.

#### Additional Information

- *Kuwait Fund for Arab Economic Development*: <https://www.kuwait-fund.org/en/web/kfund>
- *Embassy of Nepal in Kuwait*: <http://kw.nepalembassy.gov.np/>
- *Aid Management Platform (AMP), Kuwait Fund*: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4805>

# 10 | The Netherlands



## Country Overview and Approach to Development Cooperation

The Kingdom of the Netherlands is a sovereign state and constitutional monarchy with the large majority of its territory in Western Europe, in addition to several islands in the Caribbean Sea and the West Indies islands. Four constituent countries (the Netherlands, Aruba, Curacao, and Saint Maarten) participate as partners in the Kingdom. The Netherlands' population in 2016 was 17 million, and the country has a population density of 505 per km<sup>2</sup>.

The main political institutions of the Netherlands are the Monarchy, Cabinet, States General, and the judicial system. The current monarch is Willem-Alexander. Under the Dutch constitution, the Cabinet is presided over by the Prime Minister and composed of all government ministers. Its job is to take decisions on overall government policy and promote the coherence of policy. The States General, or the Dutch Parliament, consists of the First Chamber (Upper House) and the Second Chamber (Lower House). The First Chamber, with 75 members, is elected by provincial parliaments every four years and has the power to accept or reject legislation. The Second Chamber, with 150 members, is elected by proportional representation. The judicial system consists of Hoge Raad, or the Supreme Court, as well as subordinate courts.

The Netherlands is an open economy and the sixth largest economy in the European Union. As a European transportation hub, it has a high trade surplus, stable industrial relations, and low unemployment. A highly mechanized agricultural sector employs 2% of the labor force but provides large surpluses for food-processing, which underpins the country's status as the world's second largest agricultural exporter. GDP in 2016 was US\$ 70.8 billion. In 2015, it ranked seventh in the world in Human Development Index (0.924).

In 2015, the Netherlands provided US\$ 5.8 billion in net ODA (preliminary data), which represented 0.76% of GNI and an increase of 24.4% in real terms from 2014, due mostly to a rise in in-donor refugee costs. The Netherlands is committed, at European level, to collectively achieve a 0.7% ODA/GNI ratio by 2030.

The Netherlands is the fifth largest Development Assistance Committee (DAC) provider in terms of ODA as a percentage of GNI, the seventh largest by volume, and one of only six DAC members to have met the UN target of 0.7%. It focuses its ODA on four thematic priorities: (1) security and the rule of



law, (2) water, (3) food security, and (4) sexual and reproductive health and rights (including HIV/AIDS). Other focus areas include climate protection, humanitarian aid, private sector development, women's rights, and gender equality. Geographically, Dutch development assistance is concentrated on sub-Saharan Africa and low-income countries.

## Diplomatic History

Nepal and the Netherlands established diplomatic relations in April 1960. The Netherlands Consulate in Nepal is located in Jawalakhel, Lalitpur. Nepal maintains a consulate general in Amsterdam and is concurrently accredited to the Netherlands and the Dutch Embassy in New Delhi. As of November 2017, identification of the Honorary Consul to Nepal is in process.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

The Government of the Netherlands provides ODA to Nepal including other developing countries through SNV Netherlands Development Organisation<sup>4</sup> which opened its first Asia office in Nepal in 1980. However, economic cooperation between the two countries started earlier, in 1976, with the involvement of Dutch volunteers (technicians/engineers) to assist in various development sectors. Later in 1983, Nepal and the Dutch government signed an agreement on the employment of Dutch volunteers for economic development and cooperation. This led SNV Netherlands Development Organisation to start working in Nepal on behalf of the Government of the Netherlands. SNV Nepal has mainly focused on urban development, agriculture and renewable energy related areas but there is no specific overall country strategy from the Dutch side. They work according to the development priorities of the Government of Nepal.

The Biodiversity Sector Support Program (BSSP)<sup>5</sup> was one of the major projects funded by SNV Nepal under the direction of the Ministry of Forestry and Soil Conservation. It contributed to biodiversity conservation through support to the forestry sector, strengthening of local forestry governance, and development of a collaborative forest management system during the period of 2001 to 2005. Similarly, various other successful forestry projects have been implemented with support from SNV Nepal, including the Hills Leasehold Forestry and Forage Development Project (1993-2001), the Agro-forestry and Community Development Program (1990-1995), and the Bardia Integrated Conservation Project (1995-2000).

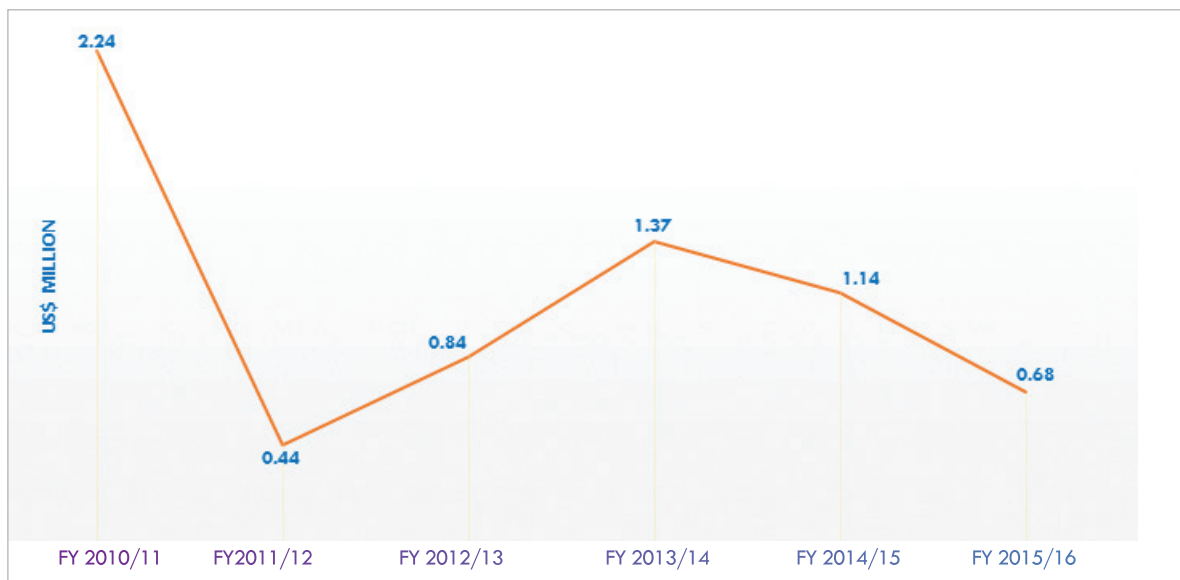
In addition, the Government of Nepal, with SNV Nepal's assistance, initiated the Biogas Support Program (BSP) in 1992; later, in 2003, BSP-Nepal was established with the support of SNV and ran through 2012. It focused on further developing and disseminating the use of biogas as a low cost and sustainable energy source in rural Nepal. SNV Nepal established a quality management system, strengthened Public-Private Partnerships, and improved access to credit as part of the program. In addition to domestic biogas, SNV, together with the Bank of Kathmandu, launched Biogas for Business (B4B) in 2012. It targeted support for the installation of medium to large scale biogas plants for waste management, energy production and production of organic fertilizer.

4 A non-profit international development organization — established in the Netherlands in 1965 — under the Dutch Ministry of Foreign Affairs.

5 A five-year project (1st May 2001-30th April 2006) funded by SNV Nepal/ Netherlands under the Ministry of Forest and Soil Conservation (MFSC).

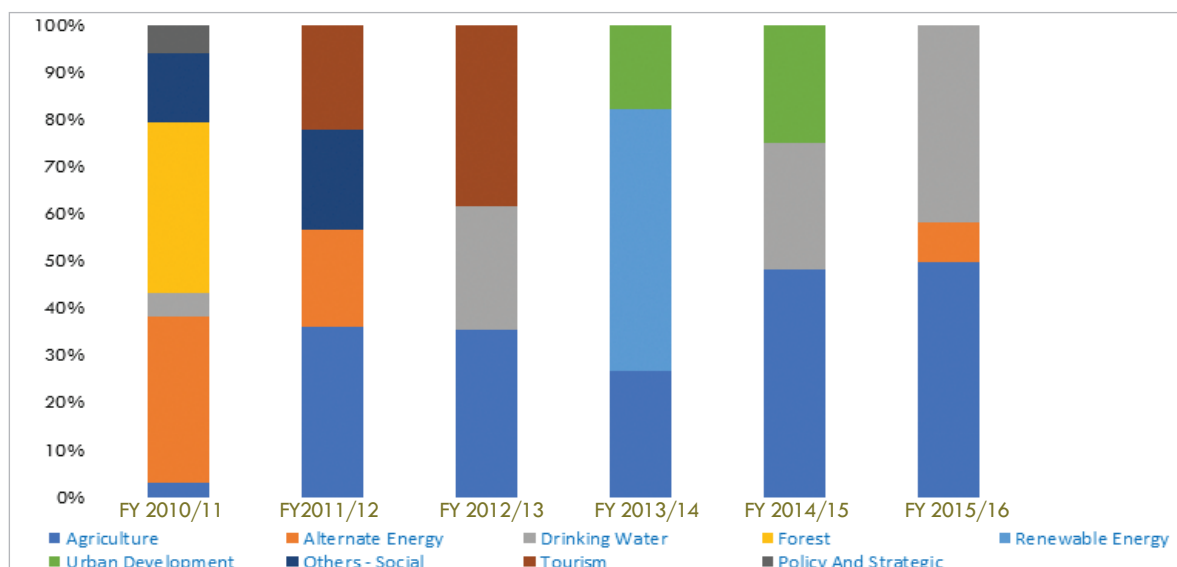
From FY 2010/11 to 2015/16, over US\$ 6.7 million of aid was disbursed to Nepal (Figure 1). The Netherlands provided US\$ 2.2 million of ODA to Nepal in FY 2010/11 but the amount decreased to US\$ 683,109 in FY 2015/16 due to the Dutch Government's policy of reducing global aid from 0.81% of GNI in 2010 to 0.7% by 2012 to respond to its own internal refugee-related costs. Figure 2 reflects the decision of the Dutch Government that support to forestry would be discontinued. In FY 2010/11 and FY 2011/12, support to renewable energy and biogas was active, but over time there is a clear shift towards supporting drinking water and renewable energy.

**Figure 1: The Netherlands' disbursement to Nepal, FYs 2010/11-2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: The Netherlands' support to Nepal by sector, FYs 2010/11-2016/17**



Source: Aid Management Platform

From 2011, SNV Nepal has designed impact-oriented programs which include some current key projects and initiatives supported by the Netherlands in the areas of agricultural and forest products, energy, and water, sanitation and hygiene. These programs are aligned with the development priorities of the Government of Nepal, and focus on increasing livelihood opportunities, food security, access to energy, and access to water, sanitation and improved hygiene. Currently, SNV Nepal operates in 34 districts, with a country office in Kathmandu and various project offices across the country.

SNV Nepal has been working on its WASH-related project Sustainable Sanitation and Hygiene for All (SSH4A) since 2008, which focuses on developing a comprehensive local government-led approach in scaling up sanitation from community to district level.

In collaboration with the Government of Nepal and the International Fund for Agriculture Development, the Government of the Netherlands has also supported the High Value Agriculture Project (2010-2017). It aims to reduce poverty and vulnerability in the hill and mountain areas of the Mid and Far-western development regions of Nepal. It links the rural poor to the high value agriculture and non-timber forestry product value chains and markets, so that they will be able to better respond to market demand and increase income and employment opportunities.

Since late 2012, SNV has also been implementing the five-year Improved Cookstove Program in seven far-western districts. Through this program, rural people are provided access to clean cooking methods which reduce indoor air pollution and time in firewood cooking. This has led to positive health impacts and reduced fuel consumption by 40%.

#### **Additional Information**

- *Netherlands Consulate to Nepal: <http://www.netherlandsconsulate.org.np/about.php>*
- *SNV Nepal: <http://www.snv.org/country/nepal>*
- *Aid Management Platform (AMP), Netherlands: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4807>*

# 11 | Norway



## Country Overview and Approach to Development Cooperation

Norway is a country in the north of Europe. It is the western part of the Scandinavian peninsula. The mainland of Norway is surrounded by a coast on the west side and borders Russia, Finland, and Sweden to the east. The coast touches the Oslofjord, Skagerrak, and the North Sea. Norway is the 61st largest country in the world with a total area of 385,180 km<sup>2</sup> and a population of 5,258,317 in 2017. Its population density was 16.2 per km<sup>2</sup> in 2017. Officially the Kingdom of Norway, the country is a sovereign state and unitary monarchy, with a parliamentary system where the executive power is dependent on the direct or indirect support of the legislature (Stortinget). Norway follows Montesquieu's separation of powers, in the legislative, executive and judicial power.

The Norwegian economy is characterized as a mixed economy — a capitalist market economy with a clear component of state influence. The government controls key areas through large-scale state enterprises, such as the vital petroleum sector. The country is richly endowed with natural resources — petroleum, hydropower, fish, forests, and minerals. Norway's main industries are petroleum and gas, maritime industry, seafood, energy and information- and communication technology. Norway is the 30th largest export economy in the world and the 20th most complex economy according to The Observatory of Economic Complexity (OEC). In 2016, Norway exported goods worth US\$ 89.4 billion and imported goods worth US\$ 72.3 billion. This resulted in a positive trade balance of US\$ 17.1 billion in net exports. In 2016 the GDP of Norway stood at US\$ 370 billion. Despite being a European country, Norway is not a member of the European Union (EU), but participates in the EU common market as a signatory to the European Economic Area (EEA), an agreement between the countries of the EU, and the European Free Trade Association (EFTA).

According to the data published by the Organisation for Economic Co-operation and Development (OECD), Norway granted NOK 36.6 billion in development assistance in 2016, corresponding to 1.11% of Norway's gross national income (GNI). Norway is the second largest Development Assistance Committee (DAC) provider in terms of ODA as a percentage of GNI, and the ninth largest by volume. It invests largely in Africa, the Middle East and Asia while South America, Oceania and Europe also gets some portion of its development support.

The Norwegian Government takes an integrated approach to Norway's foreign and development policy. Its development policy is designed to promote economic development, democratization, implementation of human rights, good governance and measures that can lift people out of

poverty. Priority is given to education, humanitarian assistance, health and vaccination, private sector development, climate change adaptation and mitigation, and human rights. The Norwegian Government continues to prioritize education. From 2015 to 2016, support to education rose by almost NOK 700 million to NOK 3.2 billion. A total of NOK 2.2 billion went to basic education, corresponding to 69% of the aid to education.

## Diplomatic History

Norway and Nepal established diplomatic relations in 1973, although the ties between the two countries had started already in the early 1950's. The Embassy opened in 2001 as the relations expanded, in particular through development cooperation. Norway maintains its Embassy at Bakhundol, Pulchowk, Lalitpur, Nepal. Mr Lasse Bjørn Johannessen is the Norwegian Ambassador to Nepal (August 2017-present). Prior to the establishment of the Nepalese Embassy in Copenhagen, the Nepalese Ambassador to the United Kingdom was accredited to Norway. Similarly, the Nepalese Honorary Consul General based in Oslo looks after the Nepalese interests in Norway.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

With the establishment of diplomatic ties in 1973, Norwegian development cooperation started in Nepal as a people-to-people relationship, with active participation of non-governmental agencies and academia. Today, Norwegian assistance is channeled through the Government, multilateral agencies and non-governmental organizations. The formal development cooperation between the Government of Norway and the Government of Nepal began in 1996. Norway's contribution is based on a shared dedication to achieve the Sustainable Development Goals. Bilateral development cooperation was established with the signing of a memorandum of understanding in 1996.

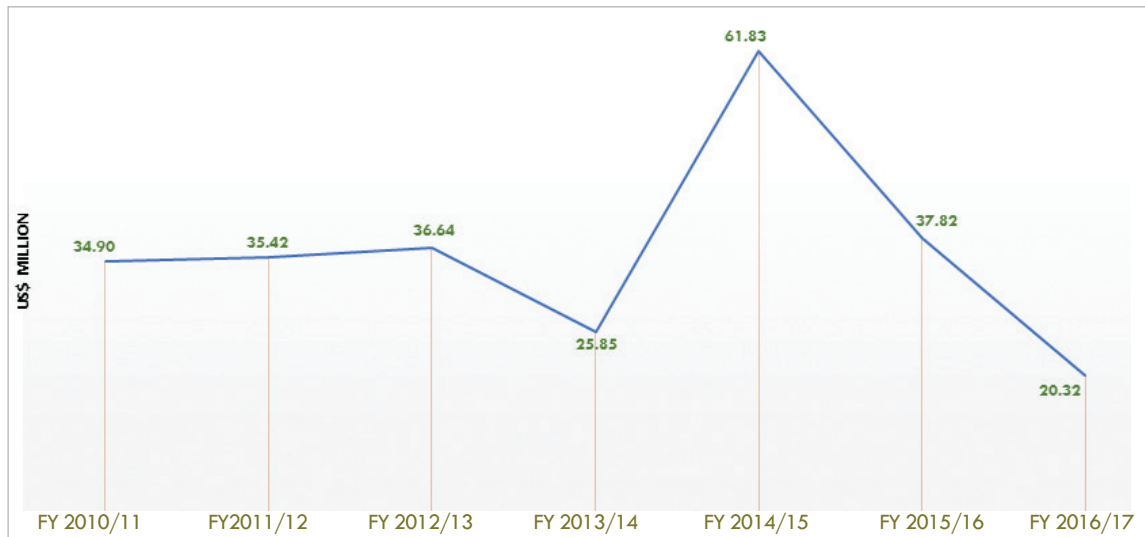
In 2017, Norway granted bilaterally approximately 193 million NOK in development aid to Nepal. The Embassy's priority areas are energy, education, good governance, with human rights, environment, and gender equality as cross-cutting issues. Norway's focus in Nepal is to the country in building strong institutions based on democratic principles, rule of law, gender equality, social and economic equity and promoting good governance, including anti-corruption.

Out of the total official development assistance to Nepal, approximately 75% is administered by the Norwegian Embassy in Kathmandu. The Embassy has approximately 45 active projects in Nepal, including support to Norwegian NGOs with separate programs. The remaining 25% is channelled directly from the Norwegian Ministry of Foreign Affairs and the Norwegian Agency for Development Cooperation (Norad). Norway was also a strongly committed partner in the peace process.

According to the data available in the Aid Management Platform, from FY 2010/11 to 2016/17, Norway disbursed US\$ 252.78 million to Nepal (Figure 1). Data provided by Norway for the period of 2010 to 2016 reports disbursement of US\$ 255.01 million. As shown in Figure 1, the level of Norwegian disbursement was fairly consistent for the first four years of the reporting period, with the disbursement amount increasing significantly in FY 2014/15, to over US\$ 61 million. This increase was due to the additional Norwegian support for earthquake response in 2015. In terms of Norwegian

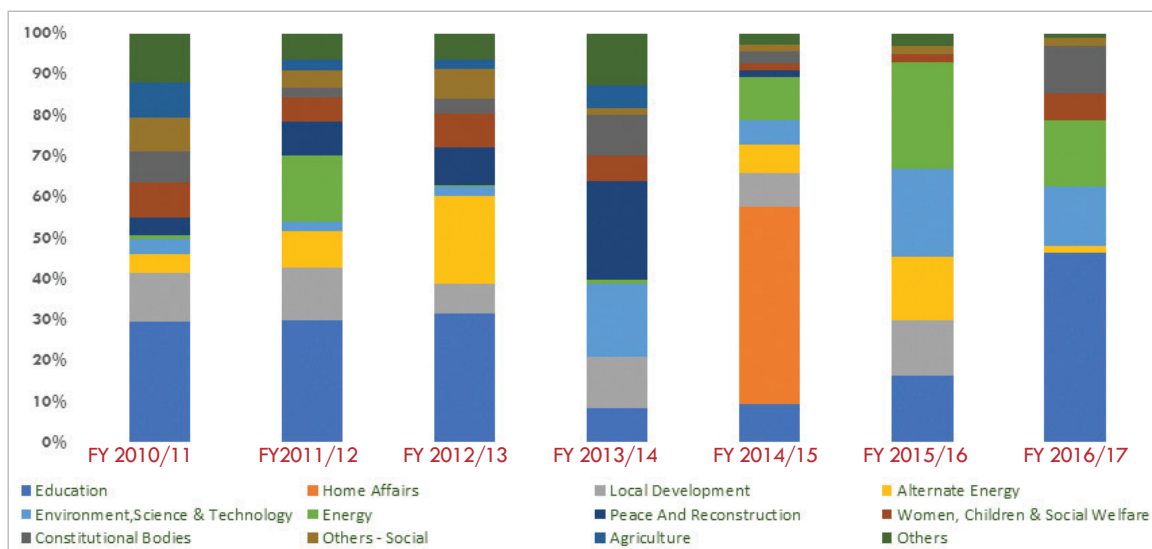
support to specific sectors, Figure 2 shows that the Norwegian portfolio of aid directs a significant amount to the education, energy and environment and governance sectors.

**Figure 1: Norway's disbursement to Nepal, FYs 2010/11-2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: Norway's support to Nepal by sector, FYs 2010/11-2016/17**



Source: Aid Management Platform

Norway has worked closely with other donors to reach the targets for the education program School Sector Reform Program (SSRP) since 2009, and is particularly committed to increasing access to education for girls and children with disabilities. The current support on SSDP is particularly committed to improving the overall quality of education. The SSDP aligns with Nepal's international commitment towards the SDGs, which were ratified by the UN General Assembly in September 2015. Building upon the lessons learned and the gains made in the sector, SSDP is designed to enable the school education sector to complete unfinished agenda items and to achieve the targets under SDG 4.

Norway is a long-time supporter for energy development in Nepal. The main energy support has to date been channeled through ADB, by a grant of NOK 330 million (divided across several years) for the Electricity Transmission Expansion and Supply Improvement Project and the South Asia Sub-regional Economic Cooperation (SASEC) Power Expansion Project-Transmission Line in Nepal. Worth mentioning was also support to the Energize Nepal Project with a special link between Kathmandu University and Norwegian University of Science and Technology (NTNU), with a grant of NOK 25 million (over 5 years). To ensure men, women and children enjoy improved wellbeing in a healthy mountain environment, and for greater knowledge of the causes and consequences of climate change in the region, Norway is supporting the regional intergovernmental learning and knowledge center International Centre for Integrated Mountain Development (ICIMOD), with a budget of NOK 150 million over 5 years.

Presently, the Norwegian governance cooperation in Nepal concentrates on building democratic institutions, local governance, strengthening rule of law, effective public financial management and anti-corruption. Over the last few years, the Embassy has funded the governance sector with approximately NOK 50 million annually. In particular, the support aims to increase citizens' trust in local government institutions, especially by strengthening the capacity of local government institutions. The programs have provided better, transparent and equitable services to citizens, including improved public financial systems. To make local authorities more accountable and transparent to their citizens, Norway also supports civil society organizations targeting mainly women, children and marginalized communities.

Norway contributes to Women's Rights and Gender Equality (WRGE) by mainstreaming gender and equality measures in general and particularly within education, good governance and energy. Norway's support to Nepal focuses in particular on promoting political participation of women; combat sexual and gender discrimination of women; economic empowerment of women; as well as supporting initiatives to promote the human rights of sexual minorities.

With regards to private investments, Khimti I Hydropower Plant is Norway's largest initiative in Nepal. Commercial operation commenced on 11 July 2000. The plant is a "run of the river" hydro-electric power generation plant designed for an installed generating capacity of 60,000 kilowatts and annual production of 350 million kilowatt-hours of electrical energy (350 GWh). The project is well run driven by Norwegian HSE standard and holds the record in Nepal for achieving an availability of 99.2%. Himal Power Limited operates the plant and sells electricity to Nepal Electricity Authority (NEA). The plant is built with private sector funding as a "BOOT" agreement (Build, Own, Operate, and Transfer) with GoN and will be transferred to GoN at the end of the 50-year license period.

#### **Additional Information**

- *Norwegian Agency for Development Cooperation, Norad: <https://www.norad.no/en/front/>*
- *The Royal Norwegian Embassy in Nepal: <https://www.norway.no/en/nepal>*
- *Aid Management Platform (AMP), Norway: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4809>*

## 12 | Saudi Arabia



### Country Overview and Approach to Development Cooperation

Saudi Arabia is a desert country and an Arab Muslim State. Saudi Arabia occupies most of the Arabian Peninsula, bordering the Red Sea on the west and the Persian Gulf to the east. It is bordered by Iraq, Jordan, Kuwait, Oman, Qatar, United Arab Emirates, and Yemen. The country shares maritime borders with Bahrain, Egypt, Eritrea, Iran and Sudan. With a land area of approximately 2,150,000 km<sup>2</sup>, Saudi Arabia is geographically the fifth-largest state in Asia. The total population of Saudi Arabia is 32 million with a life expectancy of 73 years for men and 76 years for women. Saudi Arabia is also the land of the birthplace of Islam and home to Islam's two holiest shrines in Mecca and Medina.

In 1902, Abd Al-Aziz bin Abd al-Rahman Al Saud captured Riyadh and set out on a 30-year campaign to unify the Arabian Peninsula. A son of Abd Al-Aziz rules the country today, and the country's basic law stipulates that the throne shall remain in the hands of the aging sons and grandsons of the Kingdom's founder.

The country's major religion is Islam and it is governed according to Shari'a (Islamic law), the basic law that articulates the Government's rights and responsibilities, and was introduced in 1993. The Monarch is both the chief of state and head of government and runs the state affairs, assisted by a Consultative Council, or Majlis al-Shura. The Consultative Council currently consists of 150 members appointed by the King for a four-year renewable term. Based on their experience, members are assigned to committees. There are 12 committees that deal with human rights, education, culture, information, health and social affairs, services and public utilities, foreign affairs, security, administration, Islamic affairs, economy and industry, and finance.

The economy of Saudi Arabia is dependent on oil and all the prominent economic activities are under the strict control and monitoring of the government. The country has the third highest total estimated value of natural resources, valued at US\$ 34.4 trillion in 2016. Saudi Arabia possesses 25% of the world's proven petroleum reserves and is capable of producing more than 10 million barrels per day. It ranks as the largest exporter of petroleum and plays a leading role in OPEC. The petroleum sector accounts for roughly 75% of budget revenues, 45% of GDP, and 90% of export earnings. About 40% of GDP comes from the private sector. Roughly five and a half million foreign workers play an important role in the Saudi economy, for example, in the oil and service sectors. However, a burgeoning population, aquifer depletion, and an economy largely dependent on petroleum output



and prices are all ongoing governmental concerns.

Therefore, in 1999, the Government announced plans to begin privatizing the electricity companies, which follows the ongoing privatization of the telecommunications company. The Government is encouraging private sector growth to lessen the Kingdom's dependence on oil and to increase employment opportunities for the swelling Saudi population. Priorities for government spending in the short term include additional funds for education and for the water and sewage systems. Economic reforms proceed cautiously because of deep-rooted political and social conservatism.

## Diplomatic History

Nepal and the Kingdom of Saudi Arabia established their diplomatic relations on 15 March 1977. A few years later, Nepal's then-Prince Gyanendra visited Saudi Arabia on an official visit in 1983. Similarly, Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud visited Nepal in November 2010. Since then regular official visits have been made by royal families and delegates of both countries.

Saudi Arabia maintains its Embassy at Maharajgunj, in Kathmandu. Mr Abdunaser bin Husien Al-Harhi is the present Saudi Arabian Ambassador to Nepal.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

Economic cooperation between the two countries began in 1978 when Nepal opened its Embassy in Jeddah, Saudi Arabia. The economic cooperation extended by the Saudi Arabian Government initially focused on uplifting the Muslim community, agricultural development and emergency assistance in Nepal.

However, the assistance to Nepal from Saudi Arabia is currently being provided through the Saudi Fund for Development (SFD). The SFD is an official agency for development cooperation established by Royal Decree in 1974. It commenced operations in 1975 with the objective of participating in the financing of development projects in developing countries through the granting of loans and encouraging national non-crude-oil exports by providing finance and insurance in support of such exports. It operates from a capital base provided by the Government of Saudi Arabia.

As the assistance provided through the SFD is concessional and is untied, it has no specific geographical or sectoral limitations. Thus, in recent years the assistance has been utilized in Nepal for the development of infrastructure such as power generation, road construction and irrigation development. Loans extended by SFD carry a 15-25 year repayment period and a loan charge of 2-5%, depending upon the nature of the loan. The Saudi Charter allows the SFD to finance up to 50% of the project costs.

Nepal has received loan assistance from the Saudi Fund for Development for several hydroelectric projects including the Marsyngndi Project. There was also a substantial contribution from SFD for the construction of the East-West Highway of Nepal. SFD also provided emergency food assistance during

FY 1982/83 in the amount of US\$ 5 million, and a cash grant of GBP 980,392 (approximately US\$ 1.3 million) for the procurement of fertilizer. For the rehabilitation of the earthquake victims, the SFD provided 1,380 units of tents and over 3,000 packages of foods, as well as a cash grant of US\$ 1 million for the procurement of equipment for the post-accident centers.

In addition, SFD has provided a loan amounting to 56.25 million Saudi Riyals, equivalent to US\$ 15 million, to the Government of Nepal for the completion of the Bagmati Irrigation Project and, with the signing of this loan agreement in September 2007, the total amount of the loans extended by SFD to Nepal through 2007 reached Saudi Riyals 246.25 million, equivalent to about US\$ 65.7 million.

Looking at the scenario of assistance from SFD in more recent years, in 2013 SFD agreed to provide loan assistance in the amount of US \$ 30 million to the Government of Nepal for the implementation of the Budhi Ganga Hydropower Project, which is expected to be completed by 2019. The project aims at the expansion of rural electrification, generation of new employment opportunities, and economic activities focusing on the local and regional levels.

According to the disbursement data available in the Aid Management Platform, and shown in Figure 1, between the period of FY 2010/11 to FY 2016/17. The sum of actual disbursement for the seven years amounts to over US\$ 7.3 million, with the highest disbursement in the most recent fiscal year, in the amount of US\$ 2.38 million. Disbursement has been almost entirely to the Irrigation sector, with some support to the Electricity sector in the past two fiscal years.

**Figure 1: SFD's disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

Looking to the future, SFD has agreed to provide loan assistance of Saudi Riyals 93.75 million (approximately US\$ 25 million) for the Rehabilitation and Extension of Dunduwa Irrigation Project to be implemented by the Ministry of Irrigation. The interest rate of the loan will be 2% and the loan

closing date is 31 March 2019. The project will cover 13 VDCs of Banke district in Bheri Zone. The main components of the project are civil works including construction of 25 kilometers of main and link canals, construction of six branch canals, and 250 kilometers of tertiary canals.

#### **Additional Information**

- *Embassy of the Kingdom of Saudi Arabia in Nepal: <http://embassies.mofa.gov.sa/sites/Nepal/EN/Pages/default.aspx>*
- *Aid Management Platform (AMP), Saudi Arabia: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4812>*

## 13 | Switzerland



### Country Overview and Approach to Development Cooperation

Switzerland, officially the Swiss Confederation, is a federal republic situated in Western-Central Europe. Switzerland is a landlocked country. It has an area of 41,285 square kilometers, and is bordered by Italy to the south, France to the west, Germany to the north, and Austria and Liechtenstein to the east. The country is geographically divided between the Alps, the Swiss Plateau and the Jura. The Alps occupy the greatest part of the territory. The resident population of Switzerland has risen from 3.3 million in 1900 to 8.4 million today. The resident population grew by 1.1%.

The Swiss Confederation was founded in 1291 as a defensive alliance among three cantons. In succeeding years, other localities joined the original three. The construction process of Switzerland lasted some 550 years and the country became complete only in 1815 when the last cantons joined the Confederation. Federalism and direct democracy reflect the great importance that the Swiss political system places on the freedom of choice and self-determination. The capital city of Switzerland is Bern. Three political levels share power in Switzerland: the Confederation, the 26 cantons and over 2,250 communes. The Swiss federal government, the Federal Council, is made up of seven members, who are elected by parliament. The Swiss parliament, or Federal Assembly, has a total of 246 members, who are directly elected by the people. Switzerland has a bicameral parliament: the National Council (200 members) and the Council of States (46 members).

Switzerland has one of the most competitive economies in the world thanks above all to its highly developed service sector. It has the second highest gross domestic product (GDP) per capita in the world. At the end of 2015 Swiss GDP per capita stood at CHF 77,943 (approximately EUR 73,000 or US\$ 81,000). About 74% of Swiss GDP is generated by the service sector and 25% by industry. The contribution from the agricultural sector is less than 1%. It is the 12th largest exporter in the world. Switzerland's most important economic sector is manufacturing. Manufacturing consists largely of the production of specialist chemicals, health and pharmaceutical goods, scientific and precision measuring instruments and musical instruments. The largest exported goods are chemicals, machines/electronics, and precision instruments/watches. The European Union (EU) is Switzerland's main trading partner. Around 78% of Swiss imports are from the EU, while 43% of Swiss exports are destined for EU countries. Every year Switzerland spends close to 3% of its GDP, more than CHF 18.5 billion (around EUR 15 billion or US\$ 20.6 billion), on research and development. Over three-quarters of the funding come from the private sector.

Switzerland has a long tradition of international assistance, especially in humanitarian aid. The Federal Act on International Development Cooperation and Humanitarian Aid (1976) and the specific legislation adopted in 1995 are the two federal acts that underpin the Swiss aid program. The Act outlines the objectives of Switzerland's international assistance. Development cooperation with Eastern Europe and the Commonwealth of Independent States is shaped by specific legislation which was enacted in 1995 and renewed in 2006 for the next ten years. These two federal acts provide for multi-annual funding for official aid. The Swiss Agency for Development and Cooperation (SDC), within the Federal Department of Foreign Affairs (FDFA), and the State Secretariat for Economic Affairs (SECO), within the Federal Department of Economic Affairs (FDEA), are two institutions which share the responsibility for defining and implementing the Swiss aid program. FDFA's Political Affairs Division (peace and human rights); the Federal Office for Migration (refugees); and the Federal Department of Defense, Civil Protection and Sports (peace promotion initiatives) are other institutions involved in international development cooperation.

## Diplomatic History

Switzerland and Nepal established diplomatic relations in 1956. On the occasion of 50 years of development cooperation between the countries, the Government of Switzerland opened an Embassy in Nepal in 2009. Similarly, Nepal also opened its residential Embassy in Geneva, Switzerland. At present, Ms Elisabeth von Capeller is Swiss Ambassador to Nepal and Mr Deepak Dhital is Nepal's Ambassador to Switzerland.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

Switzerland is well positioned in Nepal and relations have traditionally focused on development. Thanks to its long-term work in Nepal, Swiss development cooperation offers technical advice and aid in implementing development programs. Since the 1950's the two countries have had a close partnership in development cooperation. Looking at the history of Swiss cooperation with Nepal, in the first fifty years, support was mostly focused on the rural areas of Nepal with infrastructure and livelihood activities such as for agriculture, irrigation, road construction and maintenance, health, and education, among others. The first cooperation initiative was in the field of cheese and dairy, from 1956-1964. The construction of the Lamosangu-Jiri Road, during 1974-1985, facilitated the transfer of knowledge of mountain road construction acquired over long experience in the Swiss Alps, but also the innovative adaptation of the engineering knowledge to the particular environmental and socio-economic conditions of Nepal.

Initially several Swiss NGOs were also active in Nepal. Official development cooperation between Switzerland and Nepal began after the signing of a bilateral agreement governing technical cooperation. Since 1963 Nepal has been a priority country for Swiss development cooperation.

Switzerland works closely with local authorities, other donors, and international organizations in Nepal. Its key partners include Helvetas Swiss Intercooperation, AF-ITECO AG, Swiss Contact, and Line Ministries such as the Ministry of Federal Affairs and Local Development; the Ministry of Labour and Employment; and the Ministry of Agricultural Development. Switzerland also works with multilateral

organizations such as the World Bank and the Asian Development Bank, and with the International Centre for Integrated Mountain Development (ICIMOD).

In 1972, Switzerland and Nepal concluded a bilateral agreement on technical cooperation. Since 2005 Switzerland has applied an integrated strategy unifying development, human rights, peacebuilding and political and diplomatic contacts. As part of the strategy for 2013–2016, Switzerland is investing CHF 35 to 40 million annually in Nepal. Economic and trade relations between Switzerland and Nepal are not very intensive, and direct Swiss investments in Nepal are minimal. In 2016 Swiss companies exported goods worth US\$ 38.3 million to Nepal, primarily timepieces, vehicles, pharmaceutical products and machinery. Swiss imports from Nepal in 2016 totaled US\$ 1.63 million, mainly textiles and clothing. Switzerland is working in Nepal to help establish properly functioning and inclusive state structures at the national and local levels. By prioritizing human security, the rule of law and the protection of human rights, Switzerland is helping to combat violence, discrimination and impunity.

Switzerland is contributing bilateral development cooperation and humanitarian aid through the Swiss Agency for Development and Cooperation (SDC), and economic cooperation and development through the State Secretariat for Economic Affairs (SECO). Switzerland aims to improve living conditions and increase food security especially for the rural population. It is supporting the sustainable use of natural resources, such as land, water and forests, as well as the construction of rural roads and bridges, thus facilitating access to markets and services for the groups concerned. In addition, Switzerland is promoting vocational education and training among young women and men to enable them to find work.

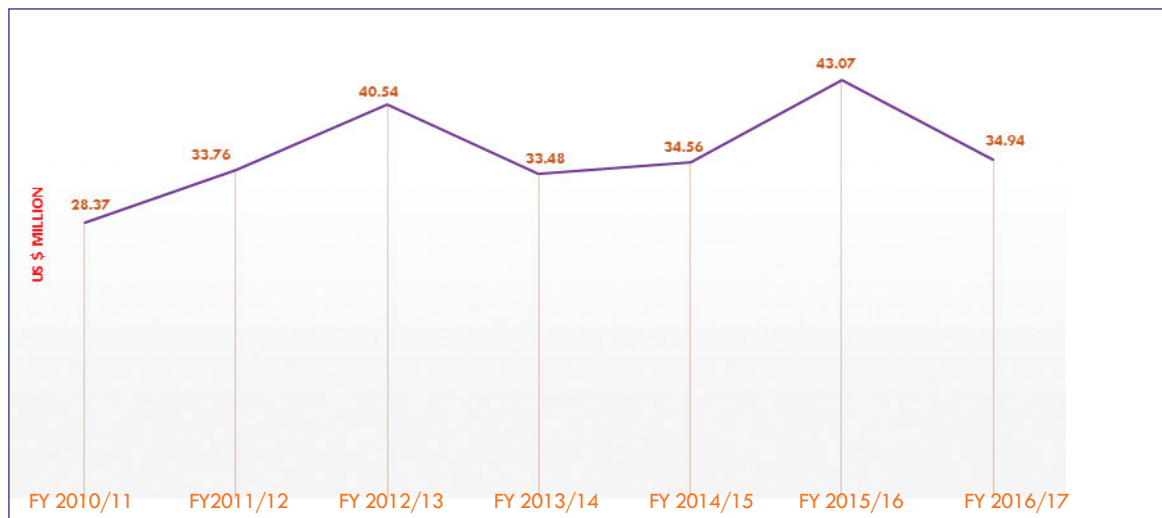
Thanks to the construction of properly functioning and reliable irrigation systems and transport routes, the food security of 353,000 households, 60% of which are from disadvantaged groups, has been improved on a sustainable basis. Marginalized smallholder farmers, including many households headed by women, are benefiting from better and more reliable access to resources and are improving their crop yields and opportunities to sell their produce. Switzerland remains highly respected by the GoN and development partners for its substantial contributions to sectoral development in local governance, rural infrastructure, natural resource management, skills development, migration, human rights and gender equality and social inclusion. In the aftermath of catastrophic earthquake of 2015, the Swiss Humanitarian Aid in coordination with development cooperation is actively supporting the Government of Nepal in the reconstruction of individual housing, cultural heritage as well as touristic trails.

The Government of Switzerland has been providing support to Nepal through technical assistance and financial grants. Actual contributions of the SDC to Nepal, excluding program contributions to Swiss NGOs, in 2015 and 2016 were CHF 43.8 million and CHF 42.7 million (US\$ 44.2 million/US\$ 43.1 million), respectively, and the planned contribution for 2017 is CHF 31.6 million (US\$ 31.9 million). Switzerland is also one of the contributors to the World Bank administered multi-donor trust fund in Nepal.

According to the Aid Management Platform data, between FY 2010/11 and FY 2016/17, a total of US\$ 249 million of aid was disbursed to Nepal (Figure 1). The highest disbursement, with a total of US\$ 43 million, was made in FY 2015/16, and the high disbursement is linked to the fact that Switzerland

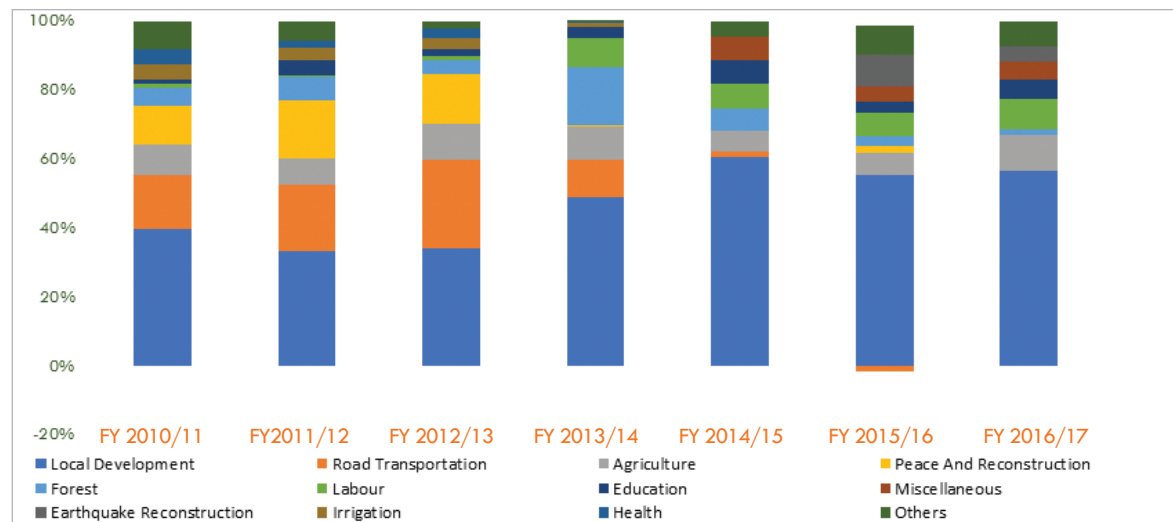
provided funds of US\$ 4.1 million for earthquake reconstruction. In terms of actual disbursement, Switzerland has been one of the top five highest-disbursing bilateral Development Partners in Nepal. Figure 2 shows that a significant proportion of Swiss aid has been directed to the Local Development sector, followed by the Road Transportation, Agriculture, Peace and Reconstruction, and Forest sectors. The Road Transportation and Forest Sectors have been downsized and have significantly decreased from FY 2014/15 onwards. The Labor Sector, with a focus on skills and migration, has been on the rise from FY 2014/15 onwards.

**Figure 1: Switzerland's disbursement to Nepal, FYs 2010/11-2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: Switzerland's support to Nepal by sector, FYs 2010/11-2016/17**



Source: Aid Management Platform

### Additional Information

- Federal Department of Foreign Affairs: <https://www.eda.admin.ch/eda/en/home.html>; <https://www.fdfa.admin.ch/aboutswitzerland/en/home.html>
- Embassy of Switzerland in Nepal: <https://www.eda.admin.ch/kathmandu>
- Aid Management Platform (AMP), Switzerland: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikui/index.html#report/open/4813>

## 14 | United Kingdom



### Country Overview and Approach to Development Cooperation

The United Kingdom is situated in Western Europe between the North Atlantic Ocean and the North Sea. It is comprised of the island of Great Britain, the northern one-sixth of the island of Ireland, and many other islands. In 2016 the country's population was estimated to be about 65 million. Its population density in 2016 was 274 per km<sup>2</sup>, almost four times higher than the world average of 57 per km<sup>2</sup>.

The United Kingdom has a bicameral Parliament comprised of the House of Lords and the House of Commons; Members of the House of Commons are elected by popular vote to serve five-year terms. The country is a constitutional monarchy, with executive power exercised on behalf of the Monarch by the Prime Minister and other cabinet ministers who head government departments. While the Monarch is head of state and theoretically holds all executive power, it is the Prime Minister who is the head of government. Parliament is the national legislature of the United Kingdom. It is the ultimate legislative authority, according to the doctrine of parliamentary sovereignty. The United Kingdom is one of the few countries in the world today that does not have a codified constitution, relying instead on traditional customs and separate pieces of constitutional law.

The United Kingdom, a leading trading power and financial center, is the third largest economy in Europe after Germany and France. Agriculture is intensive, highly mechanized, and efficient by European standards, producing about 60% of food needs with less than 2% of the labor force. The United Kingdom has large coal, natural gas, and oil resources, but its oil and natural gas reserves are declining; it has been a net importer of energy since 2005.

Services, particularly banking, insurance, and business services, are key drivers of British GDP growth. Manufacturing has declined but still accounts for about 10% of economic output. The pharmaceutical industry also plays an important role in the economy. The country's Human Development Index value for 2015 was 0.909, 16th highest among the 188 countries.

The UK is a significant provider of development assistance. The Government's ODA is fully funded by its taxpayers. The UK was one of the first countries to completely 'untie' aid, which, by law, must have the principal purpose of reducing poverty. The Department for International Development (DFID), which was established in 1997, leads the UK's work to end extreme poverty. It works in countries



across Africa, Asia and the Middle East, many of which are fragile or at risk from fragile neighbors. DFID is focused on global challenges including poverty and disease, mass migration, insecurity and conflict. Its work is helping to build a safer, healthier and more prosperous world. Under legislation approved in 2015, the UK Government is legally required to spend 0.7% of Gross National Income (GNI) on ODA. In 2015, that translated to a total spend of US\$ 15.85 billion (£12.1 billion), according to DFID. The provisional figure for 2016 is US\$ 17.43 billion (£13.3 billion). In 2016, the UK was the third largest donor in ODA behind the USA and Germany according to the Organisation for Economic Co-operation and Development (OECD).

## Diplomatic History

The history of official relations between the UK and the Kingdom of Nepal dates back to 1816. Relations between the two countries grew with a Treaty of Perpetual Peace and Friendship which was signed in 1950. The UK was the first country in the world with which Nepal established diplomatic relations and was also the first country to establish an Embassy in Kathmandu. Nepal had established its legation in London in 1934, which was elevated to the Ambassador level in 1947. The UK has been offering fellowships to the Government of Nepal since the 1950's, and British volunteers have been engaged in Nepal since 1964. The UK has been maintaining the British Embassy in Lainchaur, Kathmandu. Mr Richard Morris has been serving as the British Ambassador to Nepal since November 2015.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

The United Kingdom is one of the most significant donors to Nepal, and its assistance aims to reduce political instability, boost economic growth and economic inclusion, provide basic services and increase resilience to natural disasters. In order to better understand and address the issues of poverty in Nepal, in April 1999 DFID established an in-country office staffed by a multi-disciplinary team of both UK nationals and staff appointed in country.

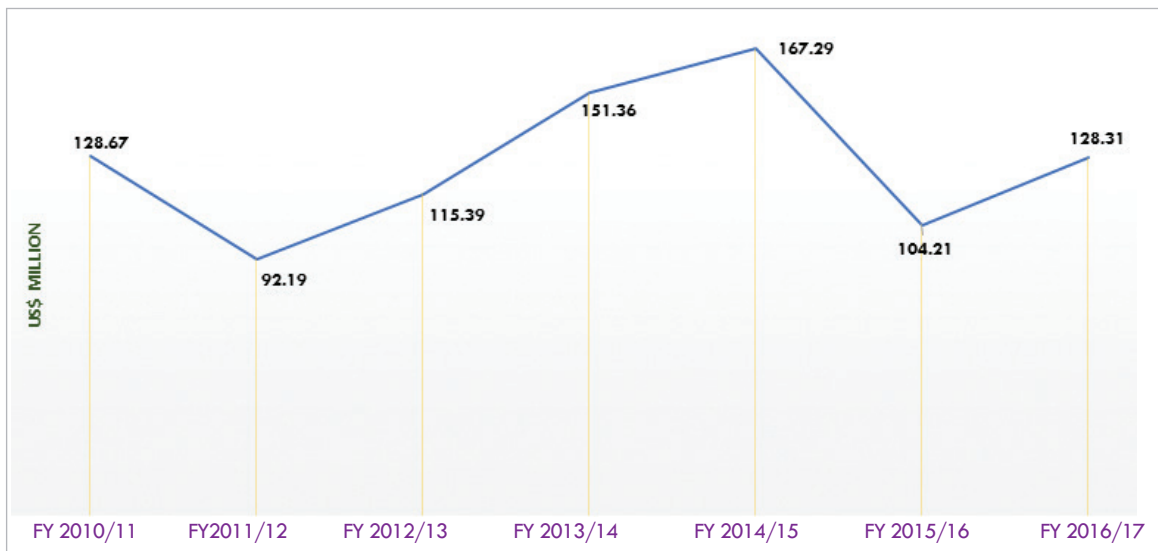
During FY 2015/16, foreign direct investment commitment from the UK stood at US\$ 128.3 million, according to Nepal's Department of Industry. An agreement for the promotion and protection of investment between Nepal and the UK was signed in March 1993. Gender and Social Inclusion is a major cross-cutting theme.

In recent years, Nepal has received generous support and assistance from the UK, especially in the aftermath of the devastating earthquakes of 2015 that claimed over 9,000 lives. The UK Government responded to the Nepal earthquakes immediately with the deployment of eight disaster response specialists under the Rapid Response Facility and with the release of US\$ 6.55 million. It later pledged an additional US\$ 110 million for the reconstruction and rebuilding of Nepal.

In the past seven years, from FY 2010/11 to 2016/17, the UK Government has disbursed over US\$ 890 million of ODA to Nepal (Figure 1). A total of US\$ 128 million of ODA was disbursed in FY 2010/11, although the disbursement amount slightly declined to US\$ 92 million in the next fiscal year. However, UK aid disbursement then increased to over US\$ 170 million in FY 2014/15, its highest level. In terms

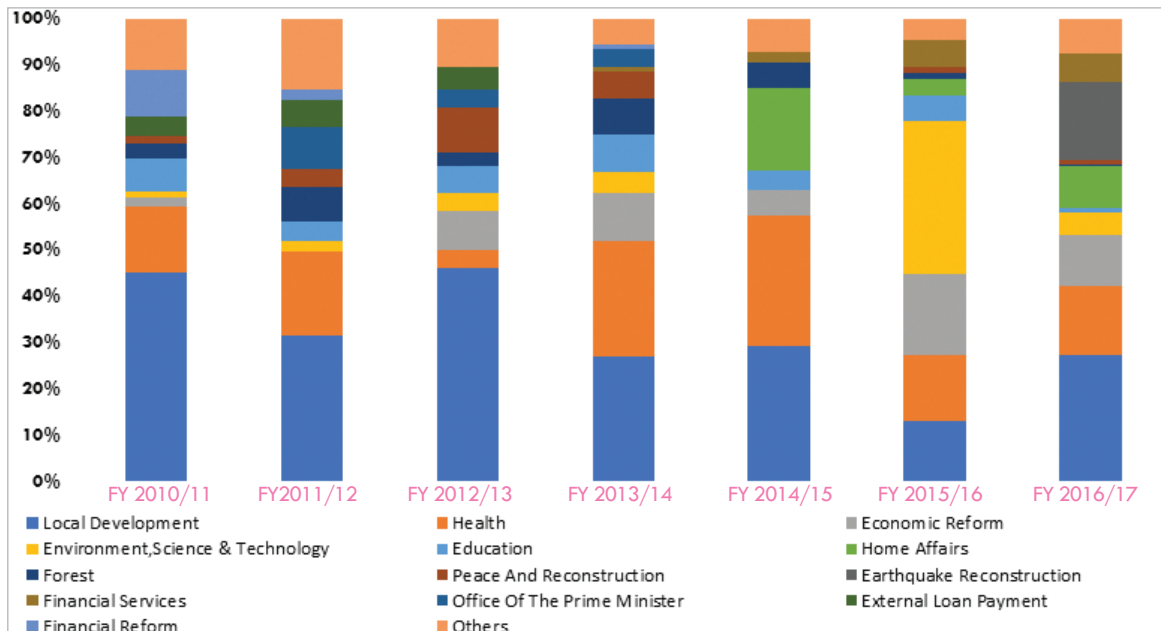
of the UK's support to specific sectors, Figure 2 indicates that Local Development is a top priority, accounting for an average of about 40% of aid disbursement; the Health sector is another priority area. The UK has also been supporting Environment, Science & Technology, and Economic Reform with an average percentage of about 8% and 7% respectively.

**Figure 1: UK's disbursement to Nepal, FYs 2010/11-2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: UK's support to Nepal by sector, FYs 2010/11-2016/17**



Source: Aid Management Platform

The UK's reconstruction efforts in Nepal have included building foot trails to re-establish linkages to villages that were cut-off after the earthquake, constructing cantilever bridges with bioengineering

technology, and water and sanitation projects to help improve people's health. Such rural infrastructure has made it possible for more people to access markets, schools and hospitals in less time, in a safe manner. The UK also supported the process of disbursement of funds for housing reconstruction by the Government of Nepal's National Reconstruction Authority and is helping introduce alternative building materials to decrease costs and speed up the process of reconstruction.

Its significant support to Nepal's economic growth and economic inclusion is helping increase incomes and access to finance for 650,000 rural poor people by 2021. It is also introducing digital technology to include un-banked and under-banked Nepali people into the formal financial system. The UK's technical assistance is helping Nepal begin to harness FDI for large industrial projects such as hydro power generation to create an environment that is conducive to business and investments. The construction of roads linking cities to rural villages – including 70 km of new roads by 2021 will help ensure that more Nepali people are part of this economic development.

The UK also provides significant support to natural disaster related areas and in May 2017 DFID signed a MoU to provide the Government of Nepal with US\$ 119.86 million (£91.5 million) for the implementation of two programs: Strengthening Disaster Resilience and Responding to Humanitarian Emergencies in Nepal (US\$ 60.2 million) and Climate Smart Development Program (US\$ 59.6 million). The former is targeted at reducing risk and building resilience to natural hazards, particularly to earthquakes, both locally and at the national level, and runs until March 2023. The latter project aims to accelerate climate resilient and low carbon development in Nepal. The program is expected to increase investment and improve planning for climate smart development via support to people, businesses, national policies and learning mechanisms related to climate change resilience. The duration of the program is until July 2021.

To summarize, the UK provided significant support in FY 2015/16 of US\$ 30 million to the project UK Support to Increase to Natural Disaster in Nepal following the devastating 2015 earthquake. Other major UK-supported projects in FY 2015/16 included Accelerating Investment and Infrastructure in Nepal (AIIN) (US\$ 9.7 million), UK/Nepal-Support to Nepal Health Sector Program III (NHSP) (US\$ 8.6 million), Nepal Market Development Program (US\$ 6.4 million) and Access to Finance for the Poor Program (US\$ 6.1 million).

#### **Additional Information**

- *DFID Nepal: <https://www.gov.uk/world/organisations/dfid-nepal>*
- *British Embassy in Nepal: <https://www.gov.uk/world/organisations/british-embassy-kathmandu>*
- *Aid Management Platform (AMP), United Kingdom: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikui/index.html#report/open/4815>*

# 15 | United States of America



## Country Overview and Approach to Development Cooperation

The United States of America (U.S.A.) or United States (U.S.) is a federal republic located in North America between Canada and Mexico. It is composed of 50 states; a federal district that is the capital - the District of Columbia; and sixteen territories in the Caribbean Sea and the Pacific Ocean. Forty-eight states and the District of Columbia are located contiguously in North America, while the state of Alaska is located in the northwest corner of North America bordering Canada, and the state of Hawaii is an archipelago located in the Pacific Ocean. The U.S. is the third largest country in the world by population. The total population is estimated to be nearly 327 million (U.S. Census Bureau), with a population density of 35 people per km<sup>2</sup>, about 39% less than the world average of 57 people per km<sup>2</sup>.

The U.S. is the oldest democracy in the world. The U.S. federal government is divided into three branches: the Executive, the Judiciary, and the Legislative. The Legislative Branch consists of the House of Representatives and the Senate, which together form the United States Congress. The Constitution grants Congress the sole authority to enact legislation and declare war, the right to confirm or reject many Presidential appointments, and substantial investigative powers. The Executive Branch carries out and enforces laws. It includes the President, Vice President, the Cabinet, executive departments, independent agencies, and other boards, commissions, and committees. The Judicial Branch interprets the meaning of laws, applies laws to individual cases, and decides if laws violate the Constitution. It is comprised of the Supreme Court and other federal courts.

The U.S. has a highly developed and diversified economy with abundant natural resources, a well-developed infrastructure, and high productivity. The country is the largest importer of goods and the second-largest exporter in the world. It is currently the largest trading nation in the world as well as the world's second largest manufacturer, representing a fifth of the global manufacturing output. Presently, the economy of the United States is the world's largest economy by nominal gross domestic product (GDP) and second largest by purchasing power parity (PPP). Per capita income in the U.S. for 2017 was estimated at US\$ 57,436; which is about four times higher than the world average of US\$ 16,318 in 2016. The U.S.'s Human Development Index was 0.920 in 2015, ranking 10th among 188 countries.

## Diplomatic History

The longstanding diplomatic relations between Nepal and the U.S. span over seventy years. The U.S. is

the second country, after the United Kingdom, with which Nepal entered into diplomatic relations on April 25, 1947. In 1953, the relations between the two countries were upgraded to the Ambassadorial level. Nepal established its Embassy in Washington, DC on February 3, 1958. The U.S. opened its Embassy in Kathmandu on August 6, 1959. At present, the U.S. Ambassador to Nepal is Ms Alaina B. Teplitz and Dr Arjun Kumar Karki is Nepal's Ambassador to the U.S.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

U.S. assistance in Nepal seeks to cement gains in peace and security, further the democratic transition, support the continued delivery of essential social services, scale up proven and effective health interventions, reduce extreme poverty, address the challenges of food insecurity and climate change, earthquake recovery and reconstruction and build local resilience. The United States Agency for International Development (USAID), founded in 1961, is the principal U.S. Government agency responsible for administering civilian (economic and social assistance) foreign aid and development programs. USAID's programs are authorized by Congress as per the Foreign Assistance Act of 1961. USAID is also an independent Executive Branch agency, operating subject to the foreign policy guidance of the President, Secretary of State, and the National Security Council. USAID works in more than 100 countries. In 2004, the U.S. Government created the Millennium Challenge Corporation (MCC) as a new foreign aid agency. It is an independent agency separate from the State Department and USAID. MCC signs either a compact or a threshold agreement with a partner country. In a country which scores highly on the selection criteria indicators, a compact may be awarded. A country which scores poorly but has a positive, upward trend on the selection criteria can still be eligible for a smaller grant, called a threshold program.

The U.S. was the first country to provide bilateral development assistance to Nepal. On January 23, 1951, the U.S. and Nepal signed an agreement that began the bilateral development cooperation relationship. Technical assistance was first provided in 1951 under the Point Four Program announced by the 33rd President of the U.S., Harry S. Truman. The Government of Nepal initiated the first-ever malaria control project in the country in 1954 with support from USAID, then known as the United States Operations Mission or USOM. The National Malaria Eradication Program was implemented from 1954 to 1974.

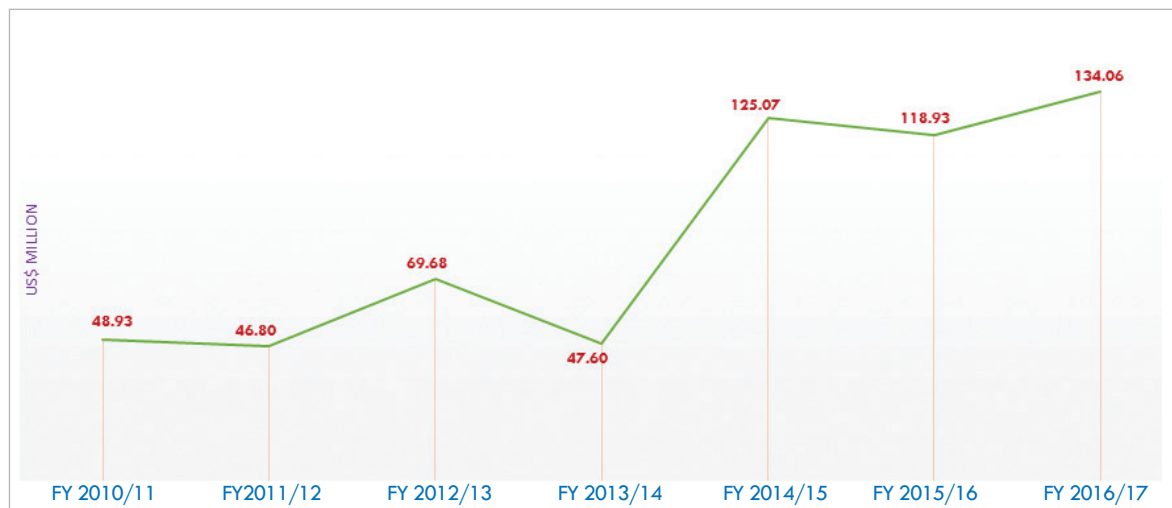
The U.S. provides assistance through local Nepali and international non-governmental organizations (NGOs), international institutions, private voluntary organizations working in Nepal, and direct support to the Government of Nepal through government to government assistance. Volunteer mobilization is another type of U.S. technical assistance. The U.S. volunteers program, popularly known as the Peace Corps, was initiated in 1961 and began sending volunteers to Nepal in 1962. The program was temporarily suspended in 2004 and was resumed in 2012 after an eight-year hiatus. The U.S. Government's areas of assistance to Nepal over the past seven decades have included improving agriculture and food security; democracy, human rights, and governance; economic growth and trade; education; environment and global climate change; global health (HIV/AIDS and maternal/child health); disaster risk management; and working in crises and conflict. USAID has also extended its support to Nepal's peace process and Constituent Assembly elections. The United States has exceeded its pledge of approximately US\$ 130 million for Nepal's recovery and reconstruction following the

earthquakes in 2015 by providing US\$ 176.3 million. It is playing an important role in reconstruction efforts, particularly in sectors such as housing, education, health, agriculture, protecting vulnerable populations, and preserving Nepal's cultural heritage. U.S. assistance to Nepal seeks to cement gains in peace and security, further the democratic transition, support the continued delivery of essential social services, scale up proven and effective health interventions, reduce extreme poverty, and address the challenges of food insecurity and climate change.

USAID in Nepal advances the U.S. government's national security and economic priorities by partnering with the Nepali people to build a more peaceful, prosperous, and democratic nation that contributes to regional stability. In pursuit of this goal, USAID encourages multi-party democracy, including respect for human rights and the rule of law; promotes investor-friendly economic growth and agriculture development; implements health and education programs that reach vulnerable populations; and reduces the need for future humanitarian assistance by investing in disaster risk management, earthquake-resistant reconstruction, food security, and improved ecosystems. The current U.S. development policy objectives, as stated in USAID's Country Development Cooperation Strategy (CDCS) for 2014 to 2019, focus on fostering a more democratic, prosperous and resilient Nepal in close collaboration with the Nepali people and Government of Nepal. As expressed in the Strategy, USAID is focusing on supporting Nepal's democracy and the economic growth needed to eliminate extreme poverty, build resilience, and lift the country out of its 'Least Developed' status.

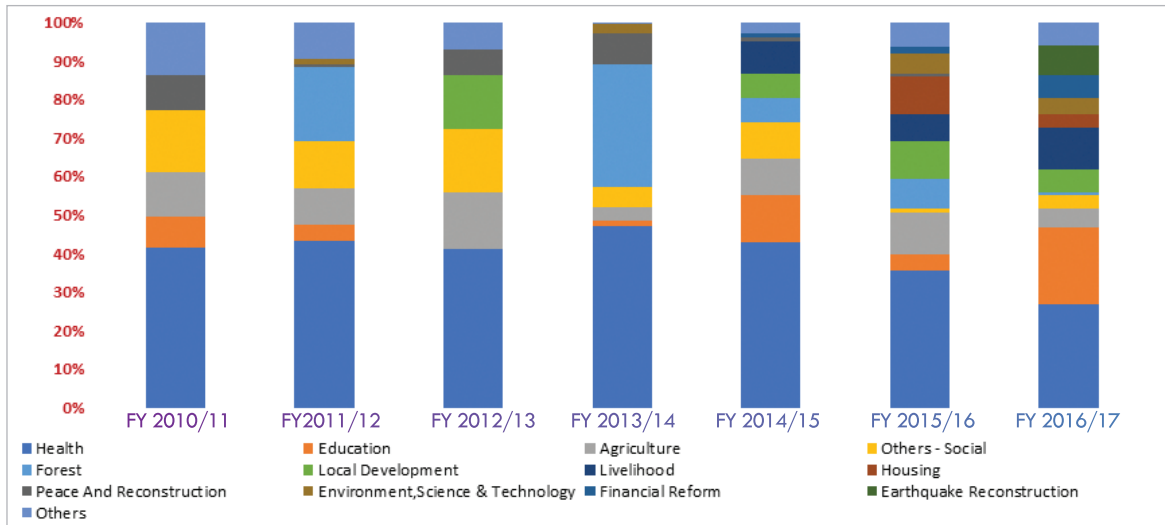
USAID and the Government of Nepal coordinate their assistance relationship through Assistance Agreements. The first of the current bilateral Assistance Agreements for USAID foreign assistance programs was signed on September 23, 2009 with a completion date of September 2019. A subsequent Assistance Agreement was signed on September 23, 2014 for a period of five years (2014-2019). Under the second Agreement, USAID is providing support through four Development Objectives: 1) More Inclusive and Effective Governance; 2) Inclusive and Sustainable Economic Growth to reduce extreme poverty; 3) Increased Human Capital; and 4) Post Earthquake Nepal Rebuilt To Be Disaster Resilient And Well Positioned For Sustainable Development. The fourth Development Objective was added to the second Assistance Agreement after the 2015 earthquakes to address immediate development needs and better position Nepal to respond to any future natural disasters.

**Figure 1: USAID's disbursement to Nepal, FYs 2010/11-2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: USAID's support to Nepal by sector, FYs 2010/11-2016/17**



Source: Aid Management Platform

From U.S. FYs 2011 to 2017, USAID disbursed a total of US\$ 591 million of aid to Nepal (Figure 1). The disbursement volume was highest in FY 2017, totaling US\$ 134 million. In terms of actual disbursement, the U.S. has remained one of the top five highest-disbursing bilateral development partners working in Nepal. Figure 2 shows that a significant proportion of USAID assistance has been directed to the health sector. USAID health programs adopt an integrated approach in improving maternal, newborn, and child health, as well as nutrition, family planning, and HIV. Other sectors with significant disbursement volumes have been the education, agriculture, social, environment, and local development sectors, respectively.

In September 2017, the U.S. Government's Millennium Challenge Corporation (MCC) agreed to provide Nepal with US\$ 500 million through a compact to strengthen the energy sector, improve regional energy connectivity, and control high transportation costs to encourage growth and private investment. Entry into force (EIF) for the program is anticipated for Spring 2019 and program closure is planned for Spring 2024.

#### Additional Information

- U.S. Department of State: <https://www.state.gov/p/sca/ci/np/>
- U.S. Embassy in Nepal: <https://np.usembassy.gov/>
- Foreign Aid Explorer: <https://explorer.usaid.gov/>
- Aid Management Platform (AMP), USAID: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikui/index.html#report/open/4814>

# 1 | Asian Development Bank



## Overview and Approach to Development Cooperation

The Asian Development Bank (ADB), a multilateral development bank, was established in 1966 under the Agreement Establishing the Asian Development Bank (the Charter). It is owned by 67 members, 48 of which are regional members from Asia and the Pacific, providing 63.5% of its capital, and 19 non-regional members, providing 36.5% of its capital. The ADB Charter vests all the powers of the institution in the Board of Governors, which in turn delegates some of these powers to the Board of Directors. The 12 Directors of the ADB Board of Directors are elected by the Board of Governors and are responsible for the direction of the general operations of the Bank. The Board of Governors also elects the Bank's President, who is the chairperson of the Board of Directors and manages ADB. The tenure of the President is five years. The headquarters of the Bank is in Manila, the Philippines.

The aim of the ADB is to reduce poverty in Asia and the Pacific through inclusive economic growth, environmentally sustainable growth, and regional integration. The five focus areas are: infrastructure including water, energy, sustainable transport, urban and e-development; education; environment; regional cooperation and integration; and the financial sector.

ADB provides various forms of financial assistance to its Developing Member Countries (DMCs). The main instruments are loans, technical assistance (TA), grants, guarantees, and equity investments. These instruments are financed through Ordinary Capital Resources (OCR), special funds, and trust funds. ADB's ordinary operations (regular loans made by the Bank) are financed from OCR. Special operations (loans and grants made by the Bank) from its special fund resources are financed from special funds. The Charter requires that funds from each resource be kept and used separately. Trust funds are generally financed by contributions and administered by ADB as the trustee.

ADB also provides policy dialogue and advisory services, and mobilizes financial resources through its co-financing operations. Co-financing for ADB projects can be in the form of external loans, grants for TA and components of loan projects, equity, and credit enhancement products such as guarantees and syndications.

ADB provides loan assistance through two windows, namely the OCR and Asian Development Fund (ADF). OCR is a commercial window for loans with market-based interest rates. Funding sources for OCR include paid-in capital, retained earnings (reserves), and proceeds from debt issuance. To finance



its OCR lending operations, ADB issues debt securities in the international and domestic capital markets.

On 1 January 2017, ADB transferred loans and other assets totaling US\$ 30.8 billion from ADF to OCR in accordance with the Board of Governors resolution authorizing the termination of ADF's lending operations. The resolution stemmed from a proposal introduced in 2014 to enhance ADB's financial capacity in a sustainable manner through more efficient and effective management of its capital resources. The proposal entailed combining ADF lending operations with the OCR and retaining the ADF as a grant-only operation. ADB would continue concessional lending on the same terms and conditions as currently provided to ADF countries through the concessional OCR window, while the ADF would continue to provide grant assistance.

In 2016, ADB had, including co-financing, approved US\$ 31.7 billion. The top five recipients were Indonesia (US\$ 5.6 billion), India (US\$ 4.4 billion), China (US\$ 2.9 billion), Pakistan (US\$ 2.5 billion) and Bangladesh (US\$ 2.1 billion).<sup>6</sup>

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

The development partnership between Nepal and ADB began in 1966 when Nepal joined ADB as a founding member. In five decades, ADB has provided significant assistance for carrying out development efforts undertaken by the Government of Nepal, and its assistance has supported socio-economic growth and development in Nepal. ADB is assisting Nepal according to national priorities and necessities.

ADB provides assistance to Nepal according to the provisions of its Charter, regulations and operational policies for ordinary operation, special operation and co-financing. In addition, ADB has also approved assistance to Nepalese private sector undertakings under its non-sovereign operations. Non-sovereign operations comprise the provision of any loan, guarantee, equity investment, or other financing arrangement to privately held, state-owned, or sub-sovereign entities. Assistance is mostly in the form of loans, grants and technical assistance.

Since 1969, ADB has provided US\$ 5 billion worth of assistance to Nepal in the agriculture, education, energy, transport, and urban infrastructure sectors. In 2016, ADB approved assistance of US\$ 306.8 million to support the Government of Nepal's efforts in education and transport and also approved nine technical assistance projects totaling US\$ 5.53 million.

ADB actively undertakes annual country programming review exercises to promote policy dialogue and discuss sector development priorities; as well as project implementation challenges with the Government of Nepal and other development partners. The ADB Nepal Resident Mission maintains close coordination with other development partners, through its membership in the International Development Partners Group, which brings together major multilateral and bilateral institutions. The Resident Mission belongs to various coordination groups, and helps to develop shared sector and thematic road maps as well as to implement joint programs. ADB is also a key contributor to the Nepal

Portfolio Performance Review, organized between the Government and 13 development partners, to enhance the efficiency and effectiveness of the country's development projects, and to move toward the adoption of the principles of the Paris Declaration for making aid more effective.

ADB implements its development partnership through its ongoing Country Partnership Strategy (CPS) for the 2013-2017 period (extended now to 2019). Under this strategy, ADB supports the Government of Nepal's development objective of accelerated, sustainable, and inclusive economic growth. ADB is supporting faster growth in economic opportunities through investments in infrastructure. It seeks to deliver access to economic opportunities through projects and programs in education, including skills development; water supply and sanitation; and rural infrastructure. Mainstreaming gender equality and social inclusion and supporting related reforms is also an area of focus. ADB is promoting disaster risk management, skills development, and knowledge partnerships. Regional cooperation and integration is emphasized through investments anchored in the South Asia Sub-regional Economic Cooperation (SASEC) program.

Consistent with ADB's Country Partnership Strategy 2013–2017 for Nepal, ADB has also produced an annual rolling Country Operations Business Plan (COBP), for the periods of 2014-2016, 2015-2017, 2017-2019 and 2018-2020. These are focused on infrastructure and human capital development. The current COBP supports better road and air transport connectivity; trade facilitation; sustainable urban development and assessment of economic corridors to improve linkages with large, fast-growing neighboring countries; energy sector reforms and investments in generation, transmission, and distribution systems; upgrading skills and education; water resources development and management; and transformation from subsistence to commercial agriculture.

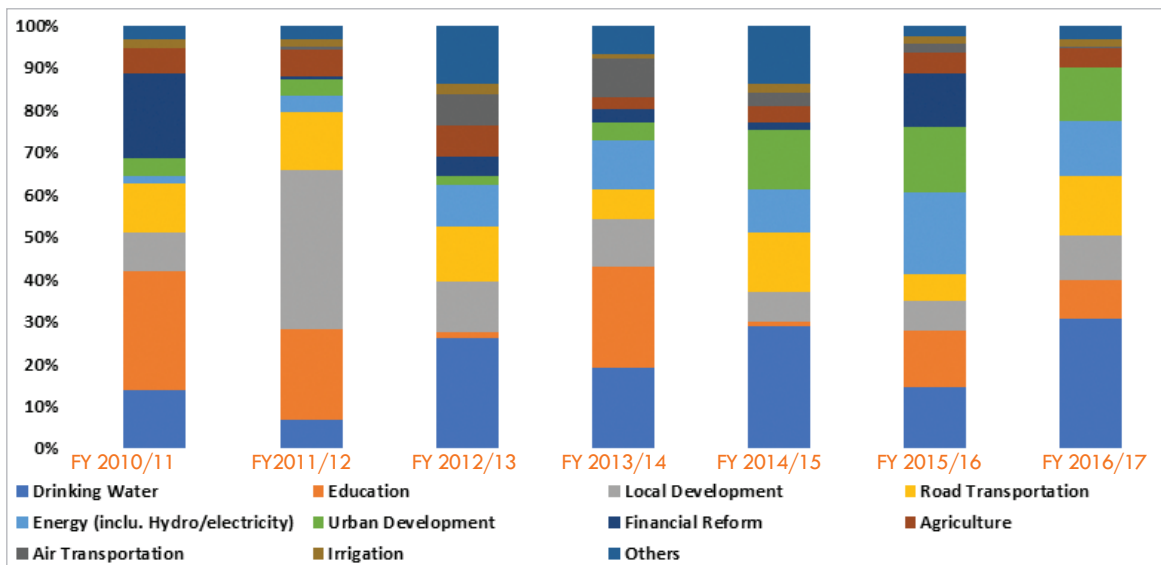
According to the Aid Management Platform data, between FY 2010/11 and FY 2016/17, a total of US\$ 1.255 billion of financial assistance was disbursed to Nepal (Figure 1). ADB remains one of the major development partners to Nepal. In terms of actual disbursement, it is the second highest-disbursing partner among multilateral DPs. The volume of disbursement, amounting to US\$ 254 million, was the highest in FY 2016/17, when there was high disbursement particularly to the Drinking Water, Road Transportation, Local Development, Agriculture, and Communication sectors. Figure 2 shows that ADB has supported Nepal in various sectors over the seven-year period during which data is available in the AMP.

**Figure 1: ADB's disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: ADB's support to Nepal by sector, FY 2010/11 to 2016/17**



Source: Aid Management Platform

Looking ahead, there are several proposed projects to be funded by ADB. These include Power Transmission and Distribution Efficiency Enhancement Project; SASEC Customs Reform and Modernization for Trade Facilitation Program; Regional Urban Development Project; Rural Connectivity Improvement Project; Disaster Risk Resilience for Public School Infrastructure and Communities Project; SASEC Road Connectivity Program; Multitranchise Financing Facility(MFF); Melamchi Water Supply Project Phase 2; Bagmati River Basin Improvement Project; Skills Development Project; TIA Capacity Enhancement MFF; Preparing Urban Transport Projects; Targeted Value Chain Development Project; Strengthening Higher Engineering Education Project; Dudh Koshi Hydropower Project; and Second Kathmandu Valley Water Supply Improvement Project.

#### Additional Information

- *Asian Development Bank: <https://www.adb.org/>*
- *Asian Development Bank, Nepal: <https://www.adb.org/countries/nepal/main>*
- *Aid Management Platform (AMP), ADB: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikui/index.html#report/open/4793>*

## 2 | European Union



### Overview and Approach to Development Cooperation

The European Union (EU) is a unique economic and political union that was formed on the European continent in the aftermath of the Second World War some six decades ago. Today it unites 28 European countries and has successfully ensured lasting peace, stability and economic prosperity within Europe. Among other, EU today is the largest single donor of development aid in the world, and the largest provider of grant aid in Nepal. The European Union's Member States are Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom. It has an area of 4,475,757 square kilometers, and an estimated population of over 510 million people.

The principles that inspired EU's own creation, development and enlargement are: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law; and are seen as an integral part of the European way of life. The governing structure of the EU is comprised of three main political institutions, which hold the executive and legislative power of the Union. The Council of the European Union represents governments, the Parliament represents citizens, and the Commission represents the European interest. In addition, The EU has a number of other institutions and inter-institutional bodies that play specialized roles, defined by the Treaties, which are the foundation of everything the EU does.

The Commission's Directorate-General for International Cooperation and Development (DG DEVCO) is responsible for designing European international cooperation and development policy and delivering aid throughout the world. DG DEVCO is in charge of development cooperation policy in a wider framework of international cooperation, and adapting to the evolving needs of partner countries. This encompasses cooperation with developing countries at different stages of development, including with countries graduated from bilateral development assistance to cover the specific needs of these countries during the transition period between low income countries and upper middle income countries. DG DEVCO works closely with other Commission services responsible for thematic policies, as well as with the European External Action Service and Commission services on external action, to facilitate and help ensure a consistent approach. DG DEVCO is responsible for formulating European Union development policy and thematic policies in order to reduce poverty in the world, to ensure sustainable economic, social and environmental development and to promote democracy, the rule of law, good governance and the respect of human rights, notably through external aid. It

fosters coordination between the European Union and its Member States in the area of development cooperation and ensures the external representation of the European Union in this field.

According to the data collected by OECD's Development Assistance Committee (DAC), the EU's global development aid totaled US\$ 131.6 billion in 2015, representing a rise of 6.9% from 2014 in real terms as aid spent on refugees in host countries more than doubled in real terms to US\$ 12 billion. Even without counting the funds spent on refugees, aid still increased by 1.7% in real terms. Humanitarian aid also rose by 11% in real terms in 2015, to US\$ 13.6 billion.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

The European Commission, which has been present in Nepal since 1992 for technical cooperation, was upgraded in 2002 to a delegation with a diplomatic status similar to that of other diplomatic missions in Nepal. It underwent a name change and became the Delegation of the European Union to Nepal after the formation of European External Action Service on 26 July 2010. In an effort to support Nepal, and as set out in the Multiannual Indicative Programme (MIP) 2014-2020, the EU has chosen, together with the Government of Nepal, to focus its activities on three major focal areas: (1) sustainable rural development; (2) education; and (3) strengthening democracy and decentralization. Following the 2015 earthquakes reconstruction also became an important focus of EU assistance to Nepal. The financial envelope for this period is 360 million Euro, which is the triple of the previous period's financial envelope.

The EU Delegation does not deal with tasks of a consular nature, which are dealt with by the EU Member State Embassies in Nepal, and instead functions as an official channel of bilateral relations, be it political, development, economic or cultural. The Nepal Delegation is a fully-fledged diplomatic mission and officially represents the EU in Nepal. It plays an essential part in its political, economic and commercial relations with the country and provides information on the policies and institutions of the EU. The Delegation plays a crucial role in supervising the implementation of EU cooperation programs in Nepal, a role that is steadily increasing following the de-concentration of cooperation activities from Headquarters to Delegations foreseen in the reform of the management of the EU's external assistance. The EU's assistance to Nepal is given in the form of project grants, service contracts and budget support.

The largest area of support of the EU has been its budget support to the Education sector, representing approximately 60% of the envelope for the CSP 2007-2013. In the present MIP, the EU continues to support the school sector through budget support to the School Sector Development Plan (SSDP). The total amount allocated for 2014-2020 is 61.4 million Euros. In addition to formal education, the EU also supports Technical Education and Vocational Training with an allocation of 20 million Euros. The EU-TVET Program invests in human capital by creating better employment opportunities. Its specific objectives are to strengthen and implement more effectively a TVET policy responsive to labour market needs and pilot an integrated Public Partnership Approach in three key economic sectors i) agriculture (commercial farming and food production), ii) construction, and iii) tourism. The project is implemented through the British Council (Delegation agreement) and the Council for Technical

Education and Vocational Training –CTEVT (Direct Grant). Depending on the success of the ongoing TVET program, there is a possibility of an additional funding of 20 million Euros.

In the area of sustainable rural development, the EU is providing support to the National Multi-Sector Nutrition Plan (MSNP) with an envelope of 22.65 million Euro, jointly with UNICEF. Support of 20 million Euro, jointly with Finland, to the Rural Village Water Resources Management Project (RVWRMP), implemented by MoFALD, is in the first stages of implementation. In addition, support to the Agriculture Development Strategy to the tune of 40 million Euros has been decided and a Financing Agreement will be signed soon. The EU is also investing in strengthening democracy and decentralization in Nepal. As a global actor, the EU has been actively involved in bringing stability and peace building in Nepal through technical and financial assistance. Up to now, the EU has committed 28 million Euros to support the Government of Nepal for the implementation of the Comprehensive Peace Agreement in the areas supported by the Nepal Peace Trust Fund (NPTF). A project worth 8.5 million Euros has been contracted through UNDP in December 2012 to assist core electoral stakeholders with a focus on the Election Commission (ECN) to secure a peaceful, fair, and transparent electoral process.

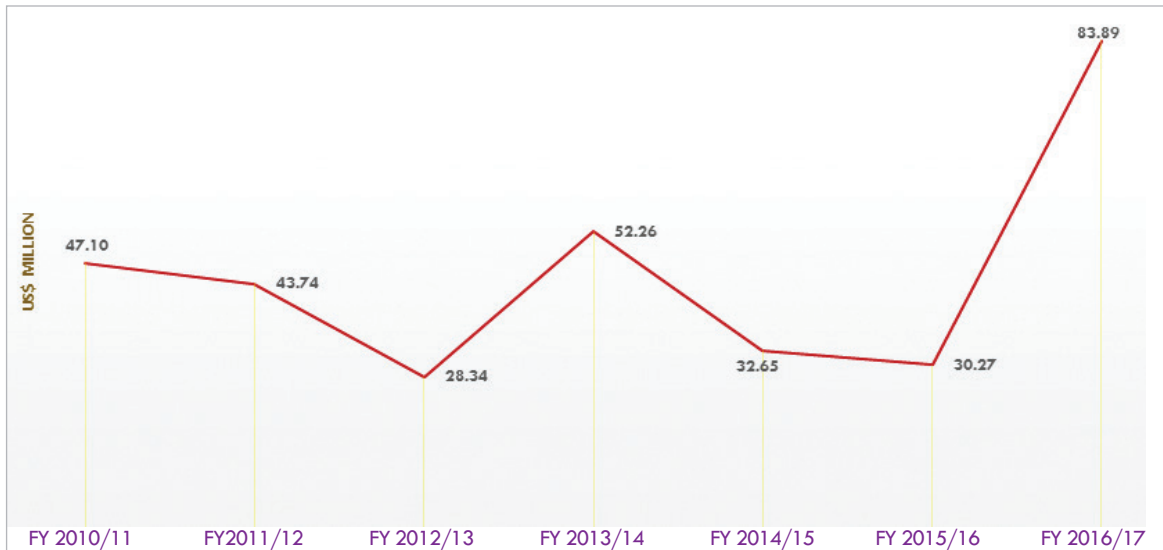
The EU is also working to improve Public Financial Management. The EU is supporting the PFM reform plan of Nepal to tackle the persisting high fiduciary risks in Nepali public administration. 4.5 million Euros out of a total of 10 million Euros allocated to this initiative have been channelled through a Multi-Donor Trust Fund on PFM administered by the World Bank. An additional 4.5 million Euros support the PFM reforms implemented by the Ministry of Federal and Local Development (MoFALD) at local level. Additional support to PFM reforms as well as a support to decentralization is being prepared under the present MIP. In the area of earthquake response, the EU supported the reconstruction of Nepal after the earthquakes of 2015 through a budget support of 100 million Euros, as well as complementary measures for an amount of 5 million Euros. In addition to bilateral aid, there are also a number of EU regional and thematic budget lines from which support has been and is being provided to Nepal in various ways, including through non state actors.

From FY 2010/11 to 2016/17, the EU has disbursed US\$ 318.2 million of ODA to Nepal (Figure 1), according to the data available in the Aid Management Platform (AMP). The disbursement of ODA from the European Union reached its highest level in FY 2016/17, at US\$ 83.8 million, as compared to the previous six fiscal years, as shown in Figure 1. In FY 2012/13, the amount was US\$ 28.3 million, the lowest during the seven-year review period during which disbursement data has been collected in the AMP. Overall, ODA disbursement by the European Union has more than doubled, indeed has nearly tripled, in FY 2016/17 as compared to FY 2015/16, in part due to the rise in emergency and reconstruction aid, especially in the aftermath of the devastating 2015 earthquakes.

Currently, the EU's cooperation with Nepal supports more than 90 projects across the country. In addition, the EU is committed to supporting Nepal in its pursuit of democracy and development. Education, rural development, democratic governance and also post-earthquake reconstruction are the main fields of its engagement in which it plans to invest US\$ 428.4 million (360 million Euros), during the period 2014 to 2020, to support Nepal's vision to transform into a more prosperous, democratic country with better opportunities for all. The amount is more than triple in comparison

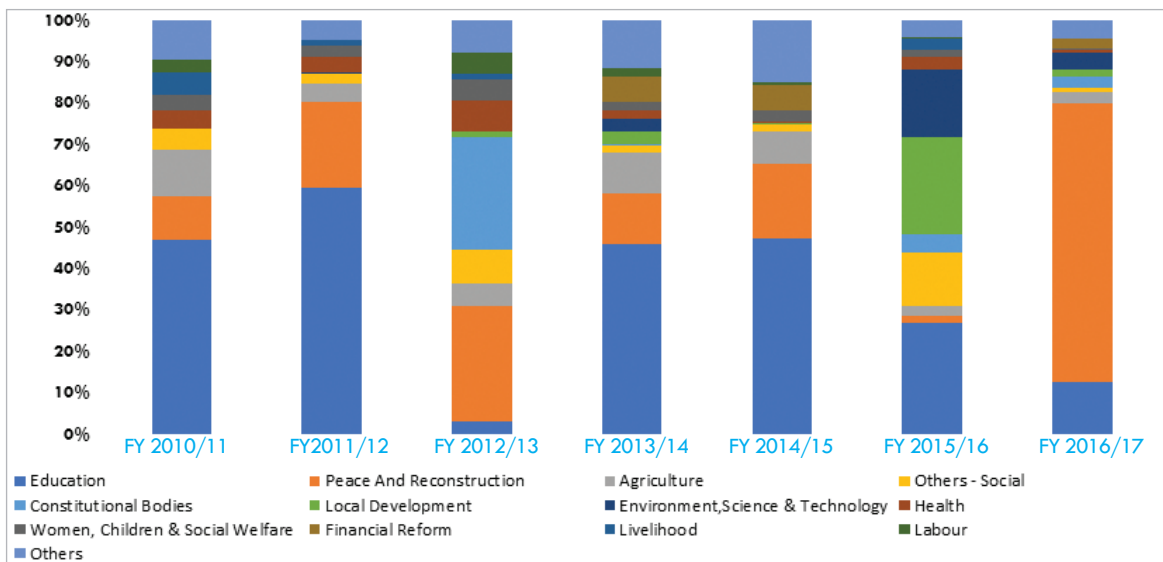
with its previous support to Nepal during the period of 2007-2013, which was in the amount of US\$ 135.6 million.

**Figure 1: EU's disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: EU's support to Nepal by sector, FYs 2010/11 to 2016/17**



Source: Aid Management Platform

### Additional Information

- European Union: [https://europa.eu/european-union/index\\_en](https://europa.eu/european-union/index_en)
- Delegation of the EU to Nepal: [https://eeas.europa.eu/delegations/nepal\\_en](https://eeas.europa.eu/delegations/nepal_en)
- Aid Management Platform (AMP), EU: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4798>

## 3 | Food and Agriculture Organization (FAO)



### Overview and Approach to Development Cooperation

The Food and Agriculture Organization (FAO) is a specialized UN agency established in Quebec City, Canada in 1945. Washington DC was designated as a temporary FAO headquarters, which later shifted to Rome, Italy in 1951, following the fifth session of the UN General Conference in 1949 where Member States decided to move the offices of the organization. Its major objectives are to achieve food security for all and make sure that people have regular access to enough high-quality food to lead active, healthy lives. FAO works to defeat hunger in over 130 countries worldwide.

FAO has had a total of 197 Member Nations — 194 Member Nations, one Member Organization (European Union) and two Associate Members (Faroe Islands and Tokelau) — since its founding. Serving both developed and developing countries, FAO acts as a neutral forum where all nations meet as equals to negotiate agreements and debate policy. FAO is also a source of knowledge and information. It helps developing countries and countries in transition to modernize and improve agriculture, forestry and fisheries practices and to ensure good nutrition for all. FAO has always given special attention to rural areas, home to 70% of the world's poor and hungry people. FAO's activities comprise four main areas: (1) putting information within reach; (2) sharing policy expertise; (3) providing a meeting place for nations; and (4) bringing knowledge to the field.

As with other UN agencies, FAO is directed by the Conference of Member Nations, which meets every two years to review the work carried out by the organization and to work and budget for the next two-year period. The Conference elects a council of 49 Member States (serving three-year rotating terms) that acts as an interim governing body, and the Director-General, who heads the agency. FAO is composed of six departments: Agriculture and Consumer Protection; Economic and Social Development; Fisheries and Aquaculture; Forestry, Corporate Services and Technical Cooperation; and Program Management.

FAO's decentralized network includes five regional offices, nine sub-regional offices, 80 fully fledged country offices (excluding those hosted in regional and sub-regional offices); three offices with technical officers/FAO Representatives; and 38 countries covered through multiple accreditations. In addition, the Organization has five liaison offices — and is in the process of opening a sixth — as well as two information offices in developed countries.



FAO creates and shares critical information about crops, livestock, fisheries, forestry and natural resources in the form of global public goods. It also plays a connector role, through identifying and working with different partners with established expertise, and facilitating a dialogue between those who have knowledge and those who need it. By turning knowledge into action, FAO links the field to national, regional and global initiatives in a mutually reinforcing cycle. By joining forces, it facilitates partnerships for food and nutrition security, agriculture and rural development between governments, development partners, civil society and the private sector.

In 2014/2015, FAO implemented programs and projects with a total value of US\$ 1.6 billion globally. About 8% was funded by assessed contributions through the FAO Technical Cooperation Programme (TCP). The remaining 92% was funded from voluntary contributions — through the Government Cooperative Programme (34%), Unilateral Trust Fund (8%), and other forms of Trust Funds (50%) that include UN Joint Programs. FAO had a planned total global budget of US\$ 2.6 billion for 2016/2017, with voluntary contributions expected to reach approximately US\$ 1.6 billion during the period.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

Nepal and FAO have been cooperating to improve agricultural, forestry and rural development in the country over the last 64 years. Nepal became a member of FAO on 21 November 1951 and FAO established its Nepal Country Office in 1977. FAO was the first among the different UN agencies to open an office and begin field level work in Nepal, focusing initially on agriculture and water resource management.

Since its establishment, FAO in Nepal has made great strides in vital areas of agriculture and rural development by providing advice on policy matters and technical support in relevant sub sectors. Upon the request of the government, FAO mobilizes its own internal resources in the form of Technical Cooperation Programme (TCP) or solicits support for funds from potential donors in the form of Government Cooperative Programme (GCP) or Unilateral Trust Fund (UTF).

FAO's assistance in Nepal focuses on four priority areas for technical cooperation: (1) food and nutrition security and safety; (2) institutional and policy support, strengthening analytical and technical capacities from policy and program formulation to implementation and monitoring; (3) market orientation and competitiveness, promoting market-oriented production and value addition through enhanced technical and institutional capacities; (4) natural resource conservation and use, including adaptation to climate change.

FAO works in cooperation with the Government of Nepal and other Development Partners, including National Planning Commission, Ministry of Finance, Ministry of Agricultural Development, Ministry of Livestock development, Ministry of Environment, Ministry of Forest and Soil Conservation, Ministry of Land Reforms and Management, The European Commission, Finland, Norway, The World Bank, Asian Development Bank and USAID. To date, the organization has supported the implementation of over 350 projects in the fields of agriculture, livestock, and forestry development, food security, nutrition, rural income generation, agricultural value chains, and adaptation to the effects of climate change across the country.

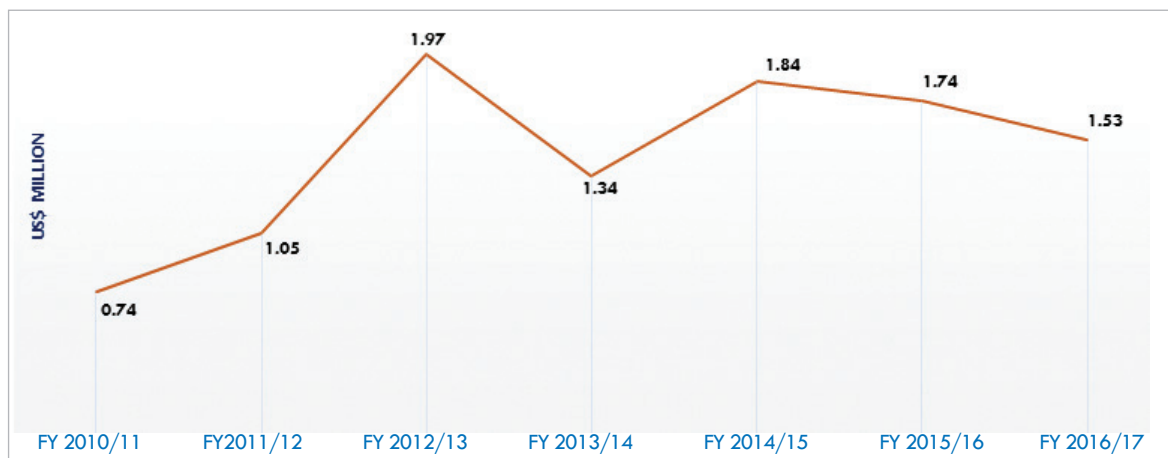
In 2008, the Support to the National Integrated Pest Management Programme in Nepal was launched to contribute to sustainable broad-based poverty reduction and food security while contributing to human health and environmental protection. Building upon the experiences from IPM, a project on Strengthening Pesticide Management in Agriculture to Reduce Risks to Health and Environment (2015-2016) aimed at reducing pesticide risks in agriculture ensuring food safety, and minimizing adverse effects on health and environment which would lead to better health of crop producers, pesticide handlers, consumers and the environment. Likewise, through Building Agribusiness Capacity of Smallholder Farmers to Market Safe Produce of Good Quality, FAO contributed to improving smallholder incomes and enhancing access to safe produce of good quality, thereby improving food security and nutrition. Since 2014 FAO has also been providing technical assistance to the Agriculture and Food Security Project which aims to enhance food and nutritional security of the vulnerable communities in the hill and mountain districts of the Mid and Far Western Regions of Nepal. Similarly, with support from GEF, FAO is supporting to increase technical and institutional capacities in the agriculture and livestock sector to respond to the impacts of climate change and variability through the project Reducing Vulnerability and Increasing Adaptive Capacity to Respond to the Impacts of Climate Change and Variability for Sustainable Livelihood in Agriculture Sector.

In support of post-earthquake recovery, FAO developed the project Emergency Response to Restore the Rural Livelihoods of Earthquake-affected Farmers, which helped around 6,000 households to resume their agriculture activities and improve their food security and livelihood resilience to threats and emergencies by the end of the first rice-cropping season. Since 2016 FAO has also been contributing to implement landslide treatment and mitigation measures as well as improved land management practices by applying the low-cost techniques suitable for adoption by local communities in Sundrawati Village Development Committee (VDC) of Dolakha District through a project titled Landslide prevention and stabilization of slopes in the most earthquake affected districts of Nepal. Similarly, through the project Enhancing Rural Livelihoods in Abandoned/Under-utilized Agriculture Land through Agroforestry, FAO is contributing to an increased area of productive agricultural land and its productivity through utilization of under-utilized/abandoned agricultural land with a significant contribution to livelihood enhancement of the target population.

From FY 2010/11 to 2016/17, over US\$ 10.2 million of ODA was disbursed to Nepal by FAO (Figure 1). The disbursement was nearly US\$ 1.9 million in FY 2012/13, the highest comparatively during the period. During the past three fiscal years of FY 2014/15 to FY 2016/17, the disbursement volume has ranged between US\$ 1.84 million and US\$ 1.53 million. Figure 2 shows that FAO has supported the agriculture sector primarily, with some support to the forestry sector since FY 2013/14.

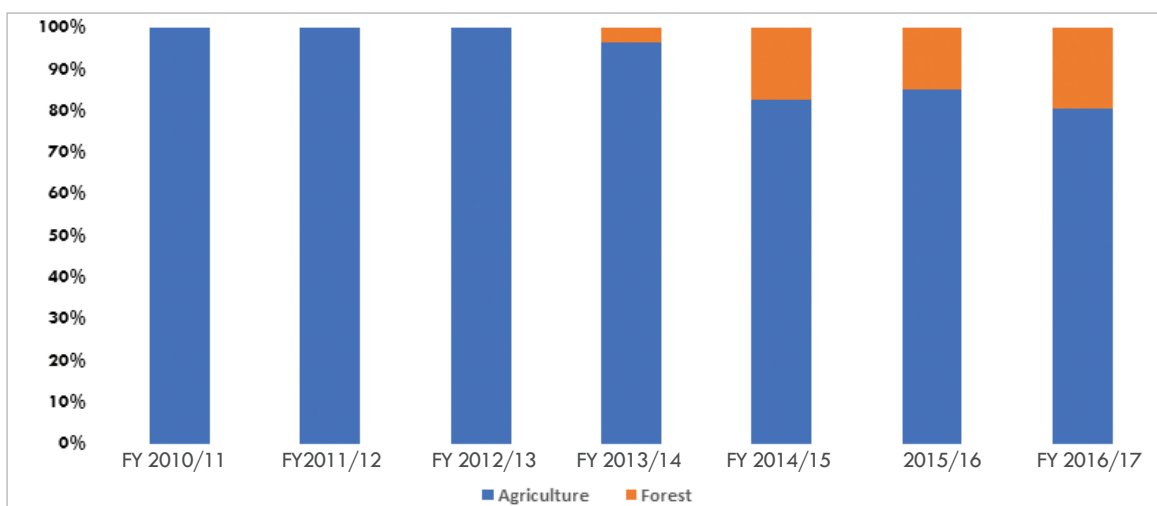
FAO, through its Emergency Centre, has been assisting the Government of Nepal in strengthening its capacity to control and contain trans-boundary animal diseases such as Highly Pathogenic Avian Influenza (HPAI). Through a Regional Support Unit FAO also contributed towards strengthening and empowering the SAARC Member States to deliver improved and quality veterinary and public health services in an effort to prevent, control and eradicate highly pathogenic and emerging diseases.

**Figure 1: FAO's disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: FAO's support to Nepal by sector, FYs 2010/11 to 2016/17**



Source: Aid Management Platform

It is also collaborating with other Development Partners in supporting the Government of Nepal in formulating an Agriculture Development Strategy and a National Food and Nutrition Security Plan, both of which have a vision for 20 years. In addition, the Country Programming Framework (CPF) 2013-2017 for Nepal outlines the joint GoN and FAO medium-term priorities for FAO's technical assistance over the five-year period.

#### Additional Information

- FAO: <http://www.fao.org/home/en/>
- FAO Country Office, Nepal: <http://www.fao.org/nepal/en/>
- Aid Management Platform (AMP), FAO: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikui/index.html#report/open/4826>

## 4 | GAVI



### Overview and Approach to Development Cooperation

Gavi, the Vaccine Alliance —Gavi for short; previously the GAVI Alliance— is a public–private partnership which is committed to increasing access to immunization in poor countries. The Geneva, Switzerland based organization was created in January 2000 with the help of a US\$ 750 million five-year pledge from the Bill & Melinda Gates Foundation<sup>7</sup> aiming to bring together the public and private sectors with the shared goal of creating equal access to new and underused vaccines for children living in the world’s poorest countries.

Gavi’s mission is to save children’s lives and protect people’s health by increasing equitable use of vaccines in lower-income countries. In June 2014, the Gavi Board approved a new five-year strategy to ensure it delivers on its overall mission for 2016–2020. The current strategy, which came into force in January 2016, runs until the end of 2020. The mission is guided by four strategic goals: (1) Vaccine Goal (accelerate equitable uptake and coverage of vaccines), (2) Health Systems Goal (increase the effectiveness and efficiency of immunization delivery as an integrated part of strengthened health systems), (3) Sustainability Goal (improving sustainability of national immunization programs), and (4) Market Shaping Goal (shape markets for vaccines and other immunization products).

Gavi is governed by a Board with membership drawn from a range of partner organizations, as well as experts from the private sector. The Board is comprised of 18 “representative” seats, 9 seats for independent or “unaffiliated” individuals and one seat for Gavi’s CEO. The Board’s representative seats ensure that institutions and constituencies can provide formal input into the development of all Gavi’s policies and the management of its operations. Board members are appointed by the existing Board members subject to and in accordance with the statutes and by-laws. A quorum is a majority of all voting Board members (or their permitted alternates). The Board uses all reasonable efforts to make decisions by consensus. If no consensus can be reached, any decision of the Board requires a two-thirds majority of members present and voting.

Gavi’s unique funding model draws heavily on private sector thinking to help overcome the historic limitations to development funding for immunization. Gavi’s two funding streams, innovative finance and direct contributions, account for 25% and 75% respectively of the Vaccine Alliance’s overall funding portfolio. Innovative finance includes the International Finance Facility for Immunization (IFFIm) and the Advance Market Commitment (AMC), while direct contributions include grants and

<sup>7</sup> A private foundation founded by Bill and Melinda Gates. It was launched in 2000 and is said to be the largest transparently operated private foundation in the world. It is controlled by its three trustees: Bill and Melinda Gates, and Warren Buffett

agreements from donor governments, foundations, corporations and organizations. As of the end of November 2015, Gavi's total commitments amount to over US\$ 10 billion. This includes current commitments from year 2000 up to 2020 for both country programs and investment cases.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

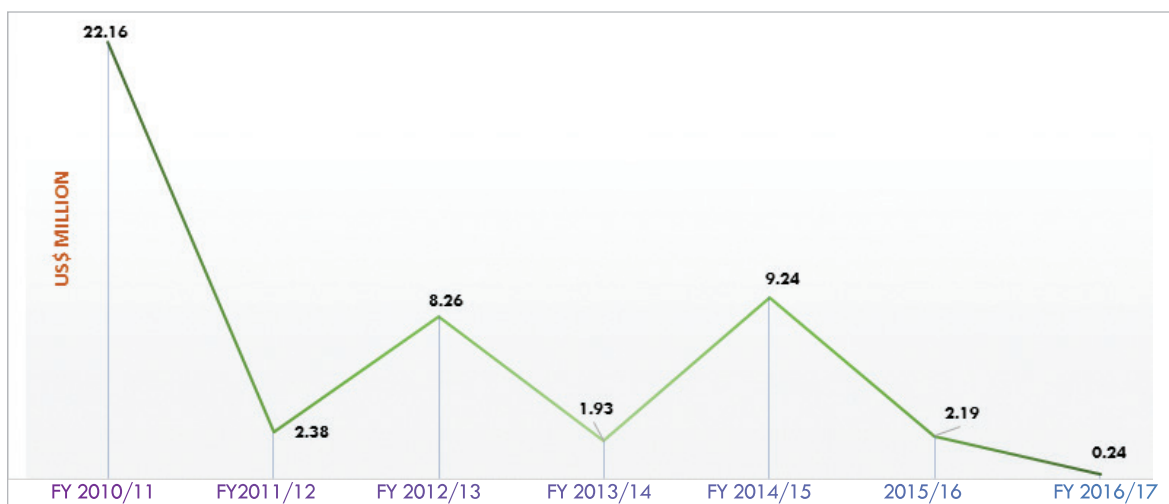
Gavi has been assisting Nepal since 2002 as a part of its global campaign of improving access for immunization in the world's poorest countries. Gavi's development cooperation strategy with Nepal is based on its portfolio of country support - health system strengthening (HSS) support; vaccine support; cold chain equipment optimization platform (CCEOP) support; and targeted country assistance (TCA). Gavi's support aims to assist Nepal in advancing its national immunization plans and improving immunization coverage and equity in a sustainable way.

To date Gavi has supported Nepal with cash support (CASHSUPP), health system strengthening (HSS), new vaccine support (NVS) for the introduction of HepB mono, HPV demonstration, immunization services support (ISS), injection safety devices, injection safety support, and vaccine introduction grants (VIG). Over 2000 to 2017, Gavi has disbursed a total of US\$ 123.4 million to Nepal.

Nepal's first application was accepted and awarded with ISS funds of US\$ 704,600 in 2001 in two equal allotments over a 2-year period. Of that amount, Nepal received the first installment of US\$ 352,300 on 8 August 2002. Since then, Nepal has been benefiting from Gavi's support for new vaccine introductions and immunization campaigns. In 2007, Proposal for ISS Support: Nepal was approved and then the Proposal for NVS-Penta Support was approved by Gavi in 2008. In 2014, Proposal for NVS-IPV Support, Proposal for NVS-MSD Support, and Proposal for HPV Demo Support were all approved.

From FY 2010/11 to 2016/17, over US\$ 46.4 million of ODA was disbursed to Nepal by Gavi (Figure 1). The disbursement was almost US\$ 22.16 million in FY 2010/11, its highest volume during the period. However, the following FY saw a decline in the disbursement amount (US\$ 2.38 million). But in FY 2012/13, the figure increased to US\$ 8.26 million before again dropping to US\$ 0.24 million in FY 2016/17.

**Figure 1: GAVI's disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

Currently, at Patan hospital, Gavi is funding impact studies on two vaccines that protect children against the main causes of deadly pneumonia: Haemophilus influenzae type b (Hib) and pneumococcal disease. Three doctors— Dr Andrew J Pollard, Professor of Paediatric Infection and Immunity, University of Oxford; Professor Shrijana Shrestha, Dean of the Academy of Health Science at Patan hospital; and Dr Imran Ansari, Patan’s Chief Paediatrician— who are leading these studies identify four ways in which Patan’s pioneering research is shaping Nepal’s immunization policy.

When Nepal introduced pneumococcal vaccine in 2015, it became the first Gavi-supported country to use a 2+1 vaccination schedule — two primary doses plus a booster dose — as opposed to the more standard 3+0 schedule — three primary doses — that is administered in most countries. The decision was based on data generated at Patan hospital showing that immunity in the second year of a child’s life was better with a 2+1 schedule than with a 3+0. In addition to studying the effectiveness of the pneumococcal vaccine in reducing disease, Patan’s study is also assessing the long-term economic impact of preventing pneumonia, both for families and the government. Apart from the studies, Gavi is assisting in other vaccine-related programs to strengthen the capacity of integrated health systems of Nepal to deliver immunization.

Nepal continues to be eligible to request new Gavi support for vaccine introductions, campaigns and health systems strengthening. Requests for new support are reviewed by an Independent Review Committee (IRC). Once a request is approved, the funds or vaccines are sent to the country, marking the beginning of the implementation phase.

#### **Additional Information**

- *GAVI, the Vaccine Alliance: <http://www.gavi.org/>*

## 5 | Global Environment Facility (GEF)



### Overview and Approach to Development Cooperation

The Global Environment Facility (GEF) was established in October 1991, and restructured on the eve of the 1992 Rio Earth Summit to forge international cooperation and finance actions to address critical threats to the global environment. The global environmental focal areas of GEF are biodiversity, climate change, international waters, ozone depletion, and other cross-cutting issues such as land degradation. GEF provides funding to assist developing countries in meeting the objectives of international environmental conventions. It serves as a financial mechanism to five such conventions: Convention on Biological Diversity, United Nations Framework Convention on Climate Change (UNFCCC), Stockholm Convention on Persistent Organic Pollutants, UN Convention to Combat Desertification, and Minamata Convention on Mercury. At present, GEF has 183 member countries. The GEF Secretariat is located in Washington, DC.

GEF has a governance structure which includes the Assembly, the Council, the Secretariat, Agencies, a Scientific and Technical Advisory Panel, and an Evaluation Office. The GEF Assembly is composed of all member countries. The Council is GEF's main governing body, comprised of 32 members appointed by constituencies of GEF member countries (14 from developed countries, 16 from developing countries and two from economies in transition). The Secretariat, which coordinates overall implementation of GEF activities, is led by a Chief Executive Officer-Chairperson. The Agencies are the operational arm of GEF. There are eighteen Agencies — including United Nations agencies, multilateral development banks, national entities and international NGOs.

GEF provides financing to various types of projects ranging from several thousands to several million dollars from the GEF Trust Fund, Special Climate Change Fund, and Least Developed Countries Fund. GEF is not a project financier, but a project co-financier which brings together multiple sources of funding for projects that complement national programs and policies. Both developed and developing countries are donors to the GEF Trust Fund. The World Bank, since 1994, has been serving as GEF Trustee and administering the GEF Trust Fund.

Since its inception, GEF has received contributions from 39 donor countries. At the last replenishment 30 countries pledged a record US\$ 4.43 billion for the GEF-6 period that runs from 2014 to 2018. The

focus areas for the current GEF-6 replenishment period are biodiversity, climate change mitigation, chemicals and waste, international water, land degradation, and sustainable forest management.

Since 1992, GEF has provided over US\$ 17 billion in grants and mobilized an additional US\$ 88 billion in financing for more than 4,000 projects in 170 countries. Over the past 25 years, it has supported a range of achievements such as the creation of more than 3,300 protected areas covering 860 million hectares; conservation-friendly management of more than 352 million hectares of productive landscapes and seascapes; 790 climate change mitigation projects contributing to 2.7 billion tons of greenhouse gas emission reductions; and climate change adaptation to reduce the vulnerability of more than 15 million people in 130 countries.

GEF has developed the “GEF2020: Strategy for GEF”. According to the strategy, GEF will pursue five strategic priorities: address the drivers of environmental degradation; deliver integrated solutions; enhance resilience and adaptation; ensure complementarity and synergies, especially in climate finance; and focus on choosing the right influencing model.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

Nepal is a member of the GEF constituency comprised of Bangladesh, Bhutan, India, the Maldives, Nepal, and Sri Lanka. Nepal submitted its notification of participation in GEF in October 1994. Each GEF member country has designated government officials responsible for GEF activities. These officials, known as GEF Focal Points, play a key role in ensuring that GEF projects are country-driven and based on national priorities. Nepal has nominated the Finance Secretary as Political Focal Point, and the Joint Secretary of the Ministry of Finance’s International Economic Cooperation Coordination Division as Operational Focal Point. Political Focal Points are responsible for GEF governance issues and policies and communications with their constituencies. All member countries have Political Focal Points. Operational Focal Points are responsible for in-country program coordination of GEF projects and other operational activities. Only countries eligible for GEF funding are expected to designate Operational Focal Points.

GEF has been supporting Nepal primarily in three focal areas - climate change, biodiversity, and land degradation. GEF’s Small Grants Programme (SGP) is implemented by the United Nations Development Programme (which hosts SGP on behalf of the GEF Implementing Agencies, namely UNEP, the World Bank and UNDP) and executed by the United Nations Office for Project Services (UNOPS). Launched in 1992, SGP supports conservation activities of non-governmental and community-based organizations in developing countries with an additional focus on poverty alleviation and good governance. GEF-SGP is implementing its projects in Nepal to cope with the challenges of biodiversity, water, and climate, through community-led efforts to conserve biodiversity and its use for sustainable livelihoods. The SGP program in Nepal came under UNDP management in late 1998. Since then, UNDP has managed more than 100 projects related to biodiversity, climate change, land degradation, and associated capacity building in Nepal.

The present GEF-SGP Country Programme Strategy for Operational Phase 6 (2015-2018) has the

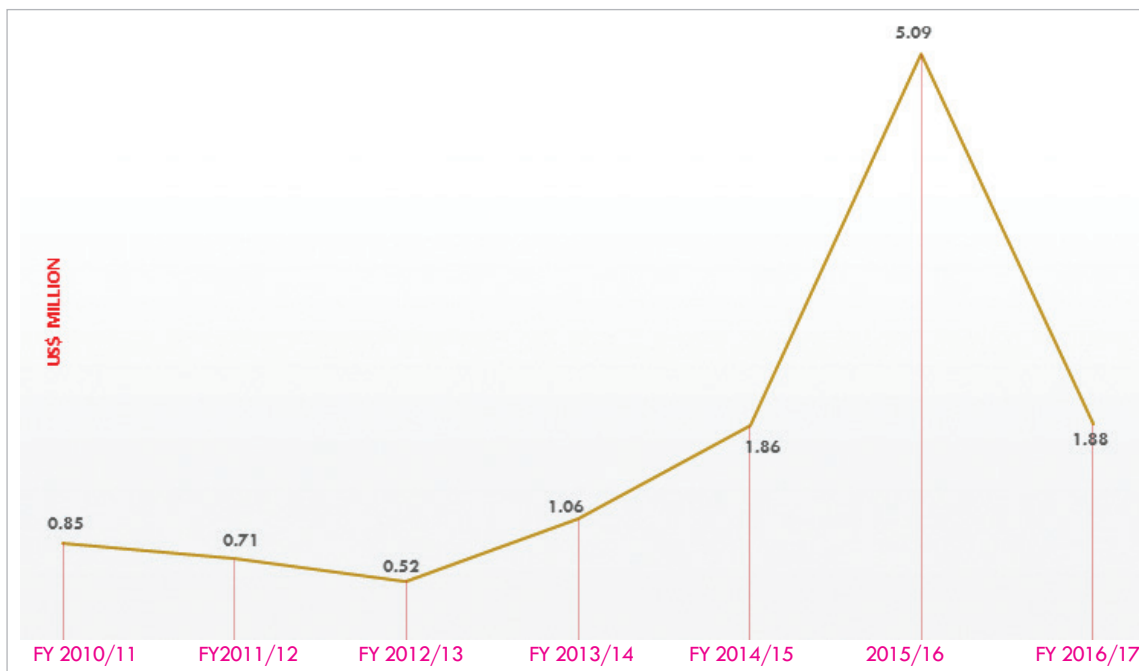


objective to support the creation of global environmental benefits and the safeguarding of the global environment through community and local solutions that complement and add value to national and global level action. The Country Programme Strategy (CPS) includes four main strategic initiatives: community landscape conservation; reclamation of degraded public and community lands through community based innovative activities; conservation of biodiversity and ecosystems; and climate change mitigation and adaptation, including the promotion of innovative climate-smart agriculture, and low carbon energy access co-benefits. The CPS specifically identifies the goals, strategic objectives and outcomes that GEF-SGP Nepal proposes to achieve over this operational phase.

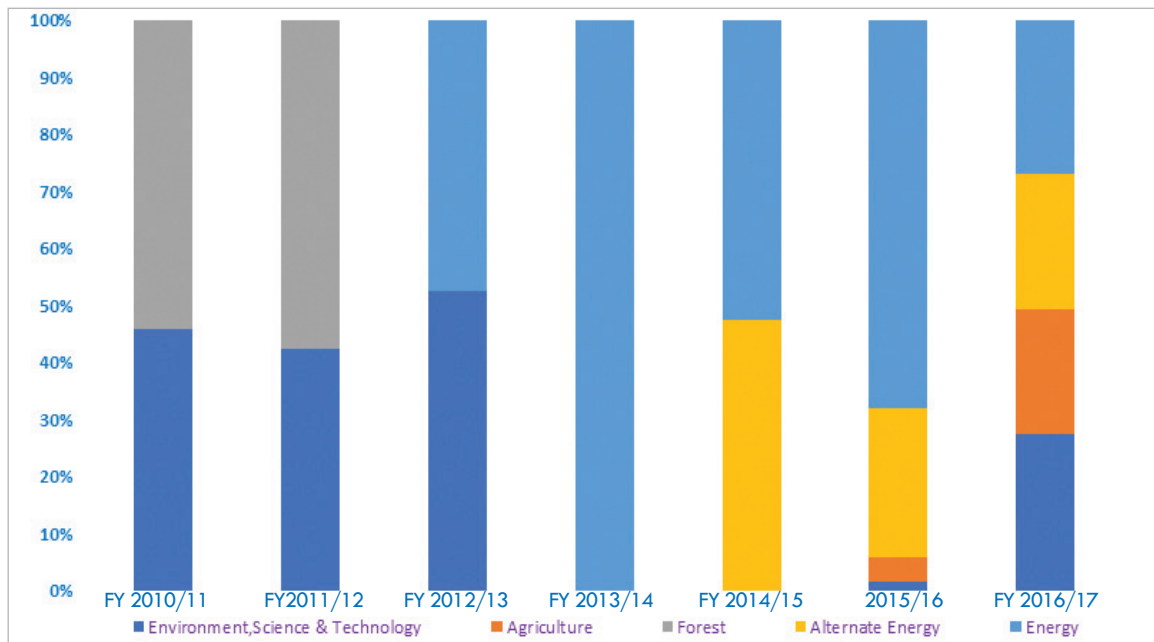
To date, in Nepal, GEF has supported 39 projects from GEF and LDCF, with a total amount of GEF grant funding of US\$ 217.16 million, additional co-financing of US\$ 437.64 million, and project preparation grants in the amount of US\$ 3.13 million. The GEF Agencies implementing GEF projects in Nepal are the Asian Development Bank, UNDP, UNEP, UNIDO and the World Wildlife Fund.

Between FY 2010/11 and FY 2016/17, GEF disbursed a total of US\$ 12 million to Nepal, according to the data in the Aid Management Platform (Figure 1). During that seven-year period, the volume of disbursement was the highest in FY 2015/16, at US\$ 5 million. The sectors that GEF is supporting in Nepal are Environment, Science and Technology, Agriculture, Forest, Alternate Energy, and Energy, as shown in Figure 2.

**Figure 1: GEF's disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: GEF's support to Nepal by sector, FYs 2010/11-2016/17**

Source: Aid Management Platform

**Additional Information**

- *The Global Environment Facility (GEF): <https://www.thegef.org>*
- *GEF in Nepal: <https://www.thegef.org/country/nepal>*
- *Aid Management Platform (AMP), GEF: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4825>*

## 6 | Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM)



### Overview and Approach to Development Cooperation

The Global Fund to Fight AIDS, Tuberculosis and Malaria (also referred to as the Global Fund, or GFATM) is an international financing institution founded in 2002. It is a public–private partnership organization based in Geneva, Switzerland. The Bill & Melinda Gates Foundation was one of the first private foundations among many donors to provide seed money for the project. The idea of establishing the Global Fund was discussed at a G8 summit in Okinawa, Japan, in 2000. Commitment began to further coalesce at the African Union summit in April 2001, as well as at the United Nations General Assembly Special Session in June of that year, and the idea was endorsed by the G8 at their summit in Genoa in July 2001. A Transitional Working Group was established to determine the principles and working modalities of the new organization, and the Global Fund came into effect in January 2002, with the aim of accelerating the end of AIDS, tuberculosis and malaria as epidemics.

The Board of the Global Fund meets twice a year on average. At each meeting, the Board takes a number of decisions, which are legally binding on the Board, the Secretariat and in-country partners. In addition, the Board sets strategy, governs the institution and approves all funding decisions. It is also responsible for assessing organizational performance, overall risk management, partner engagement, resource mobilization and advocacy. The Board includes members from donor and implementer governments, non-governmental organizations, the private sector, private foundations and affected communities.

The Global Fund is a financing mechanism rather than an implementing agency. This means that the monitoring of programs is supported by a Secretariat of approximately 700 staff in Geneva. Implementation is overseen by Country Coordinating Mechanisms, committees consisting of in-country stakeholders that need to include, according to Global Fund requirements, a broad spectrum of government, NGOs, United Nations, faith-based, private sector and people living with the diseases.

The Global Fund disburses the initial grant money once the design and specifications of a grant are completed and approved. Under the principle of performance-based funding, continued grant

funding is dependent on proven, effective results. Since 2002, the Global Fund has disbursed US\$ 33.8 billion (as of May 2017), becoming the main financier of programs to fight AIDS, tuberculosis and malaria for more than 1,000 programs in 150 countries. To date, programs supported by the institution have saved 7.7 million lives by providing AIDS treatment for 3.3 million people, anti-tuberculosis treatment for 8.6 million people and 230 million insecticide-treated nets for the prevention of malaria. The Global Fund works in close collaboration with other bilateral and multilateral organizations to supplement existing efforts in dealing with the three diseases.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

Nepal has been a Delegate Member of the Global Fund since its establishment in 2002. In 2006 it was decided that the South East Asian Constituency (comprised of 11 countries of the region) would serve as a single voting member constituency of the Global Fund Executive Board. Since 2009, Nepal has been serving as a Board Member of the Global Fund, with the Minister for Health and Population of Nepal acting as a member with equal rights, and representing the South East Asian Constituency Delegation.

As the Global Fund does not have country offices around the globe, there is no specific framework agreement for Nepal. However, all recipient countries have to address the three diseases of HIV/AIDS, tuberculosis and malaria with collective efforts to end the epidemics, and this applies to Nepal as well. The organization releases funds upon the request of recipient countries through Country Coordinating Mechanisms (CCMs), which are the national committees in each country that submit funding applications to the Global Fund on behalf of the entire country. The CCM does not handle Global Fund financing itself, but is responsible for submitting proposals to the Global Fund, nominating the entities accountable for administering the funding, and overseeing grant implementation. The CCM should preferably be an already-existing body, but a country can instead decide to create a new entity to serve as CCM.

Normally funding is not available all the time. As per current global strategy, The Global Fund Strategy 2017-2022, which is based on an ambitious vision to end the epidemics, the recipient nations can apply for funding during the 2017-2019 allocation period. Funding is available in two forms: country and multi-country. To date, the Global Fund has disbursed over US\$ 173.8 million to Nepal, primarily through four principal recipients: (1) Family Planning Association of Nepal (FPAN); (2) National Centre for AIDS and STD Control (NCASC); (3) National TB Centre (NTC); (4) Epidemiology & Disease Control Division; (5) Save the Children, an international non-government organization; and (6) United Nations Development Programme, along with the Government of Nepal.

The HIV program in Nepal is guided by the National HIV Strategic Plan 2016-21 (NSP) which aims to achieve optimized reach, recommend, test, treat and retain (RRTTR) 90-90-90 and combination prevention by 2020. With the objective to accelerate and scale up comprehensive prevention package services, behavior change communication (BCC), needle syringe program, condom and lubricant distribution, opioid substitution therapy (OST) and diagnosis and testing services are provided to the key populations. Similarly, care and support services are implemented for people living with

HIV, which provide free anti-retroviral therapy (ART), community and home based care (CHBC), community care center (CCC), prevention of mother to child transmission (PMTCT) and cash transfer program for children living with HIV. The HIV program is implemented in all the districts of Nepal in close collaboration with the National Centre for STD and AIDS Control (NCASC), Department of Health Services, Government of Nepal.

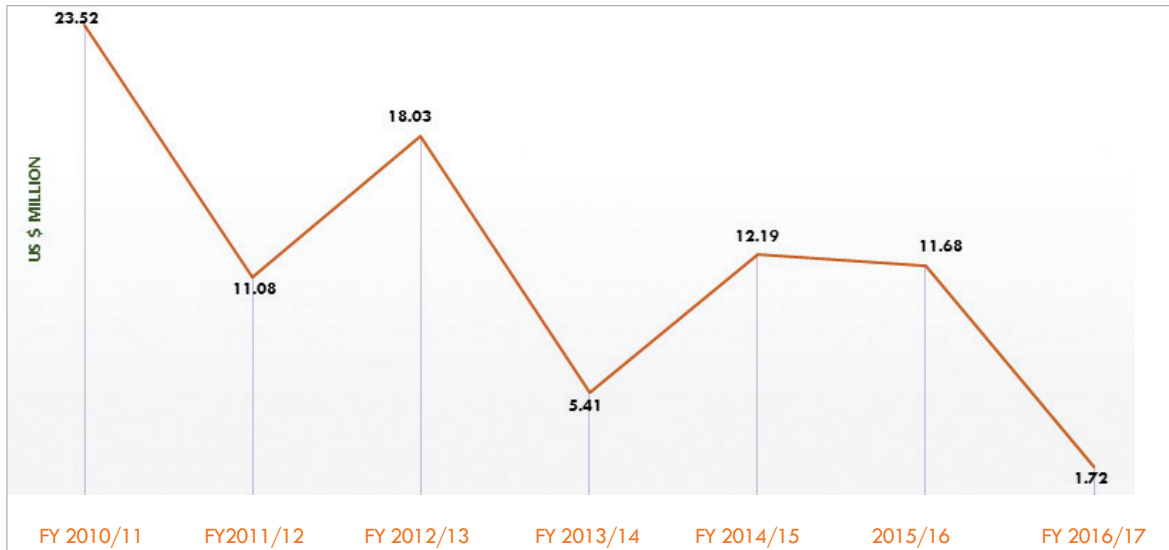
Nepal has recently progressed to malaria pre-elimination phase from the control phase. The malaria micro stratification 2016 has concluded that malaria is shrinking in Nepal and that Nepal has reached low level of endemicity. The micro stratification was conducted in order to derive a tailor-made strategy information to suit the changing epidemiology of malaria in Nepal. As recommended in the National Malaria Strategic Plan 2016-2021, ward level micro-stratification was conducted in all high and moderate risk VDCs of 25 districts and 10% of low and no risk VDCs of other districts. The micro stratification has identified 54 high risk wards scattered across 12 districts. Out of these high risk wards, 35 wards fall in the far-western development region, 11 in the mid-western, 3 in the western and 5 in the central region, while no high risk wards were detected in the eastern development region. Furthermore, moderate risk wards were identified in 370 wards in 27 districts; out of which 149 were in the far-western development region, 89 wards in the mid-western, 43 wards in the western, 63 wards in the central and 26 wards in the eastern development region. As a Principal Recipient of Global Fund, Save the Children in collaboration with Epidemiology and Disease Control Division (EDCD), Ministry of Health, Government of Nepal (GoN), provides Long Lasting Insecticide treated bed nets (LLINs) to pregnant women and general population of the risk districts. The malaria program also provides capacity building training to health personnel for case identification and logistics support for early diagnosis and treatment to suspected cases as per the national treatment protocol.

Tuberculosis (TB) is one of the most prevalent infectious diseases and significant public health problems in Nepal and continues to pose a serious threat to the health of the population and the development of the country. The National Strategy Plan (NSP) 2016-2021 for TB is in line with the Nepal government's 10th Five Year Plan of Health and Population. With the implementation of NSP 2016-2021, the National Tuberculosis Program (NTP) has entered a more advanced stage of TB control that has enabled NTP to address new challenges such as multi-drug-resistant tuberculosis (MDR/TB) and extensively drug-resistant tuberculosis (XDR/TB) as well as TB/HIV co-infection. Save the Children implements NTP in collaboration with National TB Centre, DoHS which provides diagnostic and treatment services to clinically diagnosed and bacteriologically confirmed TB cases including DR and MDR TB cases and Directly Observed Treatment Short Course (DOTS) throughout the country. Currently, Save the Children is implementing a project called Nepal National Strategic Plan 2010-2015: Implementation of Stop TB Strategy, with a three-year plan from July 2015 to March 2018. The main objective of the project is to create awareness among the general people and related stakeholders on TB, HIV and TB/HIV co-infection issues. The project intends to increase awareness among HIV-positive people about tuberculosis risk as it is one of the most commonly occurring opportunistic infections among people with HIV.

As the Global Fund provides its assistance to Nepal for the specific purpose of eradicating the three major diseases of HIV/AIDS, tuberculosis and malaria, the support is for the health sector. Therefore, a figure from the AMP showing the sectoral distribution of support is not included in this profile as

has been the case in other profiles in this publication. Figure 1 shows the disbursement provided by the Global Fund from FY 2010/11 to FY 2016/17. During this period, Nepal received a total of US\$ 83.6 million of support from the Global Fund. The disbursement from the Global Fund was highest in FY 2010/11, at US\$ 23.5 million. However, the following fiscal years saw a gradual decline in the disbursement amount, which declined to US\$ 1.7 million in FY 2016/17.

**Figure 1: Global Fund's disbursement to Nepal, FYs 2010/11-2016/17, in US\$**



Source: Aid Management Platform

#### Additional Information

- *Global Fund*: <https://www.theglobalfund.org/en/>
- *Country Coordinating Mechanisms, Nepal*: <http://ccmnp.org/>
- *Aid Management Platform (AMP), Global Fund*: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikui/index.html#report/open/4802>

## 7 | International Fund for Agricultural Development (IFAD)



### Overview and Approach to Development Cooperation

The International Fund for Agricultural Development (IFAD), a specialized agency of the United Nations, was established as an international financial institution in 1977 as one of the major outcomes of the 1974 World Food Conference. The conference was organized in response to the food crises of the early 1970's that primarily affected the Sahelian countries of Africa. It resolved that "an International Fund for Agricultural Development should be established immediately to finance agricultural development projects primarily for food production in the developing countries". One of the most important insights emerging from the conference was that the causes of food insecurity and famine were not so much failures in food production but structural problems relating to poverty, and to the fact that the majority of the developing world's poor populations were concentrated in rural areas.

The International Fund for Agricultural Development (IFAD) works where poverty and hunger are deepest: in the most remote regions of developing countries and fragile situations, where few development agencies venture. By investing in rural people, and in small and medium-sized enterprises, IFAD's work reduces poverty and hunger and results in greater resilience. IFAD's work helps people change their lives and communities, and contributes directly to the 2030 Agenda and Sustainable Development Goals (SDGs).

IFAD is both a specialized United Nations agency and an international financial institution (IFI). This unique identity allows IFAD to consistently deliver results on the ground and in the policy arena that benefits rural communities. IFAD is among the top multilateral institutions working in agriculture in Africa.

IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, IFAD has provided about US\$ 18.9 billion in grants and low-interest loans to projects that have reached some 470 million people. IFAD is based in Rome – the UN's food and agriculture hub.

IFAD provides low-interest loans and grants to developing countries and mobilizes co-financing from Member States, developing countries and project participants themselves. To date, IFAD has leveraged around US\$ 26.1 billion and contributed an additional US\$ 18.5 billion for agriculture and rural development. IFAD supports programs and projects that are inclusive of women, youth and

indigenous peoples. IFAD's bottom-up approach is community-driven. Small-scale agriculture is central to its model. IFAD's investments reduce poverty by 5.6 - 9.9% (compared with 3 - 7% for cash transfer programs).

Rural development is central to ending hunger and poverty, and crucial to meeting the SDGs. IFAD-supported projects connect poor rural people to markets and services so they can grow more and earn more. More than that, the projects also transform rural communities economically and socially, and promote gender equality and inclusiveness.

IFAD's reported outputs in 2016 included having 2 million people trained in crop production practices and technologies, 52% of whom were women; 3.6 million hectares of common- property-resource land under improved management; 16,000 kilometers of roads constructed or repaired; 32,000 marketing groups formed or strengthened; and 1 million people trained in business and entrepreneurship. 50% of people receiving services from IFAD-supported projects were women.

The governance structure of IFAD is led by the Governing Council<sup>8</sup>, its highest decision-making authority. Each Member State is represented in the Governing Council by Governors, Alternate Governors and any other designated advisers. The Executive Board is responsible for overseeing the general operations of IFAD and for approving its program of work. Membership on the Executive Board is determined by the Governing Council and is presently distributed as follows: List A: eight Members and eight Alternate Members (primarily countries in the Organization for Economic Co-operation and Development); List B: four Members and four Alternate Members (primarily countries in the Organization of the Petroleum Exporting Countries); and List C: six Members and six Alternate Members; two each in the three regional sub-divisions of List C Member States (developing countries).

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

Nepal became a member of IFAD on 13 December 1977. Nepal's membership was ratified by the Governing Council on 5 May 1978, making Nepal among the first countries to benefit from IFAD funds.

The main strategic thrusts of the IFAD financed projects in Nepal are poverty alleviation and improvement of household food and income security of the rural poor especially the rural women, the landless, the indigenous groups and small and marginal farmers from the disadvantaged areas of the country. Its current strategy — based on its Country Strategic Opportunities Programme (2013-2018) — supports the development policies and programs of the government and other partners, especially in relation to peace-building, reconciliation, reconstruction and economic recovery. IFAD's investments reinforce these efforts by addressing the issues of poverty, inequality and social marginalization that have been at the heart of conflict in the country. Since 1977, IFAD has provided US\$ 152.8 million in low-interest (highly concessional) loans and US\$ 36 million in grants for a total of 16 projects, directly benefitting around 809,853 households in rural Nepal. In addition, IFAD also provides a range of regional grants, technical support and assistance across the region.

IFAD is a financial institution, and this distinguishes it from its partner food and agriculture

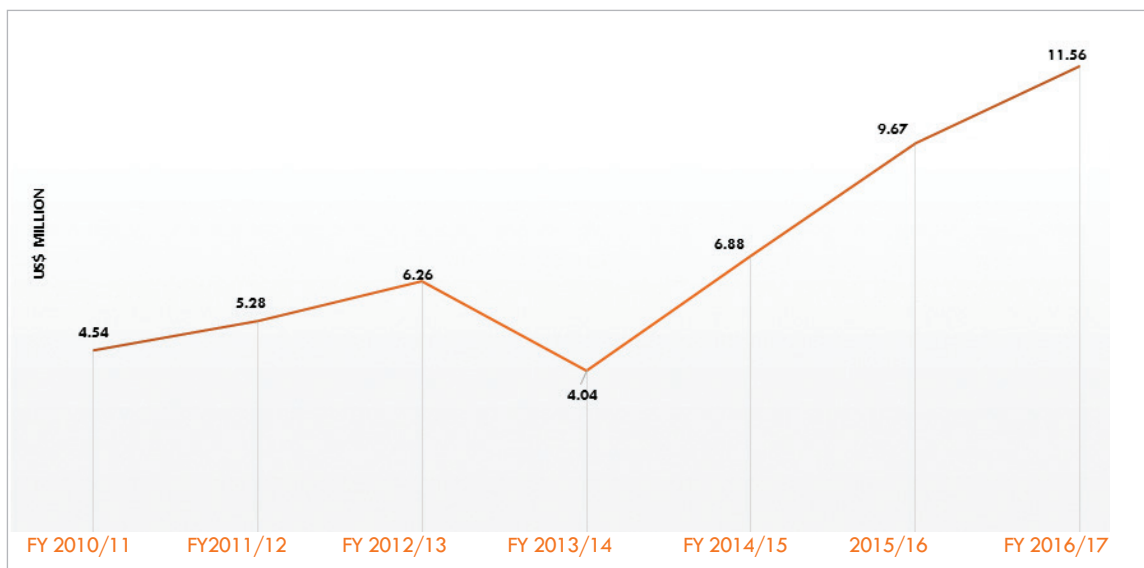
<sup>8</sup> The Governing Council of IFAD is the Fund's principle Governing Body having full decision-making powers. It consists of all of IFAD's Member States and meets annually.



organizations, Food and Agricultural Organization (FAO) and WFP (World Food Programme). It provides loans and grants from its own resources and manages resources for other development organizations. IFAD loans for programs and projects on highly concessional, hardened, intermediate and ordinary terms, as determined by the borrower's per capita gross national income. Highly concessional loans carry no interest charge, have a service charge of 0.75% and are repaid over 40 years. Loans on hardened terms have the same interest and service terms, but are repaid over 20 years. Intermediate loans carry a variable interest charge equivalent to 50% of the reference interest rate and are repaid over 20 years. Ordinary loans carry a variable interest charge equal to the reference interest rate and are repaid over 15 to 18 years.

IFAD has financed 16 projects to date and has mobilized significant resources throughout the country; among them 11 of those projects are already completed. IFAD's first project in Nepal was the Integrated Rural Development Project (Sagarmatha Zone), which was launched in November 1979 with a loan amount of US\$ 11.5 million. Subsequently, on 5 December 1980, IFAD started another credit and financial services related project, the Small Farmer Development Project, with total costs of US\$ 16.1 million. The Second Small Farmer Development Project (US\$ 24.5 million) was initiated in 1985 after the irrigation project Command Area Development Project (US\$ 30.2 million) launched in 1981. The latest completed project is Leasehold Forestry and Livestock Programme (US\$ 15.8 million) which was started in 2004.

**Figure 1: IFAD's disbursement to Nepal, FYs 2010/11-2016/17, in US\$**

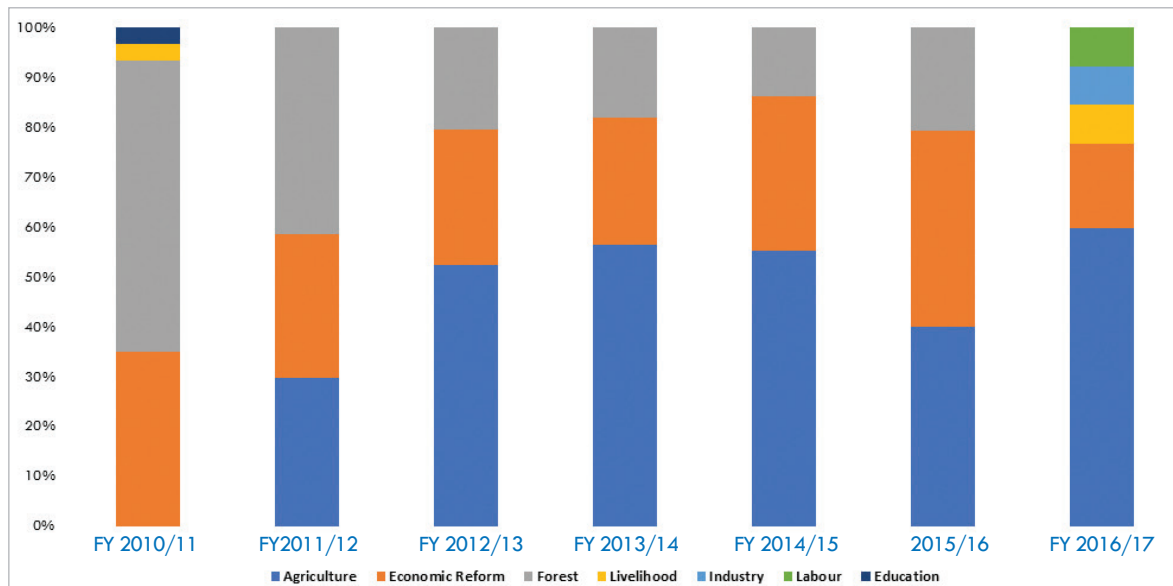


Source: Aid Management Platform

From FY 2010/11 to 2016/17, over US\$ 48.2 million of aid was disbursed to Nepal (Figure 1). The disbursement amount was US\$ 4.5 million in FY 2010/11. The disbursement amount increased in the next two fiscal years before declining to US\$ 4 million in FY 2013/14. However, after that the volume of ODA from IFAD grew gradually, reaching its highest level in FY 2016/17, at almost US\$ 11.5 million. In terms of IFAD's support to specific sectors, Figure 2 shows that IFAD contributed more than 40% of its total aid to agriculture related projects whereas Economic Reform was the second highest recipient

sector with about 27% on average. Forestry was another top recipient sector, receiving around 24.8%. Industry, Livelihood and Labour also received support from IFAD.

**Figure 2: IFAD's support to Nepal by sector, FYs 2010/11-2016/17**



Source: Aid Management Platform

IFAD — apart from the past cooperation with Nepal — has five ongoing projects. The rural development program Poverty Alleviation Fund Project II, co-financed with the World Bank, started in 2007, and is the largest among them with total costs of US\$ 117.7 million. This project is one of a number of community-based interventions designed to introduce rapid development changes in poor, remote areas of Nepal. The principal goal of the project's second phase, funded by a Debt Sustainability Framework (DSF) grant in partnership with the World Bank, is to address the interrelated problems of rural poverty and social exclusion. Other major ongoing projects are High Value Agriculture Project in Hill and Mountain Areas (US\$ 18.9 million), initiated in 2010, KisanKalagi Unnat Biu-Bijan Karyakram (US\$ 64.8 million) initiated in 2012, Adaptation for Smallholders in Hilly Areas (US\$ 37.6 million) initiated in 2013 and Samridhhi-Rural Enterprises and Remittances Project (US\$ 68.1 million) initiated in 2015. Agricultural Sector Development Programme (US\$ 68.1 million) has been recently approved IFAD's Executive Board on 11 December 2017 and is expected to commence from early 2018.

#### Additional Information

- IFAD: <https://www.ifad.org/>
- IFAD, Nepal: <https://operations.ifad.org/web/ifad/operations/country/home/tags/nepal>
- Aid Management Platform (AMP), IFAD: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4821>

## 8 | International Labour Organization (ILO)



### Overview and Approach to Development Cooperation

The International Labour Organization (ILO) is a specialized United Nations agency which brings together governments, employers and workers of Member States, to set labor standards, develop policies and devise programs promoting decent work for all women and men. It was founded in 1919 and became the first specialized agency of the UN in 1946. The ILO is the only tripartite UN agency based in Geneva, Switzerland. It has 187 Member States — 186 of the 193 UN Member States and the Cook Islands. The ILO was founded as a part of the Treaty of Versailles that ended World War I, to reflect the belief that universal and lasting peace can be accomplished only if it is based on social justice. The Constitution was drafted between January and April 1919, by the Labour Commission set up by the Peace Conference, which first met in Paris and then in Versailles. The Commission, chaired by Samuel Gompers, head of the American Federation of Labor (AFL) in the United States, was composed of representatives from nine countries: Belgium, Cuba, Czechoslovakia, France, Italy, Japan, Poland, the United Kingdom and the United States. It resulted in a tripartite organization, the only one of its kind bringing together representatives of governments, employers and workers in its executive bodies.

Unlike other UN agencies, the ILO has a tripartite governing structure representing governments, employers, and workers. The rationale behind this structure is the creation of free and open debate among governments and social partners. The Governing Body is the executive body of the ILO. The ILO secretariat (staff) is referred to as the International Labour Office. The Governing Body meets three times a year, in March, June and November. It takes decisions on ILO policy, decides the agenda of the International Labour Conference, adopts the draft program and budget for submission to the Conference, and elects the Director-General. The ILO aims to ensure that it serves the needs of working women and men by bringing together governments, employers and workers to set labor standards, develop policies and devise programs. The very structure of the ILO, where workers and employers together have an equal voice with governments in its deliberations, shows social dialogue in action. It ensures that the views of the social partners are closely reflected in ILO labor standards, policies and programs. The ILO encourages this tripartism within its constituents- employers, workers and Member States- by promoting social dialogue between trade unions and employers in formulating, and where appropriate, implementing national policy on social, economic, and many other issues.

At present, the ILO is leading the campaign of promoting jobs and protecting workers. The Organization is devoted to promoting social justice and internationally recognized human and labor rights, pursuing its founding mission that social justice is essential to universal and lasting peace. Today, the ILO's decent work agenda helps advance the economic and working conditions that give all workers, employers and governments a stake in lasting peace, prosperity and progress. Four

strategic objectives at the heart of the decent work agenda are as follows: set and promote standards and fundamental principles and rights at work; create greater opportunities for women and men to decent employment and income; enhance the coverage and effectiveness of social protection for all; and strengthen tripartism and social dialogue. To address the issues such as forced labor, minimum wage laws, HIV/AIDS, migrant workers, domestic workers and globalization, the ILO has been investing millions of dollars every year. In FY 2014/15, it had allocated US\$ 801.2 million for global aid and proposed US\$ 797.3 million worth of support in FY 2016/17.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

Nepal joined the ILO in 1966. Later, in January 1994, the Office of the Senior ILO Adviser was established in Nepal in view of the increasing need for support in the country and scope for expansion of ILO programs. The Kathmandu office transitioned to a full-fledged Country Office in 2000. The ILO program in Nepal is aligned with the ILO work worldwide, the Government's Development Plan and the United Nations Development Assistance Framework (UNDAF), contributing to the overall goal of promoting decent work for all. The ILO Nepal Decent Work Country Programme (DWCP) 2013-2017 focused on three fundamental areas: (i) Promotion of employment-centric and inclusive growth; (ii) Improved labor market governance and industrial relations; and (iii) Promotion of fundamental principles and rights at work. Gender equality, tripartism and social dialogue, and international labor standards are mainstreamed under the above three priorities. Currently, the ILO Office in Nepal is in the process of formulating its next phase of Decent Work Country Programme, which will be implemented from 2018 to 2022. There will be two priorities: (1) Enabling decent work for all through sustainable and inclusive growth; and (2) Ensuring fundamental principles and rights at work.

The major areas of work under Priority 1 will include technical and financial support to strengthen labor market governance for effective implementation of labor laws in the context of federalization, partnership with Government and stakeholders at relevant levels of federalization for more and better jobs, strengthening labor market indicators through technical support for Labor Force Survey and to Public Employment Service Centers, sustainable enterprise development for jobs and economic growth. Areas of work under Priority 2 will include technical support for strengthening labor migration governance, technical and financial support for the abolition of child labor, forced labor and trafficking, technical and financial support for the implementation of Social Security Act 2074.

The ILO in Nepal is responsible for the coordination of outcome two of the UNDAF 2018-2022, which aims to increase the country's capacity to design, execute and manage economic development programs, inclusive labor and economic policies, and programs to boost productive employment and income opportunities.

The ILO's regular budget that is received for each two-year period is mainly spent on policy development and revision, revision/development of labor related laws and regulations, development of programs and projects, building the capacity of constituents and supporting them in implementing small initiatives for putting the decent work agenda into practice. The activities of the ILO in Nepal are carried out in partnership with the Ministry of Labour and Employment, Ministry of Federal Affairs and Local Development, Ministry of Industry, Ministry of Land Reform and Management, and Ministry of Agriculture. Cooperation with employers' and workers' organizations is mainstreamed in the implementation of all programs.

The ILO has been implementing a number of technical assistance programs that contribute to achieving expected results under each area of work mentioned above. The Strengthening Rural Transport Project (2014-2019) aims to assist the Government in building bridges and upgrading, rehabilitating and maintaining rural road networks and river crossing structures in 36 districts of Nepal. The project targets to creating 3.9 million work days of decent employment through regular road maintenance. The focal Ministry/Department for the project is MoFALD/DoLIDAR. With the Integrated Programme in Fair Recruitment (2016-2018), ILO Nepal plans to test its first model on fair recruitment in the Jordanian garment sector. The main objective is to foster fair recruitment practices between Nepal and Jordan for workers migrating to work in the garment sectors. The focal Ministry/Department is MoLE/DoFE and other partners are employers' and workers' organizations, private employment agencies, skill training centers, and organizations working for the protection of migrant workers' rights.

From Protocol to Practice: A BRIDGE to Global Action on Forced Labour (2015-2019) aims to effectively eliminate traditional and modern slavery/forced labor systems and to significantly reduce contemporary forms of forced labor, which are often linked to human trafficking. Government partners in the project are MoLE, MoWCSW and MoLRM. Other partners are Rastriya Mukta Haliya Samaj Federation (RMHSF), as well as workers' and employers' organizations. The project Advocacy for Rights and Good Corporate Governance (UNNATI-Inclusive Growth Programme in Nepal) 2015-2018 is an initiative under the partnership between DANIDA and the ILO to promote responsible business practices, including efficient implementation of labor rights and good corporate governance. The project focuses on value chains of four agricultural sectors, including orthodox tea, ginger, dairy and cardamom. The focal ministry is MoAD and other partners include UN Capital Development Fund (UNCDF), World Bank Group (IFC), ORGUT, NATHAN, and workers' and employers' organizations.

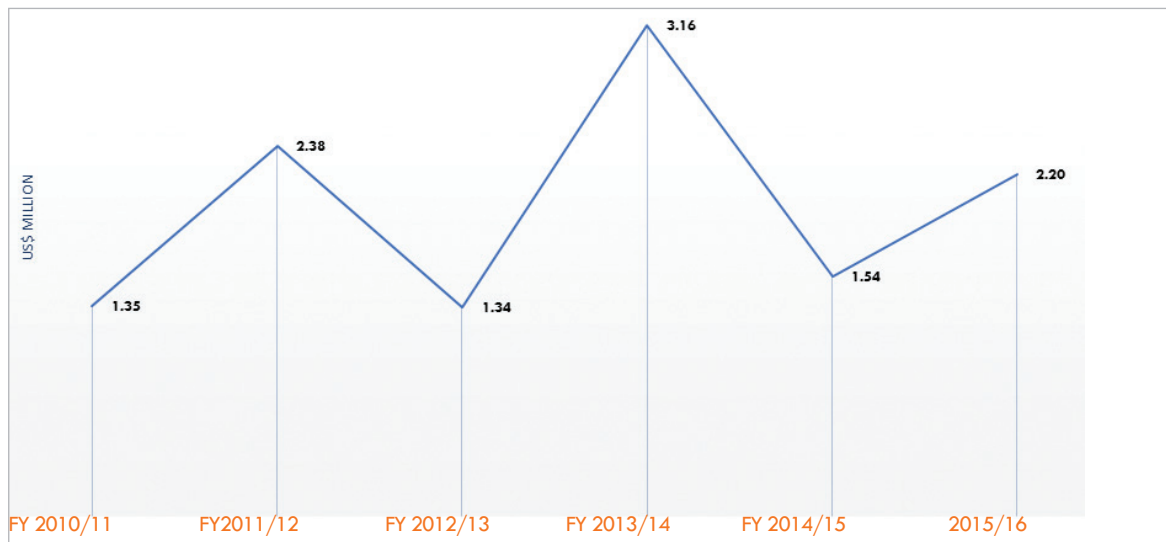
Labour Market Information and Employment Services (2014-2018) aims to improve the quality of employment services through strengthened client orientation and capacity building of Employment Service Centers and other officials. The ultimate objective of this project is to facilitate smoother transitions to training and work through public employment services for rural youth in Nepal. The project's focal Ministry/Department is MoLE/DoL and partners are Public Employment Service Centers (ESCs), FNCCI, trade union federations, CTEVT, DoFE, National Association of Foreign Employment Agencies (NAFEA) and media organizations.

The ILO-DFID Partnership Programme on Fair Recruitment and Decent Work for Women Migrant Workers in South Asia and the Middle East "Work in Freedom" aims to reduce the incidence of trafficking of women and girls from India, Bangladesh and Nepal through economic, social and legal empowerment. Partners in the program are MoLE, workers' organizations, recruitment agencies and civil society organizations.

The ILO is also providing technical assistance to The Nepal Labor Force Survey-III Project (2017-2018), in partnership with CBS. The 2017/18 Nepal Labor Force Survey (NLFS-III) will aim at updating the employment and unemployment indicators in Nepal, as the last LFS was carried out in 2008 and existing employment indicators are outdated. The NLFS-III shall be implemented to measure employment and unemployment in line with the recent international standards from the 19th International Conference of Labour Statisticians (19th ICLS) of October 2013. There will be particular emphasis on the production of additional measure of labor underutilization to supplement the unemployment rate, and the measurement of activities of production for own-use consumption by households. In addition, labor market information on forced labor will also be collected and analyzed.

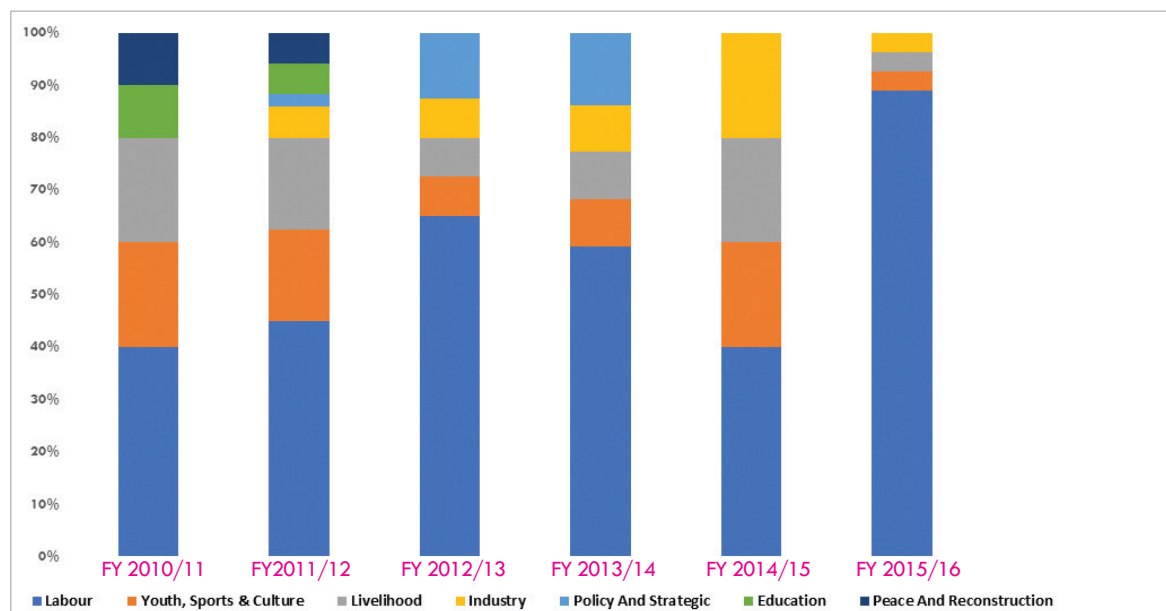
From FY 2010/11 to FY 2016/17, the ILO has disbursed over US\$ 11.96 million of ODA to Nepal (Figure 1). The disbursement was US\$ 1.35 million in FY 2010/11 and was highest in FY 2013/14, at almost US\$ 3.16 million. In terms of ILO support to specific sectors, Figure 2 shows that the ILO disbursed more than 50% of its aid to the Labour sector. Livelihood is another sector which received about 12.5% of the total share, and the contribution to the Industry sector has been continuously increasing.

**Figure 1: ILO's disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: ILO's support to Nepal by sector, FYs 2010/11 to 2016/17**



Source: Aid Management Platform

### Additional Information

- ILO: <http://www.ilo.org/global/lang--en/index.htm>
- ILO Country Office, Nepal: <http://www.ilo.org/kathmandu/lang--en/index.htm>
- Aid Management Platform (AMP), ILO: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikui/index.html#report/open/4824>

## 9 OPEC Fund for International Development (OFID)



### Overview and Approach to Development Cooperation

The OPEC Fund for International Development (OFID) — an intergovernmental development finance institution — was established in January 1976 by the 13 Member Countries of the Organization of the Petroleum Exporting Countries (OPEC) following the decision made at the Conference of Sovereigns and Heads of State of the OPEC Member Countries, held in Algiers, Algeria in March 1975. Initially, it was called the OPEC Special Fund. The idea was that OFID’s resources would be additional to those already made available by OPEC states through a number of bilateral and multilateral channels.

OFID aims to promote cooperation between its Member States and other developing countries as an expression of South-South Cooperation<sup>9</sup> and help particularly the poorer, low-income countries in pursuit of their social and economic advancement. OFID works in cooperation with developing country partners and the international donor community to stimulate economic growth and alleviate poverty in all disadvantaged regions of the world. It does this by providing financial assistance to build essential infrastructure, strengthen social services delivery and promote productivity, competitiveness and trade. OFID’s work is people-centered, focusing on projects that meet basic needs — such as food, energy, clean water and sanitation, health care and education — with the aim of encouraging self-reliance and inspiring hope for the future.

OFID extends concessionary financial assistance in the form of loans for development projects and programs in developing countries. It provides grants in support of technical assistance, food aid, research, and humanitarian emergency relief; it also contributes to the resources of other development institutions whose work benefits developing countries. As such, OFID serves as an agent of OPEC Member Countries in the international financial arena whenever collective action is deemed appropriate.

The governance structure of OFID is led by its supreme authority, the Ministerial Council, composed of finance ministers of the Member Countries. The Council issues policy guidelines, approves the

<sup>9</sup> A term used to describe the exchange of resources, technology, and knowledge between developing countries, also known as countries of the Global South

replenishment of OFID's resources, authorizes the administration of special funds and makes major policy decisions. It meets once a year. The Governing Board is composed of one representative and one alternate from each Member Country. Subject to directives issued by the Ministerial Council, the Board is responsible for the conduct of OFID's general operations. It stipulates, in particular, policies with regard to the use of OFID's resources and usually meets four times a year. The Director-General is appointed by the Ministerial Council and is the institution's chief executive officer.

OFID provides its assistance to all developing countries with the exception of OPEC Member Countries. The least developed countries, however, are accorded higher priority. A total of 134 countries — of which 53 are in Africa, 43 in Asia, 31 in Latin America and the Caribbean, and 7 in Europe — worldwide have benefited from OFID's financial assistance to date. OFID's total approved commitments distributed through its four financing mechanisms and contributions to other institutions from inception to date stood at US\$ 21.43 billion as of the end of November 2017.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

Development cooperation between the Government of Nepal and OFID was initiated following the establishment of the OPEC Fund by the oil-rich countries in 1976. Since then, OFID has been assisting Nepal for development projects, especially in the water and sanitation sector. OFID loans to Nepal bear a 1.5% interest charge and a 1% service charge, but carry no commitment charge.

Overall on a cumulative basis, OFID's contribution to the water supply and sanitation sector across the globe reached US\$ 1.2 billion as of November 2017. Furthermore, in Nepal as well, OFID has made contributions to better the lives of poor people with proper and clean water supply. Indeed, one of OFID's objectives in Nepal is to support a wide range of operations, ranging from large-scale water storage, treatment and distribution projects to village pumps and school latrines, as well as schemes for the efficient utilization of water in arid regions.

In February 2013, an OFID mission visited Nepal. During the visit they appraised the Kathmandu Valley Wastewater Management Project; followed-up on ongoing operations, including site visits; met with Nepal's ADB Resident Mission Office; and met with the Government of Nepal to discuss current and future cooperation opportunities.

To date, OFID has approved 25 project loans in Nepal for a total amount of US\$ 244.15 million. These include one BOP support loan in the amount of US\$ 4.15 million; one program loan worth US\$ 5.00 million; and 23 project loans for total amounts of US\$ 235.00 million. Projects supported by the loans have been mainly in the agriculture, education, telecommunications, transport, water supply and sewerage, energy, and infrastructure sectors. Out of 25 approved loans, three were cancelled; sixteen have been completed and six are under implementation. The country has also benefited from fifteen national grants and twenty-seven regional grants in the areas of agriculture, water supply and sanitation, and health.

From FY 2010/11 to FY 2016/17, according to the data in the Aid Management Platform, the total



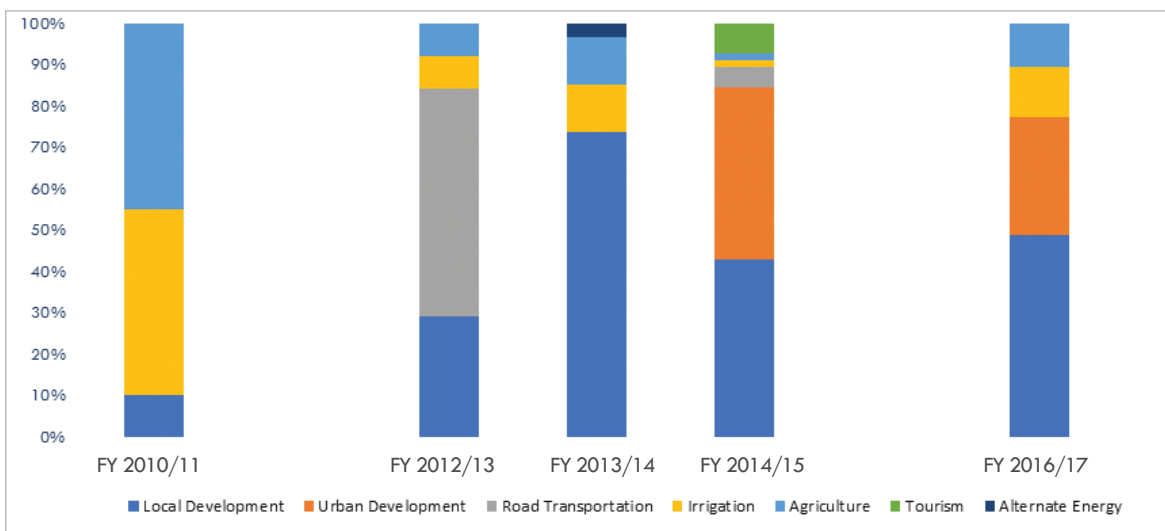
disbursement amount from the OPEC Fund for International Development to Nepal was US\$ 49.63 million (Figure 1). Data provided by OFID report total disbursement of US\$ 56.52 million for the period of 1 January 2010 to date. As per the AMP data, in FY 2010/11, OFID disbursed about US\$ 1.05 million. The amount increased to US\$ 14 million in FY 2012/13, but the next fiscal year saw some decline before it increased again to reach US\$ 15.12 million in FY 2014/15, its highest figure. In terms of sector-wise support, OFID has provided an average of 40% of its ODA to the Local Development sector, while Irrigation and Agriculture have received about 15% each, followed by Urban Development which has received an increased flow of aid from OFID in recent years.

**Figure 1: OFID’s disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: OFID’s support to Nepal by sector, FYs 2010/11 to 2016/17**



Source: Aid Management Platform

Recently, OFID has co-financed the Small Towns Water Supply and Sanitation Sector Project (Phase III), which has a total budget amount of US\$ 109 million, and was signed in 2015. The project aims to carry out sub-projects that will provide infrastructure and carry out training and capacity building schemes. According to the project plan, around 400,000 inhabitants will get access to piped-in water supplies, and over 20,000 households will benefit from improved sanitation facilities. The project is set to construct 26 water supply and treatment systems and around 20,300 private toilets with septic tanks for low-income households.

In addition, OFID has agreed to provide loan assistance of US\$ 30 million for the implementation of the Community Managed Irrigated Agriculture Sector Project. The interest rate of the loan will be 1.25% and the maturity date is 15 February 2020. The project will cover 35 districts of the Central and Eastern Development Regions and aims to benefit poor farmers of the targeted areas by improving the community managed irrigation systems.

The Kathmandu Valley Wastewater Management Project is another ongoing project initiated by OFID in cooperation with ADB and the Government of Nepal. The US\$ 137 million project aims at addressing the shortage in wastewater services faced by the population of Kathmandu Valley. The project is supporting rehabilitation and expansion of the sewerage network; cleaning approximately 56 kilometers of sewer blockage; construction and expansion of five wastewater treatment plants; and capacity building activities.

#### **Additional Information**

- *OPEC Fund for International Development: <http://www.ofid.org/>*
- *OFID, Nepal Project Portfolio: <http://www.ofid.org/COUNTRIES/Asia/Nepal>*
- *Aid Management Platform (AMP), OFID: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4810>*

# 10 | SAARC Development Fund (SDF)



## Overview and Approach to Development Cooperation

The SAARC<sup>10</sup> Development Fund (SDF) Secretariat was founded by the Heads of State/Governments of SAARC Member States in April 2010 during the 16th SAARC Summit in Thimphu, Bhutan. The primary objective of the SDF is to promote the welfare of the people of the SAARC region, to improve the quality of life, and to accelerate economic growth, social progress and poverty alleviation in the SAARC region.

In 1996, a first funding mechanism was created in SAARC, the South Asian Development Fund (SADF), merging the SAARC Fund for Regional Projects (SFRP) and the SAARC Regional Fund. SADF objectives were to support industrial development, poverty alleviation, protection of environment, institutional/human resource development and promotion of social and infrastructure development projects in the SAARC region.

A primary reason for establishing SDF was that the existing South Asian Development Fund (SADF) was found to be inadequate i.e. in terms of required quantum of funds and its limited scope of work. In order to avoid proliferation of funding mechanisms, in 2005 the SAARC financial experts looked at the entire gamut of issues relating to funding of SAARC projects and programs; and, amongst others, agreed that in lieu of proliferating sectorial financing mechanisms, the SADF be reconstituted into the SAARC Development Fund (SDF). The Thirteenth SAARC Summit (Dhaka, 12-13 November 2005) finally decided to reconstitute the SADF into SDF to serve as the “umbrella financial mechanism” for all SAARC projects and programs.

The Governing Council is the apex management body of the SDF. The Member States are represented in the Governing Council by their respective Honorable Finance Ministers. The GC is the apex policy-making body of the Fund. The GC meets once a year for operational matters; the Fund is guided by a Board of Directors which comprises eight representatives — usually the Deputy Ministers / Joint Secretaries or equivalent rank officials from the Ministries of Finance of the respective Member States. In addition to these eight members, the Secretary General of SAARC and the CEO of SDF are also members of the Board of Directors of SDF.

SDF is an umbrella financial institution for SAARC projects and programs which are in fulfillment

<sup>10</sup> SAARC (South Asian Association for Regional Cooperation) is a regional intergovernmental organization and geopolitical union of nations in South Asia founded in Dhaka on 8 December 1985

of the objectives of the SAARC Charter. SDF has three funding windows: Social, Economic and Infrastructure Windows. The Social Window primarily funds projects, inter alia, on poverty alleviation, social development focusing on education; health; human resources development; support to vulnerable/disadvantaged segments of the society; funding needs of communities, microenterprises, and rural infrastructure development. The Economic and Infrastructure Windows are in process for the operational tasks.

SDF is currently implementing eleven regional projects with 80 implementing agencies covering all the eight Member States under the Social Window funding. The SDF Secretariat has disbursed US\$ 44.54 million to the Member States as of 30 October 2017 out of its committed US\$ 73.55 million for Social Window projects.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

Nepal has been a member of SDF since its establishment and has a representative on the SDF Board. The development cooperation between Nepal and SDF is based broadly on SAARC's overall strategy with its member nations because SDF is a fund under the SAARC mechanism. SDF mainly focuses on the welfare of the people of Nepal as a country in the SAARC region so that their quality of life can be improved. SDF also aims to accelerate economic growth, social progress and alleviate poverty in the SAARC region in general and works accordingly.

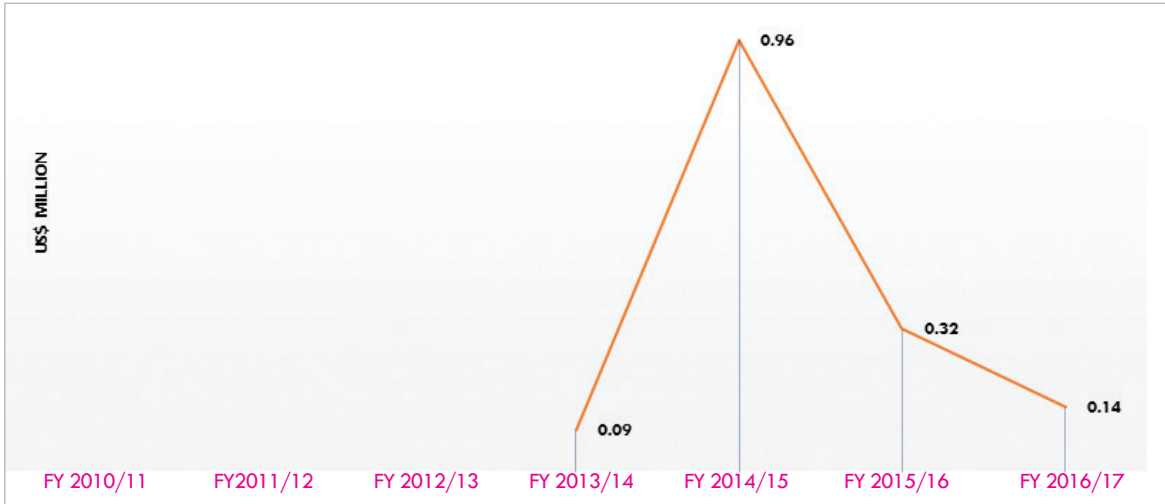
Its strategies are aimed to identify, study prospects and approve projects; leverage funding i.e. arranging and mobilizing financing and/or co-financing for projects; provide grants for projects of strategic importance to SAARC, provide financial and technical assistance, and manage the fund. The 13 stated areas of cooperation are as follows: agriculture, education, culture and sports, health, population, child welfare, the environment and meteorology, rural development (including the SAARC Youth Volunteers Program), tourism, transport, science and technology, and communications. Nepal is implementing several projects under SDF.

Currently, the SDF Social Window projects are aligned with SAARC Development Goals that include livelihood, health, education and environment related goals. The projects that SDF has funded so far are designed to meet important and crucial social and economic needs in Nepal along with the other SAARC Member States. The SDF project portfolio includes projects related to strengthening the livelihoods of home-based workers, addressing the needs of small farmers, extending connectivity and content of e-governance to rural people, reducing infant mortality, and taking steps to end violence against children in South Asia.

Since its establishment in 2010, SDF has disbursed a total of US\$ 7.3 million to Nepal (Figure 1), in sectors including communications, health, and agriculture. The initial years following the establishment of the Fund do not show disbursement as the Fund's projects were made operational. Disbursement began in FY 2013/14 when US\$ 0.09 million was provided to Nepal and the amount climbed to US\$ 0.96 million in FY 2014/15, its highest level. However, the next two years saw a decline in disbursement, to US\$ 0.32 million in FY 2016/17. Figure 2 shows that SDF has primarily supported

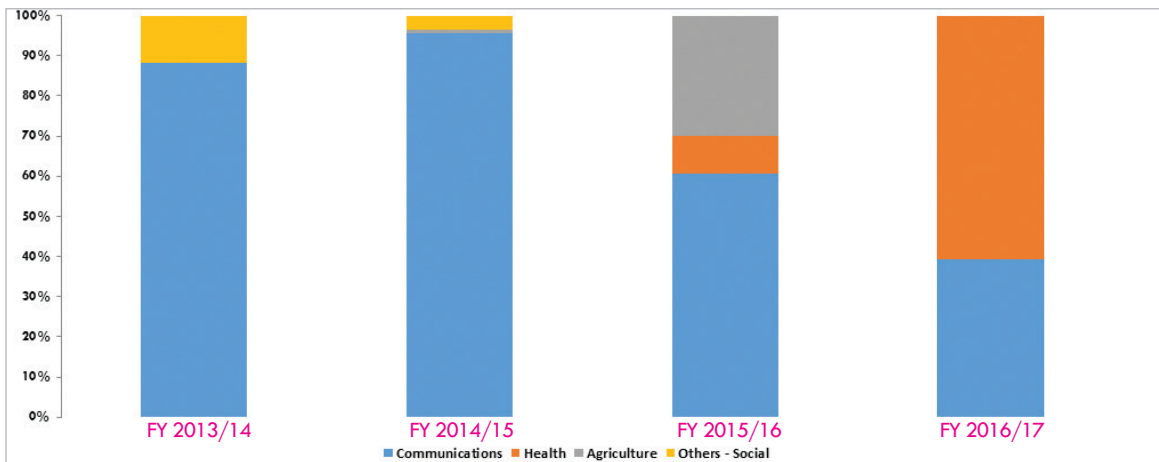
the communications sector, but with an appreciable proportion of support to the agricultural and health sectors in the most recent two fiscal years.

**Figure 1: SDF’s disbursement to Nepal, FYs 2010/11 - 2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: SDF’s support to Nepal by sector, FYs 2013/14 - 2016/17**



Source: Aid Management Platform

The current projects under implementation through SDF support in Nepal include Networking and Capacity Building of Women Entrepreneurs (SMEs) from SAARC Countries; Bamboo Based Enterprise Development; and SAARC Regional Inter-Professional Master’s Program in Rehabilitation Science.

**Additional Information**

- SAARC Development Fund: <http://www.sdfsec.org/>
- SAARC Headquarters, Nepal: <http://saarc-sec.org/>
- Aid Management Platform (AMP), SAARC Development Fund: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4811>

# 11 | United Nations Children's Fund



## Overview and Approach to Development Cooperation

The United Nations Children's Fund (UNICEF) is a United Nations (UN) agency created by the General Assembly on 11 December 1946. At the time of establishment, its name was the United Nations International Children's Emergency Fund and the objective was to provide emergency food and healthcare to children in countries that had been devastated by World War II. In 1950, UNICEF's mandate was extended to address the long-term needs of children and women in developing countries everywhere. In 1953 it became a permanent part of the United Nations System, and the words "international" and "emergency" were dropped from the organization's name, making it simply the United Nations Children's Fund, retaining the original acronym, UNICEF, by which it is known to this day. UNICEF provides humanitarian and developmental assistance to children and mothers in developing countries, and was awarded the Nobel Peace Prize in 1965.

Most of UNICEF's work is in the field with about 13,000 staff in over 190 countries and territories. Its headquarters is in New York. More than 200 country offices carry out UNICEF's mission through programs developed with host governments providing technical assistance to country offices as needed. Seven regional offices provide technical assistance to country offices as needed. UNICEF's office for the South Asian Region is based in Kathmandu.

UNICEF works with national governments, non-governmental organizations, other UN agencies and private sector partners, to protect children and their rights by providing services and supplies and by helping shape policy agendas and budgets in the best interests of children. A 36-member Executive Board, made up of government representatives, guides and monitors all of UNICEF's work. Members are elected by the United Nations Economic and Social Council, usually for three-year terms. The Executive Board's work is coordinated by the Bureau, comprising the President and four Vice-Presidents, each officer representing one of the five regional groups. These five officers are elected by the Executive Board each year from among its members, with the presidency rotating among the regional groups on an annual basis.

UNICEF is dependent on contributions from governments and private donors. Governments contribute two-thirds of the organization's resources. UNICEF is funded exclusively by voluntary contributions and receives no funding from the assessed dues of the UN. Most of the fundraising is done by UNICEF's 36 National Committees, which are independent non-governmental organizations. The National Committees work to raise funds from the private sector, promote children's rights and secure worldwide visibility for children threatened by poverty, disasters, armed conflict, abuse and

exploitation. These Committees collectively raise around one-third of UNICEF's annual income. This comes through contributions from corporations, civil society organizations and more than 6 million individual donors worldwide.

The UNICEF Executive Board approves a total commitment for Regular Resources to support the program activities described in the Country Plan of Action (CPAP). The CPAP is interpreted and implemented in conformity with the Basic Cooperation Agreement (BCA), and the results and programs described in the CPAP are agreed jointly by the government and UNICEF. The Board can also authorize to seek additional funding, known as Other Resources, to support the implementation of programs specified in the CPAP.

UNICEF's support to the development and implementation of activities within the CPAP may include funding for program development, monitoring and evaluation, advocacy, research and studies, information and program communication, supplies and equipment, capacity building, consultancies, technical support and staff support. Part of UNICEF's support may be provided to non-government and community organizations as agreed within the framework of the individual program. According to the 2016 UNICEF Annual Report, Direct Program Expenses were US\$ 5.1 billion. The areas of assistance were health; education; water, sanitation and hygiene (WASH); child protection; nutrition; social inclusion; and HIV/AIDS.

UNICEF is mandated by the United Nations General Assembly to advocate for the protection of children's rights, to help meet their basic needs, and to expand their opportunities to reach their full potential. The four main areas of its work include (1) Protection of children from violence, exploitation and abusive situations; (2) End preventable deaths and developmental problems of children through healthcare, nutrition, water, and sanitation programs; (3) Support basic education and gender equality, including early childhood education, enhancing the primary and secondary education quality, and ensuring equitable access to education for both boys and girls; (4) Provide humanitarian aid during crisis and emergencies with a focus on saving the lives and protecting the rights of children suffering through both natural disasters, such as earthquakes, tsunamis, and man-made disasters, such as war.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

UNICEF began its work in Nepal in 1964 under the administrative supervision of the United Nations Development Programme (UNDP) from its New Delhi office. UNICEF's Liaison Office in Nepal was established in 1968, and an Office was opened in 1972 to support the Government's efforts to provide basic services to Nepali children. The Basic Cooperation Agreement (BCA) agreed on 21 February 1996. Nepal served on UNICEF's Executive Board during 1982–1985, 1992–1994, and 2002–2004, and has been elected for the term 2016–2018. With this election, Nepal has the opportunity to contribute to the work of the United Nations at the global level. Likewise, Ambassador and Permanent Representative of Nepal to the United Nations Mr Durga Prasad Bhattarai was unanimously elected as Vice-President to the Bureau of the Executive Board of UNICEF for 2016.

UNICEF has a history of working for five decades in Nepal, and its focus of programs in the country has been adapted over the years to meet the changing needs of Nepali children, adolescents and women. It has contributed to many of the development strides the country has taken, from the provision of

basic services, logistic support and immunization in the 1960's and 1970's; early childhood rights, education and protection in the 1980's; empowering communities to be more self-sufficient in the 1990's; and an emphasis on protection during the conflict period in the 2000's. More recently it has focused on adolescents, reduction of chronic malnutrition, disaster risk reduction and promotion of child-friendliness in schools, in justice systems, as well as child-friendly local governance.

UNICEF's work in Nepal is based on the Basic Cooperation Agreement. Some of its support go for programs with nationwide coverage, like immunization. The overall goal of UNICEF's Country Plan of Action (CPAP), 2013-2017 was to directly address three main sets of inequity factors (policy, system, and societal) so that all children, adolescents and women have access to education, health care, nutrition, sanitation, hygiene, safe water, protection, information, and other services necessary to fulfill their rights to survival, development, protection and participation. A total of US\$ 144 million is budgeted for the implementation of the CPAP.

Major UNICEF programs in Nepal included Adolescent Development Participation (ADAP), Child-Friendly Local Governance (CFLG), Child Protection Programme, Earthquake Response, Education, Emergency, Health, Nutrition, Planning and Education, Social Policy and Economic Analysis, and WASH Earthquake and Reconstruction. The Child Protection Programme Earthquake Response interventions were focused at both the implementation level, and at the policy level to strengthen existing child protection strategies and to follow international legal frameworks. UNICEF's Education program contributed to the Nepal Government's national education development plan by improving children and adolescent's access to basic and secondary education. UNICEF supported the Government in enhancing community capacity and resilience through risk-informed programming to prevent, mitigate, adapt, prepare for and respond to disaster risks and climate change under its Emergency program.

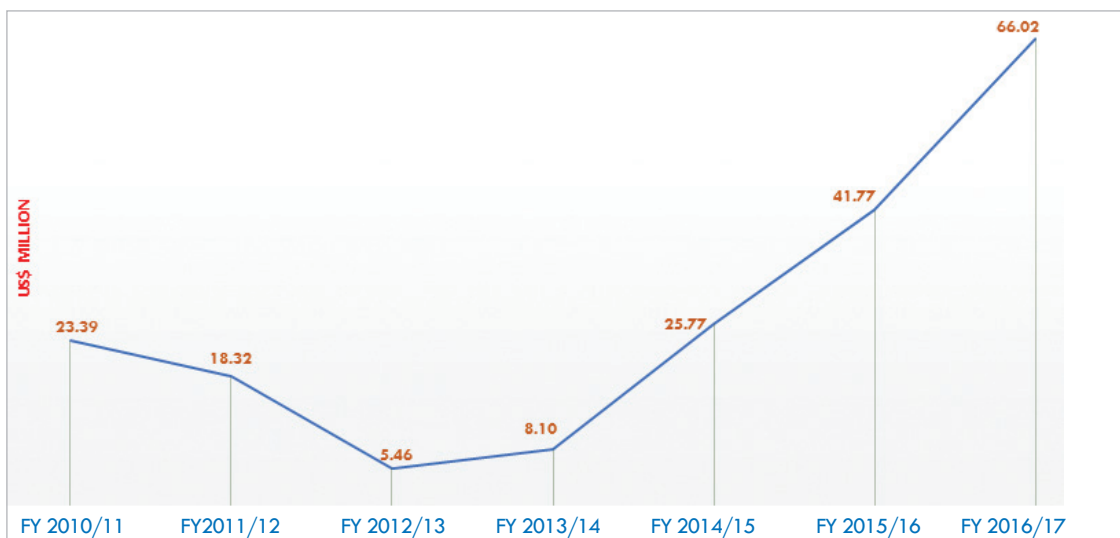
Similarly, UNICEF's Health program supported the Government to ensure quality, gender-sensitive, and equitable maternal, newborn, child and adolescent health, as well as HIV prevention and treatment. Through its Nutrition program, UNICEF provided all pregnant women and adolescent girls with micronutrients, Vitamin A, and information on proper feeding to ensure that a fetus is protected from malnutrition and disease. The Planning and Evaluation program contributed to the generation and use of evidence to develop, fund and monitor equity-focused, gender-sensitive, multi-sectoral planning, governance and social protection frameworks and related policies.

The Social Policy and Economic Analysis program spearheaded the work on public policy analysis and advocacy with the Government and development partners to build support and political capital in favor of effective policies, laws and budgets that promote the rights and wellbeing of children, adolescents and women. Under the WASH Earthquake and Reconstruction program, UNICEF was working in the 14 most earthquake affected districts to rehabilitate and reconstruct water supply schemes, distribute hygiene kits, construct household toilets, and provide child, gender and disabled-friendly WASH hardware and software support.

From FY 2010/11 to FY 2016/17, UNICEF had disbursed a total of US\$ 189 million to Nepal (Figure 1). The volume of disbursement was the highest, at US\$ 66 million, in FY 2016/17. Major sector-wise contributions are to the Drinking Water, Education, Social, and Women, Children and Social welfare, Health, and Earthquake Reconstruction sectors (Figure 2).

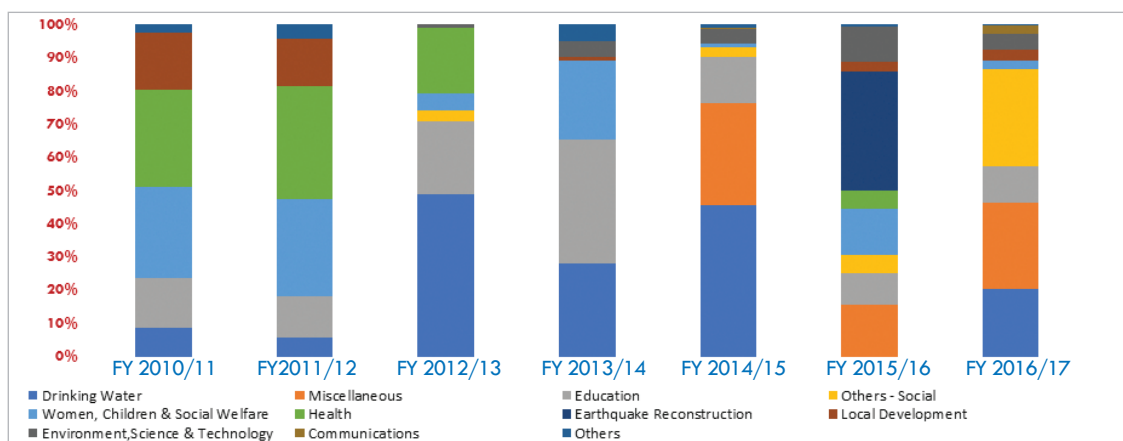


**Figure 1: UNICEF’s disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: UNICEF’s support to Nepal by sector, FYs 2010/11 to 2016/17**



Source: Aid Management Platform

In 2017 UNICEF underwent a participatory exercise involving stakeholders at all levels to design a new country program, and in response to the new federal structure in the country. UNICEF’s programs for 2018-2022 will focus on reducing child and maternal mortality through maternal and newborn care and full immunization; reducing stunting and wasting among children through maternal, infant and young child feeding, management of severe acute malnutrition and micronutrient supplementation. UNICEF will support the Government to provide safe drinking water and eliminate open defecation and ensure that all children attend pre-primary and basic education through programs for early childhood education, improved quality basic education and adolescent life skills development. It will also provide support to protect children from violence, abuse and exploitation with special focus on the reduction of child marriage. Additionally, early childhood development, adolescents, disability, gender, disaster risk reduction and climate change adaptation are issues to be tackled across sectors.

**Additional Information**

- UNICEF: <https://www.unicef.org/>
- UNICEF in Nepal: <http://www.unicef.org.np>
- Aid Management Platform (AMP), UNICEF: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikui/index.html#report/open/4818>

# 12 | United Nations Development Programme (UNDP)



*Empowered lives.  
Resilient nations.*

## Overview and Approach to Development Cooperation

The United Nations Development Programme (UNDP) is the United Nations' global development network. It was founded on 22 November 1965, and is headquartered in New York. UNDP works in over 170 countries and territories of the globe and has five regional bureaus worldwide with regional hubs in each regional bureau. The UNDP Administrator is the third highest-ranking official of the United Nations after the United Nations Secretary-General and Deputy Secretary-General.

UNDP's new Strategic Plan 2018-2021 was approved by its Executive Board in November 2017, and focuses on supporting countries to end extreme poverty, reduce inequality, and achieve the goals of the 2030 Agenda for Sustainable Development. In line with the Secretary General's reform agenda and the guidance of Member States, the Strategic Plan focuses on helping countries to eradicate extreme poverty; supporting them to quickly modernize key sectors to work better for sustainable development; and enabling them to prevent crisis and recover faster. UNDP plans to deliver on this vision by offering six Signature Solutions, which are integrated responses to the complex development challenges of poverty, governance, resilience, environment, energy, gender equality. Each Solution will include a mix of policy advice, technical assistance, finance, and programs, tailored to country needs, to accelerate progress towards the Sustainable Development Goals (SDGs).

In terms of its governance structure, the UNDP Executive Board is made up of representatives from 36 countries around the world who serve on a rotating basis. The Board oversees and supports the activities of UNDP, ensuring that the organization remains responsive to the evolving needs of program countries. UNDP also works closely with partners across the UN system. The UNDP Administrator is the Vice-Chair of the UN Development Group (UNDG), which unites the funds, programs, specialized agencies, departments and offices of the UN system that play a role in development. As Vice-Chair, the UNDP Administrator is responsible for the coordination of UNDG operations, including management of the Resident Coordinator (RC) System. The Resident Coordinator function is carried by the UNDP Resident Representative. As the designated representative of the Secretary-General, the RC is the leader of the UN Country Team and plays a central role in coordinating the UN's development operations. UNDP provides a significant share of the resources needed to maintain the RC system in over 130 countries.

UNDP is funded entirely by voluntary contributions from UN Member States, multilateral organizations, private sector and other sources, in the form of unrestricted contributions (regular resources) and contributions earmarked for a particular region, project, or area of development. Total contributions

to UNDP in 2016 amounted to US\$ 4.866 billion, an increase of 8% over the previous year. Of the total contributions in 2016, 43% was from donor country governments, 37% from multilateral partners, and 20% from program country governments. UNDP programs and projects in a given country are normally identified under the umbrella of the Country Programme Document (CPD), which covers a period of 3-5 years in line with national planning periods. The CPD is prepared in close consultation with the government, and outlines national development goals and priorities, the government's strategy for use of UNDP resources, focused program areas, and indicative financial allocations for the program period.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

UNDP has been working in Nepal since it opened an in-country office in 1963, just a few years before UNDP's official establishment. The Government of Nepal and UNDP entered into a formal agreement, the Standard Basic Assistance Agreement, on 23 February 1984 to govern UNDP's assistance to Nepal. Since then, UNDP's support has helped government agencies, civil society and community groups to improve the lives of the Nepalese people. UNDP Nepal's work is closely linked with the priorities of both the Government and the United Nations system in Nepal. Much of the support has gone to building up the capacity of government agencies, civil society, and community groups to fight poverty, and to bringing these groups and Nepal's donors together to design and implement successful poverty alleviation projects. UNDP in Nepal concentrates its efforts for greater impact in the most remote, poor, and/or conflict-affected areas of the mid- and far-western development regions and the Terai, where its rights-based interventions are targeted towards disadvantaged and vulnerable groups.

UNDP Nepal works across four field offices in Biratnagar, Sindhupalchowk, Nepalgunj and Dhangadi, and one country office in Lalitpur. With this presence, UNDP has been able to deliver results in the areas of poverty reduction, disaster risk reduction and climate change adaptation, and governance through innovative programming that brings together a wide range of partners and stakeholders.

In the area of poverty reduction, UNDP's flagship micro-enterprise development program funded by Australia stands out. Over the past one and a half decades, through this program, now adopted by the Government of Nepal, UNDP created over 130,000 successful micro-entrepreneurs, most of them from highly marginalized and vulnerable communities. In 2017 alone, UNDP created a stable source of income for over 20,000 people, many of them earthquake survivors, through micro-enterprise development. To further aid post-earthquake recovery, UNDP also helped reconstruct over 100 community infrastructures, such as irrigation canals and market centers, damaged by the 2015 earthquake.

Through its work on building resilience, UNDP has contributed to help the Government of Nepal promote a more resilient model of development through programs in the areas of clean energy, climate change adaptation and mitigation, disaster risk reduction and post-disaster recovery and reconstruction. In 2017, for example, UNDP was able to train and orient 600 masons and carpenters and 25,000 people (about 40% women) on resilient and affordable housing models through construction of 65 technology demonstration houses and organization of mobile technological clinics in earthquake-affected districts. Similarly, in 2016, UNDP successfully completed a climate adaptation project at one of the world's highest places, in the Everest region. The project involved draining the Imja glacial lake,

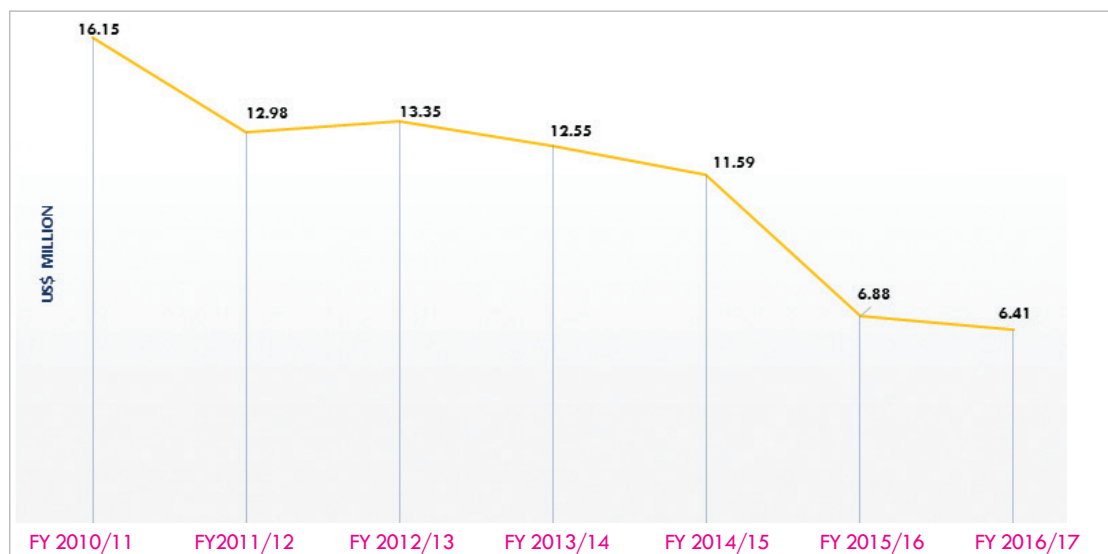
which was at the risk of bursting, by three meters through a sluice, making the lives of over 80,000 people downstream safer.

UNDP's program on renewable energy, implemented with the support of the Global Environment Facility, was able to bring clean energy to over 53,000 households through micro-hydro and solar power plants. As part of the climate adaptation project, in 2017, UNDP, in partnership with DFID and the EU, implemented 248 local adaptation actions, such as construction of irrigation canals, ponds, rainwater-harvesting tanks and drip irrigation systems benefitting over 65,000 people from 14 climate-vulnerable districts.

UNDP has also invested in fostering democratic governance in Nepal. As the only agency with a special mandate to support member countries on areas of democratic governance, UNDP has been supporting the Government of Nepal in building the capacity of its institutions to promote good governance, human rights and equal access to justice and ensure a peaceful transition to a new federal set up as envisioned in the constitution. Since 2014 UNDP's rule of law program has been able to help Nepal's judiciary put in place a permanent structure at both national and local level to provide the most vulnerable communities with free legal aid to ensure their easy access to justice. In 2017 alone, UNDP provided free legal aid, information and direct counseling to over 75,000 people, most of them women and members of vulnerable groups. UNDP also helped Nepal review over 34 bills and laws, including those relating to the rights of women and people from marginalized communities. The SDGs have remained a priority for UNDP since their adoption in late 2015. Through various outreach and advocacy programs, UNDP engaged thousands of Nepali youth on discussions on the SDGs.

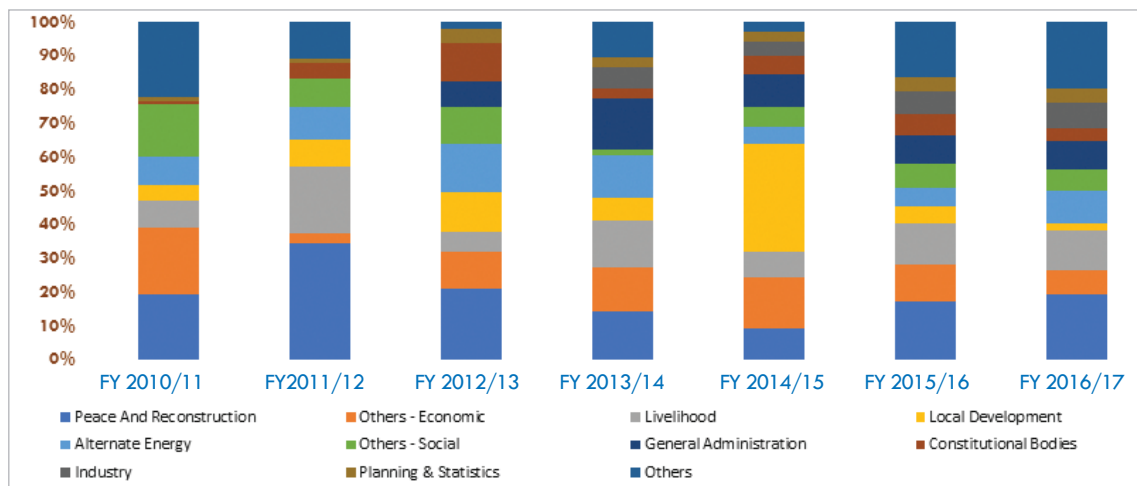
Based on the data in the Aid Management Platform, between FY 2010/11 and FY 2016/17, UNDP disbursed a total of US\$ 80 million to Nepal (Figure 1). The volume of disbursement was the highest, at US\$ 16 million, in FY 2010/11. Figure 2 shows that, according to the AMP's sectoral classification, UNDP's major sectors of support, in terms of disbursement amount, are Peace and Reconstruction, Economic, Livelihood, Local Development, and Alternate Energy. Other sectors benefitting are Social, General Administration, Constitutional Bodies, Industry, and Planning and Statistics.

**Figure 1: UNDP's disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: UNDP's support to Nepal by sector, FYs 2010/11 to 2016/17**



Source: Aid Management Platform

At present, UNDP's strategic engagement in Nepal is captured in its Country Programme Document (CPD), which covers the period 2018-2022. The CPD is aligned not only with the 2018-2022 UNDAF, but also with the SDGs and Nepal's Fourteenth Development Plan. Three outcomes have been identified in the CPD.

Under the first outcome, on increased access to employment and livelihoods, UNDP will contribute through the mutually reinforcing strategies of skills building for young men and women in rural and urban areas, given the demographic dividend, and improving the policy environment for leveraging development finance and private sector growth. Under the second outcome, on strengthened democratic institutions, UNDP will support federalization processes, broadening civic space for participation and voice, enhancing service delivery and rule of law for all, particularly the most vulnerable, in the context of decentralization, as stipulated by the new constitution. Under the third outcome, UNDP will focus on building resilience to natural hazards and climate change, and strengthening sustainable environmental and natural resources management essential for sustainable development and poverty reduction.

#### Additional Information

- UNDP: <http://www.undp.org/>
- UNDP in Nepal: <http://www.np.undp.org>
- Aid Management Platform (AMP), UNDP: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4817>

# 13 | United Nations Educational, Scientific and Cultural Organization (UNESCO)



## Overview and Approach to Development Cooperation

United Nations Educational, Scientific and Cultural Organization (UNESCO) is a specialized agency of the United Nations formed on 16 November 1945. Its headquarters is in Paris, France. It is the successor of the League of Nations' International Committee on Intellectual Cooperation (ICIC).<sup>11</sup> The major objective of UNESCO is to contribute to peace and security by promoting international collaboration through educational, scientific, and cultural reforms in order to increase universal respect for justice, the rule of law, and human rights along with fundamental freedoms proclaimed in the UN Charter. In general UNESCO pursues its objectives through five major program areas: education, natural sciences, social/human sciences, culture, and communication/information.

In 1942 governments of the European countries met in the United Kingdom for the Conference of Allied Ministers of Education (CAME), which gained momentum and soon took on a universal note. Following the end of World War II, additional governments, including that of the United States, decided to join. Upon the proposal of CAME, a United Nations Conference for the establishment of an educational and cultural organization (ECO/CONF) was convened in London in November 1945. At the end of the conference, thirty-seven countries founded the United Nations Educational, Scientific and Cultural Organization. The Constitution of UNESCO, signed on 16 November 1945, came into force on 4 November 1946.

UNESCO's governance structure is led by two phases, the General Conference and the Executive Board. The General Conference consists of the representatives of UNESCO's Member States. It meets every two years, and is attended by Member States and Associate Members, together with observers for non-Member States, intergovernmental organizations and non-governmental organizations. It also elects the Members of the Executive Board and appoints, every four years, the Director-General. The Executive Board ensures the overall management of UNESCO. It prepares the work of the General Conference and sees that its decisions are carried out. The Executive Board meets twice a year.

<sup>11</sup> An advisory organization for the League of Nations which had aimed to promote international exchange between scientists, researchers, teachers, artists and intellectuals; established in 1922

UNESCO has a global network of national cooperating bodies known as National Commissions for UNESCO. National Commissions make up part of the overall constitutional architecture of the Organization. Set up by their respective governments in accordance with Article VII of the UNESCO Constitution, the National Commissions operate, on a permanent basis, for the purpose of associating their governmental and non-governmental bodies in education, sciences, culture and communication with the work of the Organization. Presently, there are 199 National Commissions for UNESCO across the world.

UNESCO's goals are closely linked to the vision of the Sustainable Development Goals (SDGs). According to 38 C/5 approved Program and Budget 2016-2017 (Second biennium of the 2014-2017 quadrennium), UNESCO's planned financial flow was US\$ 21.9 million in educational programs globally during the first half of 2017, whereas cultural programs have been allocated US\$ 9.1 million in the same period of time and other funds been allocated accordingly.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

Nepal became a member of the UNESCO in 1953. In 1998 UNESCO established its country office for Nepal in Kathmandu. Since then, UNESCO Nepal has been supporting the Government of Nepal to attain quality education for all, mobilize scientific knowledge and science policy for sustainable development, preserve Nepal's rich cultural heritage, promote cultural diversity and dialogue among its culturally diverse communities, and to empower people through the free flow of ideas and access to information and knowledge.

UNESCO works mostly in an upstream manner, focusing on selected target areas and population groups implementing its main functions as a laboratory of ideas, a standard-setter, a clearing house, a capacity builder and a catalyst for international cooperation. The UNESCO Nepal office has been implementing programs and activities, both regular and extra budgetary, in the fields of education, culture, science, and communication and information.

There are projects being executed under the Participatory Programme (PP) via Nepal National Commission for UNESCO (NatCom), which is under the Ministry of Education. UNESCO Nepal works closely with the NatCom as a main counterpart. NatCom's main function is to be involved in UNESCO's activities in various ministerial departments, agencies, institutions, organizations and with individuals working for the advancement of education, sciences, culture, and communication and information in Nepal. NatCom largely facilitates by backstopping UNESCO's efforts and playing the role of an effective coordinator and catalyst within the UNESCO-GoN collaboration framework.

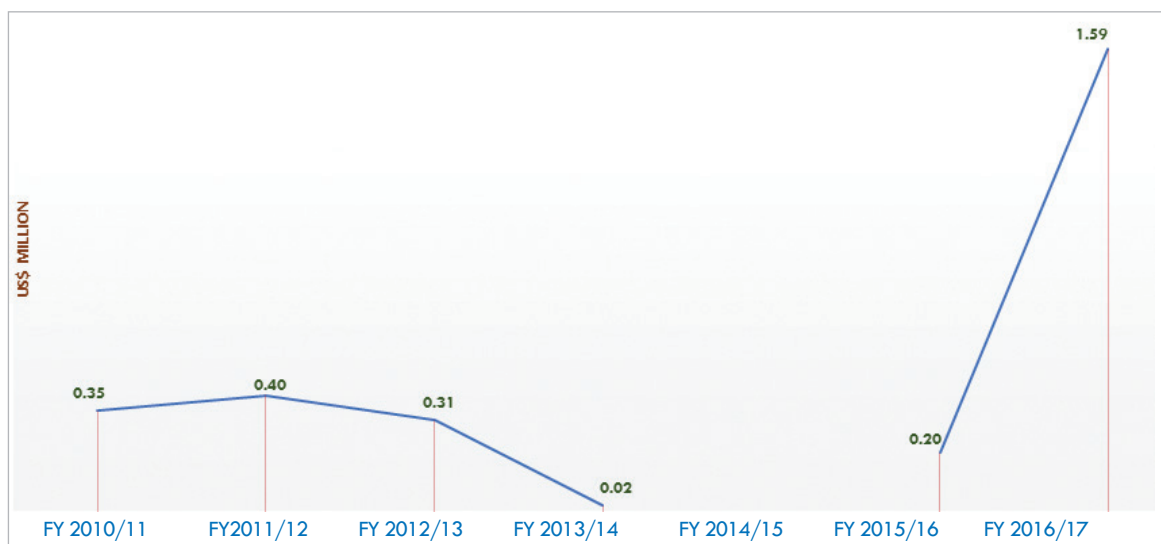
On a broader level, the UNESCO Nepal office interacts with a wide range of partners such as government agencies on a national level, UN agencies, other international governmental and non-governmental organizations, academia and civil society for implementing its programs. Its main counterparts related to education are the Ministry of Education; UNESCO ASPnet Schools Association Nepal; Non-formal Education Center; National Center for Educational Development; and the National Planning Commission. The Ministry of Sciences and Technology and the Nepal Academy of Science and

Technology are associated with UNESCO's work in natural sciences. The Ministry of Culture, Tourism and Civil Aviation; the Ministry of Forest and Soil Conservation; and the Department of National Parks and Wildlife Conservation, among others, are the cultural counterparts of UNESCO.

Development cooperation ties between Nepal and UNESCO started in the 1950's, though official assistance only began in 1979 with the project Financial Assistance for the Consolidation of Swayambhu Temple in Kathmandu Valley with costs of US\$ 30,000. In the same year the Provision of One Expert in Natural Heritage Conservation (nominations) and Provision of One Expert in Cultural Heritage Conservation (nominations) and the 18-month Training Course in Nature Conservation and Natural Resources Management, were approved by the UNESCO to preserve Nepalese heritage. The most recent contribution from UNESCO was in Post-Earthquake Assistance for Emergency Operations and to Re-build the Capacity of Management Authorities for the Safeguarding of the Kathmandu Valley World Heritage Property.

From FY 2010/11 to FY 2016/17, about US\$ 2.8 million of support was disbursed to Nepal which is shown below in Figure 1. The highest amount was disbursed in FY 2016/17, in the amount of US\$ 1.59 million. In terms of sectoral support by UNESCO, Figure 2 shows that financial support from UNESCO to the Education sector is about 50% on average. The second most prioritized sector is Tourism which has taken a share of 25%, and the spending portion in Communication and Youth, Sports & Culture have 7.5% and 6% respectively.

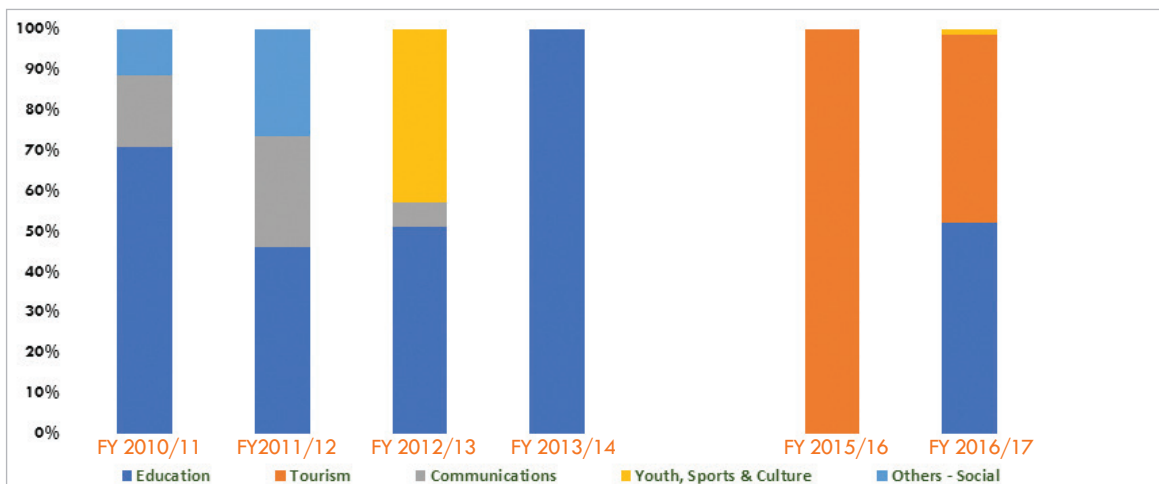
**Figure 1: UNESCO's disbursement to Nepal, FYs 2010/11-2016/17, in US\$**



Source: Aid Management Platform



**Figure 2: UNESCO's support to Nepal by sector, FYs 2010/11-2016/17**



Source: Aid Management Platform

UNESCO currently has 24 projects in Nepal. Recovery and rehabilitation of cultural heritage in the Kathmandu Valley, Nepal was established in 2016 with an initial amount of US\$ 999,934, and is aimed at rehabilitating the monuments and sites of the Kathmandu Valley World Heritage property that suffered extensive damage in the 2015 earthquakes. Strengthening the Conservation and Management of Lumbini, the Birthplace of the Lord Buddha, World Heritage Property (Phase II), which began in 2014, is another major project with total costs of US\$ 82,350.

#### Additional Information

- UNESCO: <https://en.unesco.org/>
- UNESCO Office, Nepal: <http://www.unesco.org/new/en/kathmandu/>
- Aid Management Platform (AMP), UNESCO: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4831>

# 14 | United Nations Peace Fund for Nepal (UNPFN)



## Overview and Approach to Development Cooperation

The United Nations Peacebuilding Fund (PBF) is a multi-year standing trust fund for post-conflict peacebuilding initiatives, established in October 2006 by the UN Secretary General at the request of the UN General Assembly with an initial funding target of US\$ 250 million. The PBF constitutes an essential component of the enhanced UN architecture to provide for a more sustained engagement in support of countries emerging from conflict and supports peacebuilding activities which directly contribute to post-conflict stabilization and strengthen the capacity of governments, national/local institutions and transitional or other relevant authorities.

The PBF's top priority is to engage in three main areas to support the implementation of peace agreements in post-conflict states: Security Sector Reform (SSR); Disarmament, Demobilization and Reintegration (DDR); and the Rule of Law. It provides assistance to update equipment, train security forces/police and improve essential infrastructure to stimulate the post-conflict security sector. The PBF strengthens national justice systems at both the national and local levels, facilitating decentralization to galvanize a functioning judicial system. In addition, the rehabilitation and reintegration of ex-combatants has been a major focus of the PBF's involvement with DDR projects. The provision of this support has often come at a time when other funding has not been readily available. The General Assembly guides the operations of the fund and may offer overall policy guidance. The Peacebuilding Commission supports the development of integrated strategies for post-conflict peacebuilding and recovery and provides strategic advice in relation to countries under its review. The Peacebuilding Support Office (PBSO) provides overall direction and guidance on program management and monitoring.

The Multi-Donor Trust Fund (MDTF) Office of the United Nations Development Programme (UNDP) serves as the administrative agent and is responsible for fund management, including the receipt of donor contributions, the disbursement of funds, and the submission of consolidated narrative and financial reports. The PBF is currently supporting more than 120 projects globally, in 25 countries, by delivering fast, flexible and relevant funding. Since its establishment in 2006 through the end of 2015, the PBF has allocated US\$ 623 million to 33 countries to help prevent (re)lapse into conflict and promote sustain peace.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

The UN Peace Fund for Nepal (UNPFN) was established in March 2007. Subsequently, Nepal was declared eligible for PBF support on 28 December 2007 at the request of the United Nations Country Team (UNCT) and in close consultation with the Government of Nepal. Indeed, UNPFN was established to complement the Nepali Government's Nepal Peace Trust Fund (NPTF) and to focus only on tasks that could not be funded or implemented through existing mechanisms. The UNPFN is administered by the Multi-Partner Trust Fund Office (MPTF Office) of UNDP in accordance with its financial regulations and rules. The UNPFN assists with projects that are carried out within a framework of strategic priorities developed to help with the implementation of the Comprehensive Peace Agreement (CPA) 2006. It complements the peace initiatives launched by the Government and financed by the NPTF and other development partners. The UNPFN had initially focused on activities under five clusters: (1) Cantonment/Reintegration, (2) Elections/Governance/Mediation, (3) Recovery/Quick Impact Projects, (4) Security, and (5) Rights and Reconciliation.

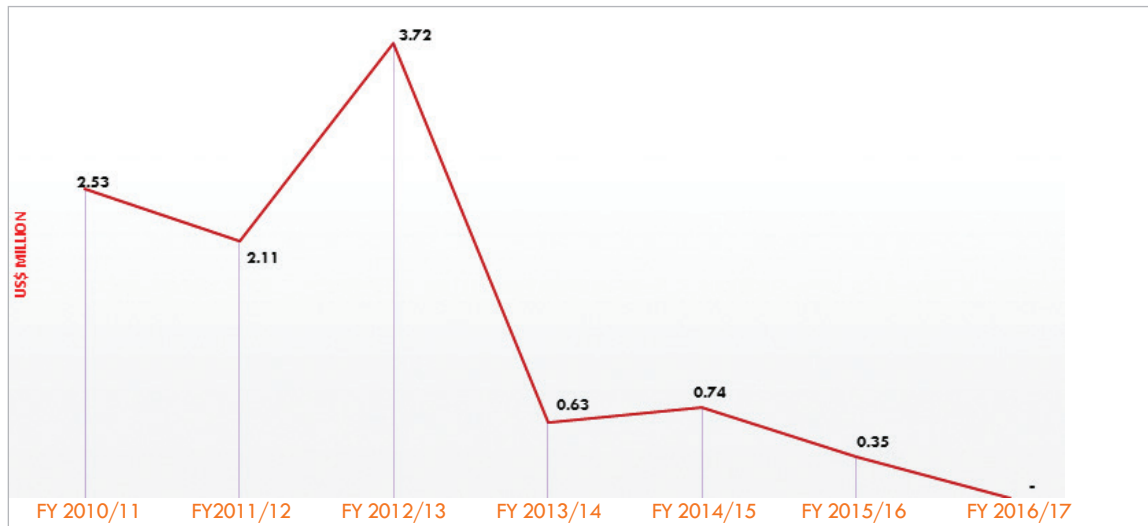
A four-member UNPFN Executive Committee oversees and coordinates the operations of the UNPFN in accordance with the terms of reference of the fund. The Committee is chaired by the UN Resident and Humanitarian Coordinator. The UNPFN has ensured a strategic UN approach to support peacebuilding in Nepal, and has more broadly been an instrument to enhance UN and donor coordination and alignment in the interest of more efficient and transparent support to Nepal. The UNPFN channels PBF allocations for focused and time-limited activities deemed critical to the peace process and subject to the strategic priorities articulated by the UNCT in Nepal in close consultation with the Government of Nepal and Nepal's development partners. To date, Nepal has received more than US\$ 18 million of funds from the PBF. In addition, the UNPFN received contributions from bilateral donors including the United Kingdom, Norway, Denmark, Canada and Switzerland. Overall, the UNPFN has allocated US\$ 46 million through 31 projects (closed/ongoing) up to the present.

The UNPFN's major past contributions have been in support of the Constituent Assembly elections in 2008 and 2013, and the integration and rehabilitation of the Maoist Army (completed in April 2014). The UNPFN has ensured a strategic UN approach to support peacebuilding in Nepal. The UNPFN promotes joint programming amongst two or more agencies, as this is seen as enabling the UN to apply the diverse comparative advantages of multiple agencies to tackle the most difficult peacebuilding issues that often slip between various agency mandates. The Fund provided rapid, focused, time-limited support, and flexible responses sensitive to the needs of Nepal's transition. A good example of a rapid response to an urgent short-term requirement and gap was the provision of basic clothing and amenities (blankets, jackets, shoes, tracksuits, socks and woolen caps) to all 19,602 verified members of the Maoist Army in advance of their first winter in cantonments. A joint UNCT team with over 70 personnel from UNDP, UNICEF, UNFPA, UNMIN and OHCHR undertook discharge operations for 2,973 Verified Minors and Late Recruits across seven main cantonments. Around 71% of Verified Minors and Late Recruits who had graduated from vocational, micro-enterprise, and health related training under rehabilitation programs were employed and/or had started their own businesses.

From FY 2010/11 to 2016/17, over US\$ 10 million of funds from the PBF was disbursed to Nepal by the UNPFN (Figure 1). The disbursement was almost US\$ 3.72 million in FY 2012/13, its highest volume

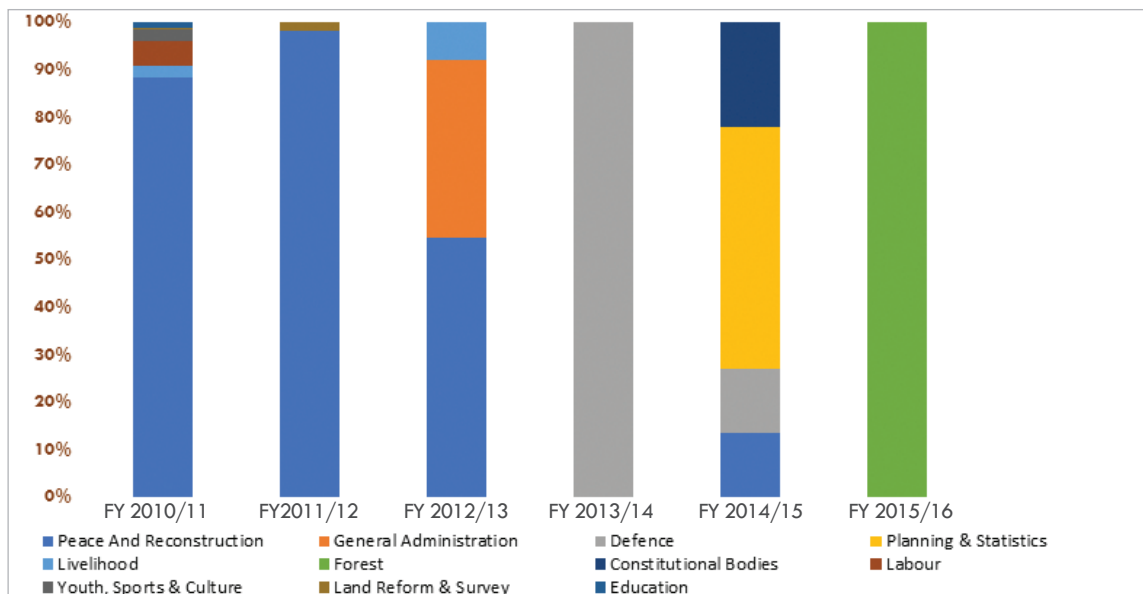
during the period. However, the following fiscal years saw a decline in the disbursement amount, with just US\$ 0.35 million disbursed in FY 2015/16. Figure 2 shows that the UNFPN's portfolio of support directs close to 35% of peacebuilding fund disbursement on average to the Peace and Reconstruction sector, and the spending share in Defense is about 15%. Planning and Statistics is another sector UNFPN has supported, mainly in FY 2014/15.

**Figure 1: UNFPN's disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: UNFPN's support to Nepal by sector, FY 2010/11 to 2016/17**



Source: Aid Management Platform

#### Additional Information

- *United Nations Peacebuilding Fund:* <http://www.unpbf.org/>
- *United Nations Peace Fund for Nepal:* <http://mptf.undp.org/factsheet/fund/NPF00>
- *Aid Management Platform (AMP), UNFPN:* <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikui/index.html#report/open/4828>

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## United Nations Population Fund (UNFPA)



### Overview and Approach to Development Cooperation

The United Nations Population Fund (UNFPA), formerly the United Nations Fund for Population Activities, is a UN organization. The UNFPA, which started working in 1969, is the lead UN agency for “delivering a world where every pregnancy is wanted, every childbirth is safe and every young person’s potential is fulfilled”. The United Nations Fund for Population Activities was established as a trust fund in 1967 and began operations in 1969. In 1987, it was officially renamed the United Nations Population Fund, reflecting its lead role in the UN system in the area of population. The original abbreviation, UNFPA, was retained.

UNFPA’s work involves the improvement of reproductive health, including the creation of national strategies and protocols, and the provision of supplies and services. The organization has recently been known for its worldwide campaign against child marriage, obstetric fistula and female genital mutilation. UNFPA supports programs in more than 150 countries and areas spread across four geographic regions: Arab States and Europe, Asia and the Pacific, Latin America and the Caribbean, and sub-Saharan Africa. It is a member of the United Nations Development Fund and part of its Executive Committee. The Executive Board ensures that the United Nations Development Programme (UNDP), UNFPA and the United Nations Office for Project Services (UNOPS) remain responsive to the evolving needs of program countries, and support the work of UNFPA. General Assembly Resolution 48/162 of 20 December 1993 created the Executive Board, which consists of representatives from 36 countries who serve on a rotating basis. The Executive Board superseded the 48-member Governing Council on 1 January 1994. The Governing Council previously served as the governing body for UNFPA from 1973 to 1993.

Contributions to UNFPA totaled US\$ 979 million in 2015. The amount includes US\$ 398 million to the organization’s core resources and US\$ 581 million earmarked for specific programs and initiatives. Core resources continue to be vital for UNFPA’s operations as they enable global reach, reduce transaction costs, permit the organization to focus on programmatic impact and leverage additional resources

for greater results and maintain its ability to have a universal presence, even in fragile contexts, such as in conflict zones or in refugee situations. Among earmarked contributions in 2015 were US\$ 77 million to support UNFPA supplies and the UNFPA Maternal Health Thematic Fund, which includes the Campaign to End Fistula. These funds continued to drive UNFPA's key agendas.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

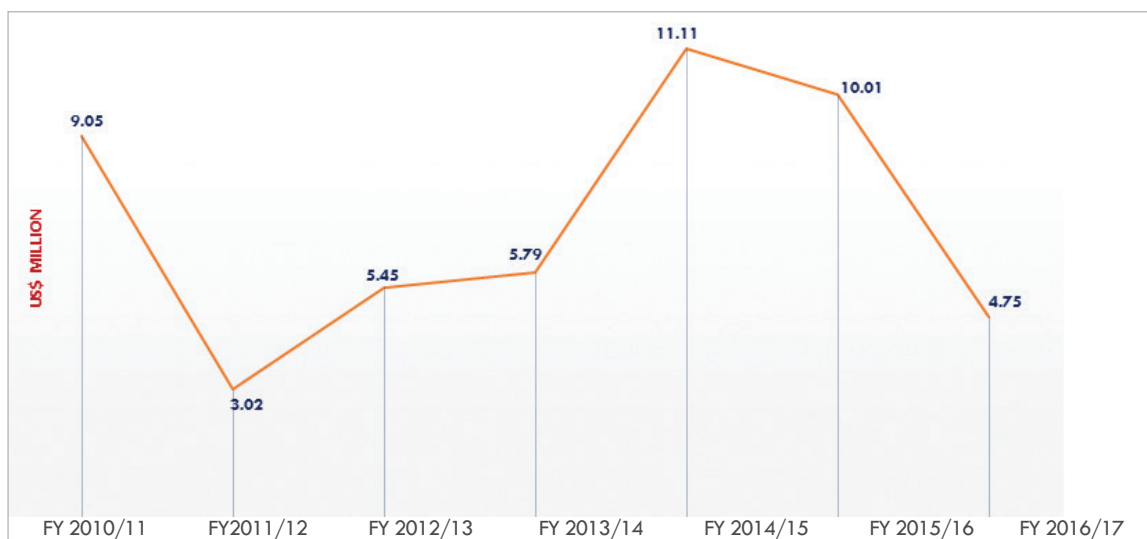
UNFPA cooperation in Nepal began in 1971, and has evolved in response to the changing national context. Since the beginning, UNFPA has been working in close collaboration with the Government of Nepal in the areas of population dynamics, gender equality, reproductive rights, maternal health, and family planning.

UNFPA's major goal is to achieve universal access to Sexual and Reproductive Health (SRH) services including family planning, and to realize reproductive rights and reduce maternal mortality. Its mandate is guided by the Program of Action adopted at the International Conference on Population and Development. UNFPA Nepal's current focus on Reproductive Health (RH) includes: (1) expanding and improving maternal health services including RH morbidities; (2) increasing access and utilization of voluntary family planning; (3) increasing young people's access to quality SRH services; and (4) humanitarian preparedness and response related to SRH and gender-based violence.

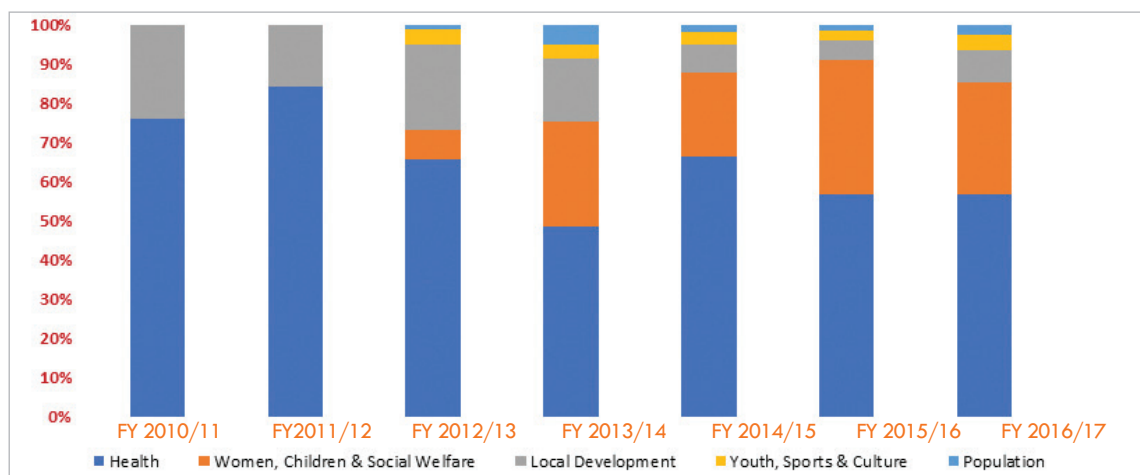
UNFPA also focuses on assistance through volunteering. Since 1988, Female Community Health Volunteers (FCHVs) have been working to protect the health and welfare of their communities. In addition to their contributions to the health sector, they continue to work for making Nepal a better place for young women and girls. As of December 2016, UNFPA has deployed around 52,000 FCHVs, who are frontline health cadres and the link between the community and the health facilities all over the country.

With funding made available through the Australian Government's Gender Equality Fund, the Department of Foreign Affairs and Trade (DFAT) and UNFPA signed an agreement on 23 March 2016 providing a US\$ 385,000 grant for empowering girls in Nepal through life skills and comprehensive sexuality education. The beneficiaries are school age children, aged 5 to 16, attending public schools, as well as some participating in non-formal education. The Country Programme Action Plan (CPAP), 2008-2010 (extended to 2012) for the Programme of Cooperation between the GoN and the United Nations Population Fund (UNFPA) was the umbrella program of UNFPA during that period. The project's total cost was US\$ 21.9 million.

According to the data available in the Aid Management Platform, between FY 2010/11 and FY 2016/17, Nepal has received total ODA disbursement of US\$ 49.1 million from UNFPA (Figure 1). In FY 2010/11, the disbursement volume was recorded at US\$ 9.05 million. It decreased in the next three fiscal years, but reached its highest level of US\$ 11.11 million in FY 2014/15. In terms of sectoral support, Figure 2 shows that UNFPA has contributed an average 65% of its financial support to the Health sector whereas about 17% was provided to the Women, Children & Social Welfare sector, which has been receiving increased volumes of support in recent years.

**Figure 1: UNFPA's disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**

Source: Aid Management Platform

**Figure 2: UNFPA's support to Nepal by sector, FYs 2010/11 to 2016/17**

Source: Aid Management Platform

Currently, UNFPA's Seventh Country Programme (2013-2017) is aligned with the Government's current national health sector strategies and plans, as well as with the UN Development Assistance Framework (2013-2017) [UNDAF]. UNFPA's major contribution has been in the strengthening of national systems through, among others, development of policies, strategies, guidelines and protocols; equipment and supplies; capacity building and quality improvement in the health sector. UNFPA has been working closely with the Ministry of Health and Population at the national level, and under the current program works in 18 districts in close partnership with District Development Committees and District/Public Health Offices in the areas of reproductive health and rights, gender equality, women empowerment and population dynamics.

#### Additional Information

- UNFPA: <http://www.unfpa.org/>
- UNFPA in Nepal: <http://nepal.unfpa.org/>
- Aid Management Platform (AMP), UNFPA: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikui/index.html#report/open/4820>

## 16 | UN Women



### Overview and Approach to Development Cooperation

The United Nations Entity for Gender Equality and the Empowerment of Women, UN Women is a New York based UN organization established in July 2010 which became operational in January 2011. It works globally to make the vision of the Agenda 2030 and its Sustainable Development Goals (SDGs)<sup>12</sup> a reality for women and girls, standing behind women's equal participation in all aspects of life. Its five key priority areas are: expanding women's leadership and political participation; ending violence against women; engaging women in all aspects of peace and security processes; enhancing women's economic empowerment; and making gender equality central to national development planning and budgeting.<sup>13</sup>

The creation of UN Women was a result of the UN reform agenda, bringing together resources and mandates for greater impact towards achieving gender equality and women's empowerment. It merges and builds on the important work of four previously distinct parts of the UN system, which focused exclusively on gender equality and women's empowerment: (1) Division for the Advancement of Women (DAW); (2) International Research and Training Institute for the Advancement of Women (INSTRAW); (3) Office of the Special Adviser on Gender Issues and Advancement of Women (OSAGI); and (4) United Nations Development Fund for Women (UNIFEM).

UN Women is governed by a multi-tiered intergovernmental governance structure in charge of providing normative and operational policy guidance. The organization is led by an Under Secretary-General appointed by the Secretary-General in consultation with Member States, for a term of four years, with the possibility of renewal for one term, as per UN General Assembly Resolution 64/289.

UN Women acts on three fronts. It supports inter-governmental bodies to formulate policies, as well as globally agreed standards and norms for gender equality and helps UN Member States to implement those standards by providing expertise and financial support. UN Women also assists other parts of the UN system in their efforts to advance gender equality and to promote accountability, including through regular monitoring of system-wide progress.

UN Women implements programs in more than 90 countries in the world. Its funding comes from different donors either through governmental, organizational or individual contributions. In 2016, UN

12 A set of 17 Sustainable Development Goals —as part of UN General Assembly Resolution A/RES/70/1 'Transforming our World: the 2030 Agenda for Sustainable Development' — were adopted in September 2015

13 More information about UN Women Strategic Plan priority areas is available at UN Women corporate website, <http://www.unwomen.org/en/executive-board/documents/strategic-plan-2018-2021>



Women received a total of US\$ 334.5 million in funding from 108 Member States, business partners, philanthropists and individual donors. Globally, total 2016 expenditure was over US\$ 340 million. The global expenditure of the organization in 2015 was US\$ 314.9 million whereas it received funding worth US\$ 318.9 million.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

The UN Women Nepal Country Office was established in April 2012 in Kathmandu, and received full Delegation of Authority in July 2013. The Country Office's Strategic Note for 2018-2022 builds on lessons learned from past programming and adopts a holistic and integrated approach across its two thematic priorities, inclusive governance and leadership, and women's economic empowerment. Moreover, the Country Office explicitly pursues the objective of transforming discriminatory social norms and harmful practices. The Strategic Note is guided by Nepal's stated priorities, as described in Nepal's Fourteenth Three-year Periodic Plan, and its commitments to relevant normative frameworks, the country's United Nations Development Assistance Framework (UNDAF) for Nepal 2018-2022; the CEDAW<sup>14</sup> Concluding Observations 2011; as well as Agenda 2030 for Sustainable Development, and UN Women's Corporate Strategic Plan 2018-2021. The Country Office promotes national ownership, capacity development and institutionalization, inclusiveness, social norm change, coordination and partnerships, and knowledge generation and management, and seeks to prioritize engagement with and support to key duty bearers who are responsible for advancing women's human rights as well as with rights holders to enhance their capacity to exercise voice and agency.

The Country Office supports increasing women's leadership and participation in decision-making at all levels. The programmatic focus on inclusive governance and leadership includes capacity development of key Government officials and other key duty bearers; normative and technical support to the Government and justice sector on gender responsive governance, law reform, and national action plan development, implementation and monitoring; gender statistics; and ending violence against women.

The Country Office seeks to advance women's economic empowerment by promoting increased income security, better jobs and economic independence of vulnerable women by fostering an enabling environment to address discriminatory social and economic norms and structural barriers, to ensure gender-responsiveness in the development and implementation of macroeconomic and sectoral policies, and to advance substantive equality approaches in select target sectors, including agriculture and energy.

The Country Office actively partners with a wide range of stakeholders to ensure implementation of the Constitution, address adverse social norms and harmful practices, and engage with men, boys and youth for gender equality and women's empowerment. This includes the Country Office's Civil Society Advisory Group, acting as a consultative platform for advancing strategic dialogue and movement building with the women's movement and other civil society stakeholders. The Country Office is adopting a Communications for Development (C4D) approach to further mobilize awareness

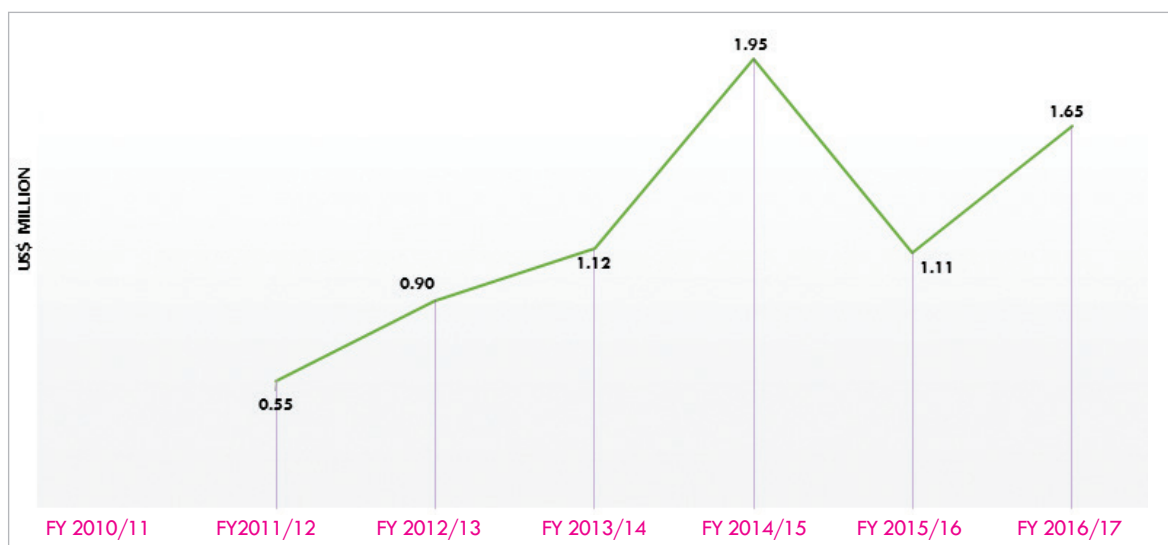
<sup>14</sup> The Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) is an international treaty adopted in 1979 by the UN General Assembly. Described as an international bill of rights for women, it was instituted on 3 September 1981 and has been ratified by 189 states.

and action on transforming discriminatory social norms and harmful practices.

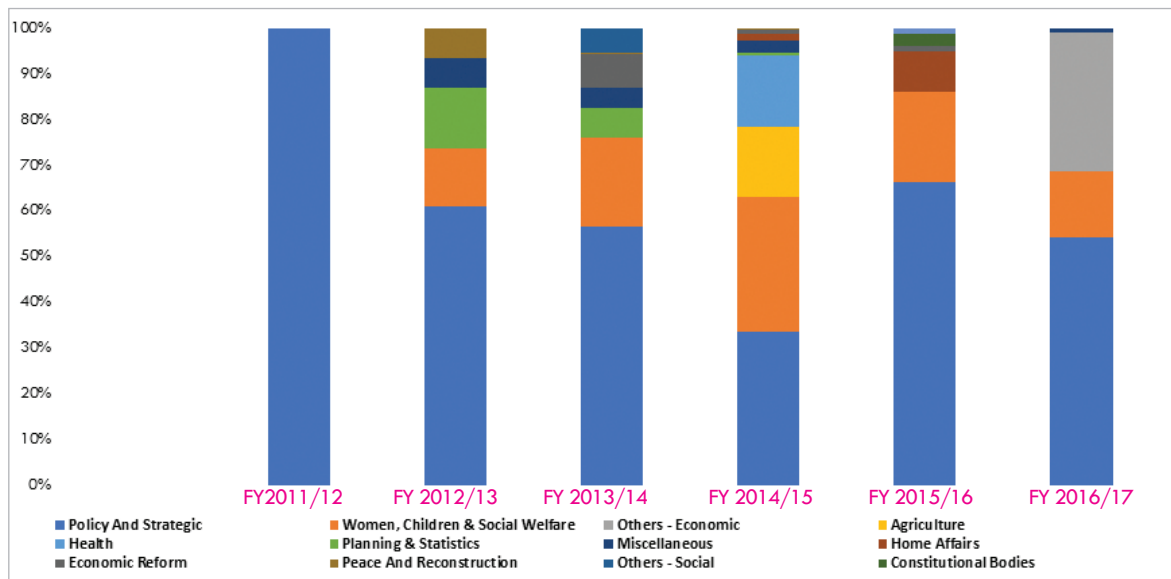
In addition, the Country Office provides technical assistance on gender within the United Nations Country Team (UNCT), leads coordination as co-chair of the UN Gender Theme Group, and coordinates efforts to implement the recommendations of the UNCT gender scorecard as well as supports CEDAW reporting. It also plays a key role in coordinating the work of international development partners as co-chair of the Gender Equality and Social Inclusion Working Group of the International Development Partners' Group. The overarching ambition of the Country Office's coordination efforts is to catalyze actions for GEWE in Nepal by developing common positions, enhancing coherence and implementing collective campaigns to advance gender equality and social inclusion, and transform discriminatory social norms and harmful practices. In addition, the Country Office provides support and coordinates gender responsive humanitarian action.

Since the establishment of UN Women's Country Office in Nepal, during the period of FY 2011/12 to FY 2016/17, the organization has disbursed more than US\$ 7.2 million of ODA in different programs across the country (Figure 1). The disbursement volume was US\$ 0.5 million in FY 2011/12 before increasing to US\$ 0.9 million in the next fiscal year. In FY 2014/15, the amount was highest, at US\$ 1.9 million. However, the following two fiscal years of FY 2015/16 and FY 2016/17 saw a slight decline, with disbursement totaling US\$ 1.1 million and US\$ 1.6 million respectively. UN Women's main focus areas, according to Nepal's Aid Management Platform classifications, are Policy and Strategic followed by Women, Children & Social Welfare. Figure 2 shows that the Policy and Strategic area received on average more than half of the total aid volume spent in Nepal during the period of FY 2011/12- FY 2016/17, at almost US\$ 4.02 million. The Women, Children & Social Welfare sector was the second highest recipient of financial support from UN Women in the same period of time, with US\$ 1.36 million.

**Figure 1: UN WOMEN's disbursement to Nepal, FYs 2011/12 to 2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: UN WOMEN's support to Nepal by sector, FYs 2010/11 to 2016/17**

Source: Aid Management Platform

Presently the Country Office has a number of ongoing projects in Nepal. These include Accelerating Women's Economic Empowerment (AWEE) 2015 - 2019, a joint program with FAO, IFAD and WFP; The Future We Want: Creating sustainable foundations for addressing human trafficking and unsafe migration of women and girls in Nepal, 2016 - 2018, a joint program with IOM; and Empowering Adolescent Girls and Young Women through the Provision of Comprehensive Sexuality Education and a Safe Learning Environment in Nepal, 2016 - 2020, which is a joint program with UNESCO and UNFPA.

Additional ongoing projects are Advancing Resilience and Empowerment of Women and Girls (ARE), 2017 - 2018, a joint program with IOM; Rural Women's Economic Empowerment (RWE), 2015 - 2019, a joint program with FAO, IFAD and WFP; and Rule of Law and Human Rights Project, 2013 - 2017 (UN Women involved 2016 - 2017), which is being implemented in partnership with UNDP.

### Additional Information

- UN Women, headquarters, New York, USA: <http://www.unwomen.org/en>
- UN Women Nepal Country Office, Kathmandu: <http://asiapacific.unwomen.org/en/countries/nepal>
- Aid Management Platform (AMP), UN Women: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikui/index.html#report/open/4829>
- IDPG GESI Working Group Website: <http://un.org.np/coordinationmechanism/siag>
- UNCT Gender Theme Group Website: [http://www.un.org.np/coordinationmechanism/gender\\_equality](http://www.un.org.np/coordinationmechanism/gender_equality)

# 17 | World Bank Group



## Overview and Approach to Development Cooperation

The World Bank Group is a multilateral financial organization established in July 1945. It was founded as the International Bank for Reconstruction and Development (IBRD) in 1944 at the Bretton Woods Conference to provide loans to rebuild countries devastated by World War II. The World Bank comprises two institutions: the International Bank for Reconstruction and Development (IBRD), and the International Development Association (IDA). The World Bank is a component of the World Bank Group, which consists of five organizations: IBRD, IDA, the International Finance Corporation (IFC), the International Centre for Settlement of Investment Disputes (ICSID), and the Multilateral Investment Guarantee Agency (MIGA).

IFC was founded in 1956 to lend to private companies and financial institutions in developing countries. IDA was established in 1960 to complement the existing IBRD by lending to developing countries which suffer from the lowest gross national income, from troubled credit worthiness, or from the lowest per capita income. ICSID was established in 1965 for legal dispute resolution and conciliation between international investors, and MIGA was founded in 1988 to offer political risk insurance and credit enhancement guarantees. The World Bank Group, thus, is a global partnership of five institutions working for sustainable solutions that reduce poverty and build shared prosperity in developing countries.

The World Bank has 189 member countries. These member countries, or shareholders, are represented by a Board of Governors, the ultimate policymakers at the World Bank. They meet once a year at the Annual Meetings of the Boards of Governors of the World Bank Group and the International Monetary Fund (IMF). The headquarters of the Bank is in Washington, DC. The World Bank Group works in more than 130 locations across six regions - Africa, East Asia and Pacific, Europe and Central Asia, Latin America and the Caribbean, the Middle East and North Africa, and South Asia. The World Bank Group is one of the world's largest sources of financial and technical assistance to developing countries around the world. It provides low-interest loans, zero to low-interest credits, and grants to developing countries. These support a wide array of investments to a range of sectors and projects. Some of the projects are co-financed with governments, other multilateral institutions, commercial banks, export credit agencies, and private sector investors. It also provides financing through trust fund partnerships with bilateral and multilateral development partners. Since 1947, the World Bank has funded over 12,000 development projects, via traditional loans, interest-free credits, and grants. IBRD had provided financial development and policy financing, and IDA had also provided zero-to

low-interest loans and grants. The World Bank Group works with country governments, the private sector, civil society organizations, regional development banks, think tanks, and other international institutions on issues ranging from climate change, conflict, and food security to education, agriculture, finance and trade.

The World Bank Group has set two goals for the world to achieve by 2030: reducing extreme poverty to 3%, and promoting shared prosperity by increasing the incomes of the poorest 40% of people in every country. All support to a member country is guided by a single strategy that the country itself designs with support from the World Bank and other development partners. The Country Partnership Framework (CPF) sets out the priority areas of the WBG development assistance and the indicative level and type of assistance the WBG provides to a country, usually over a four-year period. It aims to make the country-driven model more systematic, evidence-based, selective, and focusing on the ambitious goals of ending extreme poverty and promoting shared prosperity. Used in conjunction with a Systematic Country Diagnostic (SCD), the CPF guides the World Bank Group's support to a country. The aim of the SCD is to identify the most important challenges and opportunities a country faces in advancing towards the twin goals. This is derived from a thorough analysis, and informed by consultations with stakeholders.

Over the past 70 years, the World Bank Group has worked to help more than 100 developing countries and countries in transition by offering loans and customized knowledge and advice. To give a sense of the scale, the World Bank made four loans totaling US\$ 497 million in 1947; the World Bank Group's commitments grew to more than US\$ 61 billion in loans, grants, equity investments and guarantees supporting countries and private businesses in 2016.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

In 1963, the World Bank Group fielded its first economic mission to Nepal to assess the country's development prospects and challenges. It approved its first credit in 1969 for a telecommunications project, from the International Development Association (IDA), the World Bank's concessional lending affiliate. The World Bank country office in Nepal was established in 1971. The World Bank (IDA) is working closely with the IFC in Nepal. IFC's areas of focus are to strengthen the environment for private sector investment and to promote private sector growth. The two institutions, the World Bank and IFC, coordinate closely in the energy and financial sectors. In addition to the Systematic Country Diagnostic (SCD), multiple joint analytical works are underway. These include the Country Private Sector Diagnostic (CPSD) and the Infrastructure Sector Assessment Program (InfraSAP). IFC's strategy focuses on addressing development gaps in financial inclusion, sustainable infrastructure, and competitiveness. IFC is supporting financial institutions and venture funds to expand access to finance for small and medium-sized enterprises and individuals.

As of 30 June 2017, IFC's committed portfolio in Nepal was approximately US\$ 43 million and its advisory services portfolio was US\$ 17 million across 10 projects. IFC's actual disbursement for FY 2010/11 to FY 2016/17, according to data available in the Aid Management Platform of the Ministry of Finance, was US\$ 24 million. IFC, through its advisory services, is working with the Government and the private sector on improving Nepal's investment climate, enhancing regional connectivity

and promoting investment in tourism. The Multilateral Investment Guarantee Agency (MIGA) has no major engagement in Nepal so far. However, it is currently coordinating with the World Bank and IFC to consider support in the form of a guarantee for the Upper Trishuli-1 Hydro Project.

After three consecutive Interim Strategies, in 2007, 2009 and 2011, the World Bank Group is providing longer term support to Nepal through its Country Partnership Strategy (CPS) covering the period of FY 2014-2018. The CPS has two pillars — increasing economic growth and competitiveness; and increasing inclusive growth and opportunities for shared prosperity. It aims to support Nepal's aspirations for higher and more inclusive economic growth to help equalize opportunities across population groups. The partnership focuses on expanding hydropower generation, enhancing transport connectivity, improving the business environment, enhancing agriculture productivity, and equalizing access to health care, skills development and social protection. In recent years, the World Bank Group has been increasing its support to institutional governance, particularly for fiscal devolution and the establishment of a new federal government structure; for economic sustainability and job creation; and for earthquake reconstruction and disaster preparedness. A new Country Partnership Framework for next four years FY 2019 - 2022, focusing on the goals of ending extreme poverty and promoting shared prosperity, is planned to be finalized by June 2018. As a prerequisite for the new CPF, the World Bank Group has recently carried out the Systematic Country Diagnostic.

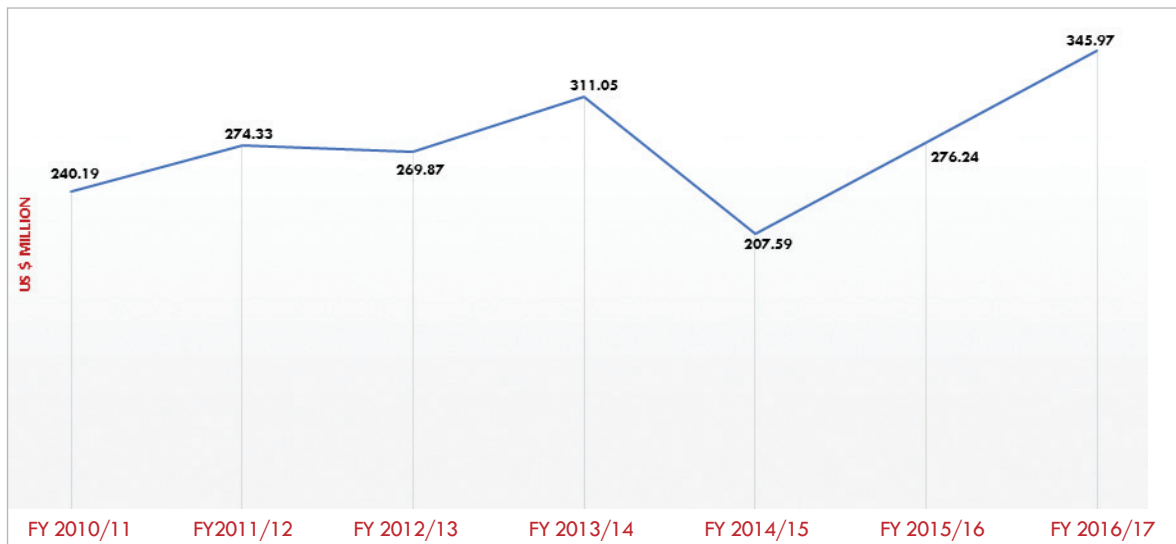
Looking at Nepal's support from the IDA, eligibility for financing is determined on the basis of per capita income and credit worthiness, and Nepal is eligible for concessional financing support from the IDA. During the IDA17 period (17th replenishment of IDA covering FYs 2015-2017), the World Bank committed US\$ 1.2 billion. This amount included additional financing of US\$ 300 million from the IDA Crisis Response Window to respond to the emergency needs after the 2015 earthquake. During the IDA18 period (FYs 2018-2020), Nepal has access to approximately US\$ 1.3 billion in IDA financing. This includes additional financing from the IDA Exceptional Risk Mitigation Regime financing window.

As of 30 June 2017, the World Bank portfolio in Nepal comprised of 22 active projects with a net commitment of US\$ 2.13 billion (including two regional projects amounting to US\$ 237 million). In terms of number of projects, the energy sector and agriculture sector have the most number of projects (five projects each). In terms of volume, the education sector receives the highest volume of support, followed by agriculture, and energy. The World Bank is also financing projects in climate resilience, water supply and sanitation, financial sector, health, irrigation, social protection, and urban development. Across its projects, the World Bank considers gender, citizen engagement and climate change as cross cutting issues. In addition to own sources, the World Bank also administered a multi-donor trust fund that pools resources from Japan, European Union, Canada, the UK's Department for International Development (DFID), Switzerland, and USAID. The World Bank has also been one of the key contributors to the Nepal Portfolio Performance Review, a development cooperation dialogue forum organized by the Ministry of Finance, which brings together the Government of Nepal and International Development Partners.

According to the data available in the Ministry of Finance's Aid Management Platform, between FY 2010/11 and FY 2016/17, the World Bank Group disbursed a total of US\$ 1.93 billion of aid to Nepal (Figure 1). The sources were as follows: disbursement by IDA was US\$ 1.79 billion, by IFC was US\$ 24 million, and by the World Bank Trust Fund was US\$ 136.1 million. In terms of both commitments

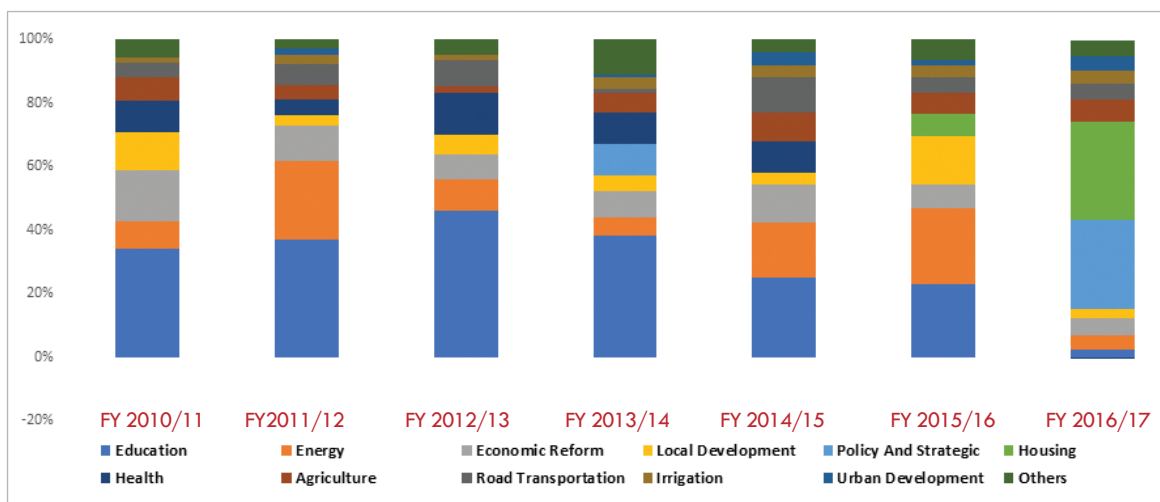
and disbursement volume, the World Bank Group has been the highest among the multilateral Development Partners working in Nepal. The volume of disbursement was the highest in FY 2016/17, with an amount of US\$ 357.43 million. Figure 2 shows that the major sectors that the World Bank Group has been supporting include Education, Energy, Economic Reform, Local Development, and Policy and Strategic.

**Figure 1: WBG’s disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: WBG’s support to Nepal by sector, FYs 2010/11 to 2016/17**



Source: Aid Management Platform

**Additional Information**

- The World Bank: <http://www.worldbank.org/>
- The World Bank in Nepal: <http://www.worldbank.org/en/country/nepal>
- Aid Management Platform (AMP), World Bank: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4816>

# 18 | World Food Programme (WFP)



## Overview and Approach to Development Cooperation

The World Food Programme (WFP) is the Rome, Italy-based humanitarian agency fighting hunger, delivering food assistance in emergencies and working with communities to improve nutrition and build resilience worldwide. It was established in 1961 following the 1960 Food and Agricultural Organization (FAO) Conference, when George McGovern, director of the United States Food for Peace Programs, proposed establishing a multilateral food aid program. On average, WFP reaches more than 80 million people with food assistance in over 80 countries every year, addressing hunger and promoting food security.

WFP strives to eradicate hunger and malnutrition, with the ultimate goal in mind of eliminating the need for food aid itself. Its major objectives include the following: save lives and protect livelihoods in emergencies; support food security and nutrition and rebuild livelihoods in fragile settings and following emergencies; reduce risk and enable people, communities and countries to meet their own food and nutrition needs; and reduce under-nutrition and break the intergenerational cycle of hunger. WFP food assistance is also directed to fight micronutrient deficiencies, reduce child mortality, improve maternal health, and combat disease, including HIV and AIDS. Food-for-work programs help promote environmental and economic stability and agricultural production.

WFP has recently unveiled its Strategic Plan for 2017-2021 which aligns the organization's work to the 2030 Agenda's global call to action, which prioritizes efforts to end poverty, hunger and inequality, encompassing humanitarian as well as development efforts. The Strategic Plan is guided by the Sustainable Development Goals (SDGs) set forth in the 2030 Agenda, in particular Goal 2 on ending hunger and Goal 17 on revitalizing global partnerships for implementation of the SDGs. It ushers in a new planning and operational structure, including the implementation of results-based country portfolios that will maximize WFP's contribution to governments' efforts towards achieving the SDGs.

WFP is governed by its Executive Board, which consists of 36 Member States and provides intergovernmental support, direction and supervision of WFP's activities. The organization is headed by an Executive Director, who is appointed jointly by the UN Secretary-General and the Director-



General of the Food and Agriculture Organization of the United Nations. The Executive Director is appointed for fixed five-year terms and is responsible for the administration of the organization as well as the implementation of its programs, projects and other activities.

WFP relies entirely on voluntary contributions to finance its humanitarian and development projects. Donations are made either as cash, food in-kind or the basic items necessary to grow, store and cook food — kitchen utensils, agricultural tools, and warehouses. Since WFP has no independent source of funds, all donations either in cash or in-kind must be accompanied by the cash needed to move, manage and monitor WFP food assistance. The implementation of all WFP activities in a country are thus dependent on contributions. Governments are the principal source of funding for WFP; the organization receives no dues or portions of the United Nations assessed contributions. In 2016, WFP raised US\$ 5.9 billion from voluntary donations.

WFP development projects focus on nutrition, especially for mothers and children, addressing malnutrition from the earliest stages through programs, targeting the first 1000 days from conception to a child's second birthday, and later through school meals. WFP provides school meals to between 20 and 25 million children across 63 countries annually, often in the hardest to reach areas.

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

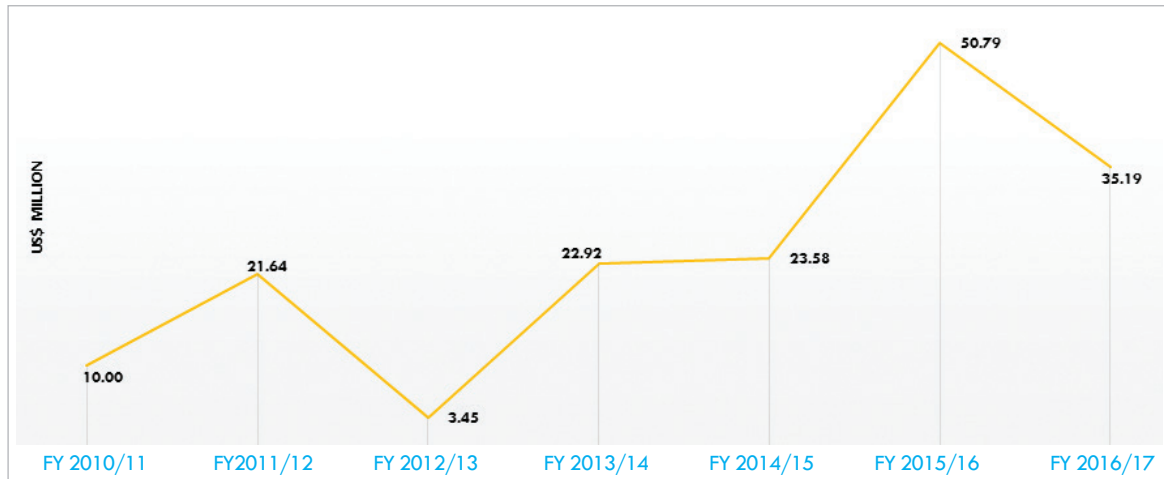
WFP has been working in Nepal since 1963, supporting the Government to develop greater food security among vulnerable communities and build resilience to disasters. The WFP Country Office for Nepal was established in 1967. Its work in Nepal primarily targets the most food insecure and those in the hard-to-reach districts of the mid- and far-western hills and mountains.

WFP's main priority areas in Nepal include the following: resilience building, nutrition, risk reduction and capacity development, earthquake recovery activities, and food assistance to refugees in Nepal. WFP also works to prevent chronic malnutrition and provides school meals to 270,000 children. To support education, WFP supplies non-food items such as school furniture and constructs toilets. WFP's country program supports the Government of Nepal in building livelihoods for the country's most vulnerable people, including providing seasonal employment and training to enable rehabilitation of rural roads, trails, irrigation channels and other community assets. Following the devastating April 2015 earthquakes, WFP is implementing a three-year program to help the affected people to rebuild their livelihoods and food security. WFP is also cooperating with the Government on the country's long-term recovery, repairing infrastructure and building resilience to future disasters. WFP delivered emergency food assistance in the immediate aftermath of the earthquake, reaching two million affected people.

From FY 2010/11 to FY 2016/17, over US\$ 167.5 million of ODA was disbursed to Nepal by WFP (Figure 1). The disbursement amount in FY 2010/11 was US\$ 10 million, which doubled in the next fiscal year of FY 2011/12, to US\$ 21.6 million. Disbursement hit its highest level in FY 2015/16, at US\$ 50.7 million. In terms of WFP's sectoral support, Figure 2 shows that the WFP portfolio of assistance directs close to 45% of aid disbursement on average to the Education sector, and the disbursement share to the

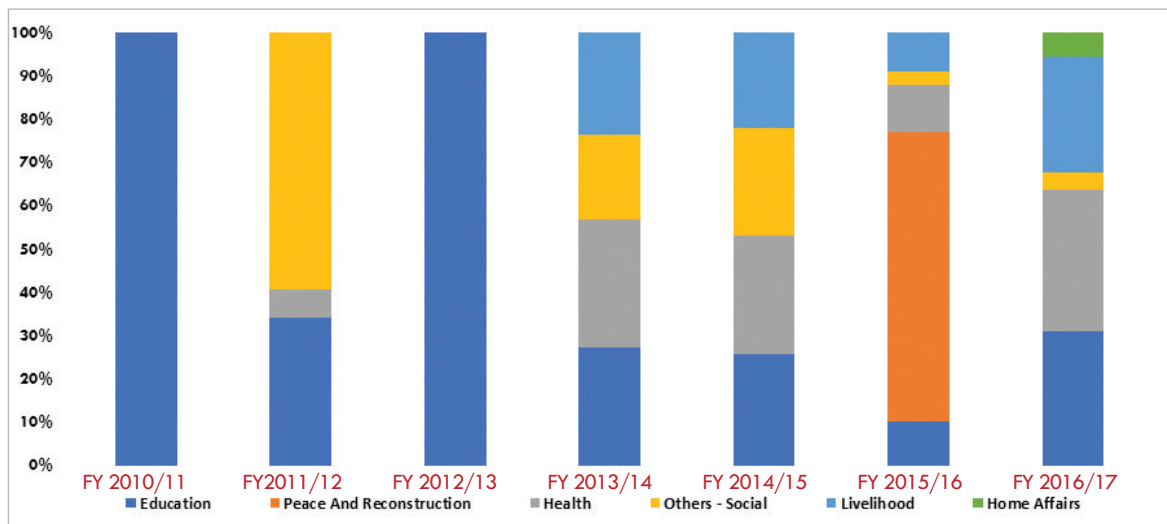
Livelihood sector has been continuously increasing. Health is another sector WFP has consistently supported. The Peace and Reconstruction sector received the highest amount of disbursement in FY 2015/16.

**Figure 1: WFP's disbursement to Nepal, FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

**Figure 2: WFP's support to Nepal by sector, FYs 2010/11 to 2016/17**



Source: Aid Management Platform

In July 2017, WFP supported the Ministry of Agricultural Development to hold 74 district food security network meetings across the country as part of the Nepal Food Security Monitoring System. WFP continues its focus on creating access in rural Nepal to support food security and resilience. Under the Build back better Project, funded by the United Kingdom's Department for International Development (DFID), assessments by engineers have been completed for 150 km of trails in earthquake affected districts and improved 160 km of trails and 30 km of roads in same district.

In line with the Government's current development planning cycle, WFP's Country Program has been developed to address the current and anticipated needs of Nepal's food and nutrition insecure population between 2013 and 2017. The five-year strategy focuses on preventing hunger and improving nutrition for the most vulnerable and providing humanitarian response and preparation for increased environmental disasters.

WFP is also supporting the Government of Nepal to conduct a strategic review of SDG 2 (end hunger, achieve food security and improved nutrition, and promote sustainable agriculture). This review will inform WFP's country strategic plan from 2019-2023.

#### **Additional Information**

- *WFP: <http://www1.wfp.org/>*
- *WFP Country Office, Nepal: <http://www1.wfp.org/countries/nepal>*
- *Aid Management Platform (AMP), WFP: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikuui/index.html#report/open/4819>*

# 19 | World Health Organization (WHO)



## Overview and Approach to Development Cooperation

The World Health Organization (WHO) is a specialized agency of the United Nations that is concerned with international public health. It was established on 22 July 1946 by the representatives of 61 States and entered into force on 7 April 1948 after the first meeting of the World Health Assembly. The WHO is a member of the UN Development Group and its predecessor, the Health Organization, was an agency of the League of Nations.

WHO is the directing and coordinating authority on international health within the United Nations system. It helps people around the globe by providing leadership on matters critical to health and engaging in partnerships where joint action is needed; setting norms/standards and promoting their implementation; articulating ethical and evidence-based policy options; providing technical support, and building sustainable institutional capacity; and monitoring the health situation and assessing health trends.

Likewise, its main working areas include health systems; non-communicable diseases; promoting health through the life-course; communicable diseases; preparedness, surveillance and response; and corporate services. Its objectives also include raising awareness of the extent of illness, suffering and death among mothers and children, and of the impact on health as well as social and economic development. "Increasing understanding that solutions exist" is one part of its focus, and "generating a movement that stimulates collective responsibility and action" is another important area of focus of WHO's work.

The World Health Assembly is the supreme decision-making body for WHO. It generally meets in Geneva in May each year to determine the policies of the organization, and is attended by delegations from all 194 Member States. The Health Assembly appoints the Director-General, supervises the financial policies of the Organization, and reviews and approves the proposed program budget. It similarly considers reports of the Executive Board, which it instructs with regard to matters upon which further action, study, investigation, or report may be required. The Executive Board is composed of 34 members technically qualified in the field of health. Members are elected for 3-year terms.

The work of WHO is guided by a general program of work, which is developed in consultation with Member States, and is approved by the World Health Assembly. Technical cooperation with countries,

and the directing and coordinating function, is focused on enhancing the capacity of countries to define and implement their own priorities for health development and public health action, disease prevention and health promotion, and to establish sustainable health infrastructure.

WHO's proposed global program budget for 2016/2017 is approximately US\$ 4.4 billion, which comprises the "base" programs, plus polio, special programs (those for research and training in tropical diseases and for research, development and research training in human reproduction), and the event-driven component of outbreaks and crisis response. The "base" budget has increased by US\$ 236.6 million for the biennium (equivalent to an 8% increase over the biennium 2014/2015 when its proposed budget was US\$ 3.977 billion).

## Development Cooperation Strategy for Nepal; Overview of Past and Current Cooperation

Nepal became a member of WHO in September 1953 by becoming a party to the Constitution, joining the South East Asia Region (SEAR).<sup>15</sup> Later, in 1954, WHO established its Country Office in Kathmandu. Since then it has been working in collaboration with the Government of Nepal for developing health systems and improving health outcomes for the population.

As per the WHO Country Cooperation Strategic (CCS) Agenda (2013-2017) for Nepal, the health organizations' strategic priorities are as follows: (1) achieving communicable diseases control targets; (2) controlling and reversing the growing burden of non-communicable diseases; (3) health over the life-cycle, focusing on interventions for under privileged and vulnerable populations; and (4) reducing the health consequences of disasters.

In addition, the WHO's main focus areas for cooperation with Nepal are to reduce mortality and morbidity from communicable diseases including vaccine-preventable diseases, and to achieve disease eradication, elimination and control targets of communicable diseases; to support prevention and control of major non-communicable diseases through the primary health care approach; to promote healthy lifestyles; to promote evidence-based interventions to improve the quality of neonatal, child, adolescent, maternal and reproductive care; and to promote and support a coherent inter-sectoral approach to health emergency preparedness and response including recovery.

Currently, WHO Nepal is working on the basis of the recent CCS (2013-2017) which articulates the organization's strategies for cooperation with the Member States at country level and is based on a series of concerted, multi-sectoral meetings and consultations with a range of different stakeholders in the Nepalese health sector, including sister United Nations agencies, bilateral and multilateral development partners, civil society, academia, and non-governmental organizations.

In recent years, Nepal has been able to improve the health condition of the people in cooperation with WHO and other DPs, as well as with support from INGOs. Under-five mortality has been reduced by 73% and infant mortality by 67% between the period of 1996 and 2014. Similarly, maternal mortality has been reduced by 76% during that time period. The country has achieved polio eradication and measles elimination is targeted for 2019. During the past CCS period (2006–2011) the country was

<sup>15</sup> WHO's South East Asia Region comprises a group of 11 states/countries including Bangladesh, India, Indonesia, Nepal, Sri Lanka, Thailand, Bhutan, DPR Korea, Myanmar, Maldives and Timor-Leste.

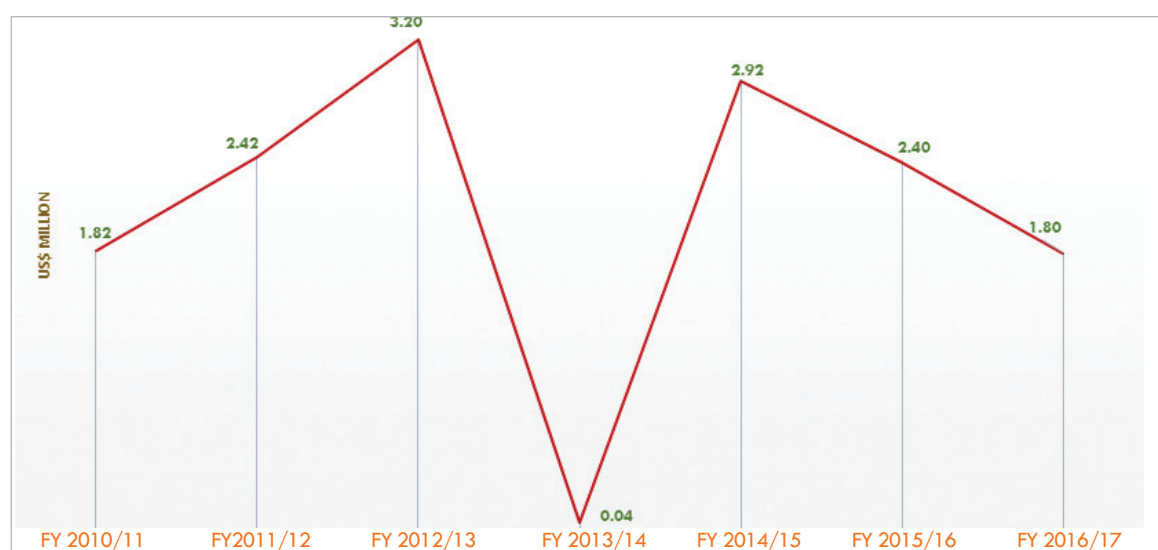
able to receive at least three international recognitions through the 2012 Resolve award, the 2010 MDG 5 award, and the 2009 GAVI Alliance award. There are noticeable improvements in terms of capacities of health institutions, government strategies and capacities of private sector health-care providers in specialized services through medical college hospitals. Nepal is, however, prone to emerging infectious diseases (for example influenza, or dengue and other vector-borne diseases) and the increasing burden of non-communicable diseases are gradually becoming an added challenge to the health care system of the country.

A recent major contribution of WHO in Nepal was the handing over of the Regional Health Emergency Operation Centre (RHEOC) in Doti to the Far-Western Regional Health Directorate on 24 November 2017. Other key areas of focus include the decentralized district health system presently being implemented in 14 districts, as well as support to improve epidemiological surveillance with regard to malaria, Japanese encephalitis, HIV/AIDS, polio eradication and leprosy elimination.

On 22 November 2017, the Collaborative Arrangement in Support of Midwifery Education and Cadre in Nepal was signed by the Ministry of Health, the United Nations Population Fund (UNFPA), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and WHO, and the Real Medicine Foundation (RMF). The WHO is assisting MoH through this collaborative program to mitigate the shortage of skilled human resources for maternity and newborn care.

From FY 2010/11 to FY 2016/17, over US\$ 14.59 million of ODA was disbursed to Nepal (Figure 1). The disbursement was almost US\$ 1.81 million in FY 2010/11 and reached its highest level in FY 2012/13, at nearly US\$ 3.19 million. As WHO's assistance is targeted to the health sector specifically, a figure showing the sectoral composition of support has not been included as is the case with other profiles.

**Figure 1: WHO's disbursement to Nepal; FYs 2010/11 to 2016/17, in US\$**



Source: Aid Management Platform

#### Additional Information

- WHO: <http://www.who.int/en/>
- WHO Country Office, Nepal: <http://www.searo.who.int/nepal/about/history/en/>
- Aid Management Platform (AMP), WHO: <http://amis.mof.gov.np/TEMPLATE/ampTemplate/saikui/index.html#report/open/4822>



# 1 | Asian Infrastructure Investment Bank (AIIB)



## Overview and Approach to Development Cooperation

The Asian Infrastructure Investment Bank (AIIB) is an international financial institution established to provide financing for infrastructure projects in Asia. It is a multilateral development bank with a mission to improve social and economic outcomes in Asia and beyond. Its headquarters are located in Beijing, China. AIIB commenced operations in January 2016 and its membership has grown to 80 approved members from around the world.

According to the Articles of Agreement (AOA) of AIIB, the Bank will “provide or facilitate financing to any member, or any agency, instrumentality or political subdivision thereof, or any entity or enterprise operating in the territory of a member, as well as to international or regional agencies or entities concerned with economic development of the Asia region”. Furthermore, the AOA permits the Bank to provide financing in a variety of ways, including making loans, investing in the equity capital of an enterprise, and guaranteeing, whether as primary or secondary obligor, in whole or in part, loans for economic development. In addition, the AIIB may underwrite, or participate in the underwriting of, securities issued by any entity or enterprise for purposes consistent with its purpose.

In terms of AIIB’s governance structure, the powers of the Bank are vested in its Board of Governors, which is the highest decision-making body. The Board of Directors is responsible for the direction of the general operations of the Bank, including: approving the Bank’s strategy, annual plan and budget; establishing policies; making decisions concerning the operation of the Bank; supervising the management and the operation of the Bank; and, establishing an oversight mechanism. The Bank has established an International Advisory Panel (IAP) to support the President and Senior Management on the Bank’s strategies and policies as well as on general operational issues.

The AIIB is expected to lend US\$ 10-15 billion a year for the first five or six years. As of November 2017, AIIB has approved 21 projects and extended loans for a total amount of US\$ 3.49 billion. The Bank has identified three emerging thematic priorities: sustainable infrastructure, cross-country connectivity, and private capital mobilization. It has also formulated a sector strategy, the “Sustainable Energy for Asia Strategy”, which sets out a framework for AIIB to invest in energy projects that will increase access to clean, safe and reliable electricity for people in Asia.



## Cooperation with Nepal

Nepal is a founder member of AIIB and signed Articles of Agreement on 29 June 2015. Nepal has not received any assistance to date, but has forwarded proposals for consideration. The two proposals which have been submitted are for support to the Nepal Distribution System Upgrade and Expansion Project and the Urban Infrastructure Improvement Project.

### Additional Information

- AIIB: <https://www.aiib.org/en/index.html>

## 2 | Green Climate Fund (GCF)



### Overview and Approach to Development Cooperation

The Green Climate Fund (GCF) is a global fund created to support the efforts of developing countries to respond to the challenge of climate change. It was set up by 194 countries who are parties to the United Nations Framework Convention on Climate Change (UNFCCC) in 2010, as part of the Convention's financial mechanism. GCF launched its initial resource mobilization in 2014, and gathered pledges worth US\$ 10.3 billion. These funds come mainly from developed countries, but also from developing countries, regions, and one city (Paris).

GCF's activities are aligned with the priorities of developing countries through the principle of country ownership, and the Fund has established a direct access modality so that national and sub-national organizations can receive funding directly, rather than only via international intermediaries. Developing countries appoint a National Designated Authority (NDA) that acts as the interface between their government and GCF, and must approve all GCF project activities within the country. The Fund also pays particular attention to the needs of societies that are highly vulnerable to the effects of climate change. GCF focuses on the use of public investment to stimulate private finance, for climate-friendly investment for low emission, climate resilient development. GCF seeks to catalyse funds, multiplying the effect of its initial financing by opening markets to new investments. GCF's investments can be in the form of grants, loans, equity or guarantees. The Fund manages a project portfolio that is implemented by its partner organizations, known as Accredited Entities.

GCF has developed an initial strategic plan which was endorsed by the Board in 2016. It guides the Board in addressing policy gaps, programming resources of the initial resource mobilization period between 2015 and 2018, and investing the Fund's resources in a country-driven manner.

### Cooperation with Nepal

In Nepal, the Ministry of Finance (MoF) is designated as the NDA and serves as the contact for GCF. As preparatory support, MoF's International Economic Cooperation Coordination Division, in collaboration with the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) is implementing the Green Climate Fund Readiness Program in Nepal (GCF-RP), with financial support from the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB). With a total budget of US\$ 1.5 million and

a project duration of January 2016 – April 2018, the GCF-RP is being implemented with the objective of supporting the Government of Nepal in strengthening its national capacities to effectively and efficiently plan for, access, manage, deploy and monitor climate financing in particular through the GCF.

Although Nepal is yet to access funds directly from GCF, the GCF Board has approved US\$ 3 million for development of the National Adaptation Plan for Nepal through UNEP. Similarly, the NDA has nominated two national institutions i.e. Alternative Energy Promotion Center (AEPC) and National Trust for Nature Conservation (NTNC) for their accreditation as Direct Access Entities to access resources from GCF more directly. The NDA has also developed a pipeline of proposals for submission in 2018 while a medium-term engagement strategy for Nepal is being finalized by the NDA as well.

#### **Additional Information**

- GCF: <https://www.greenclimate.fund/home>