



Government of Nepal
Ministry of Finance

Program Completion Report

Project Number: 54184-001
Loan Number: 3926
March 2022

NEP: COVID-19 Active Response and Expenditure Support Program

April 2022

CURRENCY EQUIVALENTS

Currency unit – Nepalese rupees (NRs.)

		At Appraisal	At Project Completion
		01 June 2020	15 July 2021
NRs. 1.00	=	\$ 0.008245	\$ 0.008358
\$1.00	=	NRs. 121.29	NRs. 119.64

ABBREVIATIONS

ADB	–	Asian Development Bank
APVAX	-	Asia Pacific Vaccine Access Facility
BFI		Bank & Financial Institutions
CARES	-	COVID-19 Active Response and Expenditures Support
CCD	-	Credit to Core Capital plus Deposit
CfW		Cash for Work
CMIS		Crisis Management Information System
DAGs		Disadvantaged Groups
DMF		Designed Monitoring Framework
DOC		Department of Custom
EMIS		Employment Management Information Support
FCGO		Financial Comptroller General Office
FY		Fiscal Year
GDP		Gross Domestic Product
GON		Government of Nepal
HMIS		Health Management Information System
IAs		Implementing Agencies
IRD		Internal Revenue Department
IECCD		International Economic Cooperation Coordination Division
IMF		International Monetary Fund
LLs		Local Levels
LLP		Loan Loss Provision
MSMEs		Micro Small, and Medium Enterprises
MOALD		Ministry of Agriculture and Livestock Development
MOHA		Ministry of Home Affairs
MOFAGA		Ministry of Federal Affairs and General Administration
MOF		Ministry of Finance
MOD		Ministry of Defense
MOHP		Ministry of Health and Population
MOEWRI		Ministry of Energy, Water Resource and Irrigation
MOLESS		Ministry of Labor, Employment and Social Security
MOWS		Ministry of Water Supply
NFSMS		Nepal Food Security Monitoring System
NPL		Non-Performing Loan
NRB		Nepal Rastra Bank
NRF		National Relief Program

NRs.		Nepalese Rupees
PMEP		Prime Minister Employment Program
RT-PCR		Reverse Transcription Polymerase Chain Reaction
RWA		Risk-Weighted Assets
SSF		Social Security Fund
SuTRA		Sub-national Treasury Regulatory Application
TA		Technical Assistance
US\$		United States Dollar
VAT		Value Added Tax
WHO		World Health Organization

NOTE{S}

- (i) The fiscal year (FY) of the Government of Nepal ends on 15 July. "FY" before a calendar year denotes the year in which the fiscal year ends, e.g., FY2018 ends on {day month} 2018.
- (ii) In this report, "\$" refers to United States dollars.

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I. PROJECT DESCRIPTION

1. On 30 January 2020, the World Health Organization declared the rapidly evolving global health situation related to COVID-19 a "Public Health Emergency of International Concern" and later, on 11 March 2020, declared COVID-19 a Pandemic.¹ COVID-19 was spreading to nearly every country, upending life and derailing the economy. Nepal felt threatened with the increased spread of the virus and started immediate preparation on mitigation measures. Anticipating the spread could cause health care costs to rise while also resulting in substantial employment and income losses and wage reductions for affected families. Adverse effects disproportionately could affect already poor and vulnerable groups and push more people back into poverty or further into poverty.

2. Following the first COVID-19 case registration on 24 January 2020 and the increasing domestic and global trend of COVID-19 cases, a nationwide lockdown was imposed on 24 March 2020.² A high-level COVID-19 Crisis Management Committee³ (CMCC) under the chairmanship of the Deputy Prime Minister was formed and entrusted with the overall planning, procurement, and implementation of relief measures. The national lockdown severely impacted the social and economic sectors. The government faced challenges maintaining the emergency supply system on health-related logistics, including medicines, equipment, testing kits, Personal Protective Equipment (PPE), upgrading hospitals, and imparting skill training.

3. The government announced the National Relief Program (NRP) on 29 March 2021, identifying the three areas of concern. These were i) addressing health emergencies with an output focus on strengthening the health system capable of responding to the COVID-19 pandemic; ii) addressing social protection to the poor and vulnerable by providing immediate food relief to them and employment support to those who lost their jobs due to COVID-19 pandemic, including returning and potential migrants, and iii) providing stimulus package to the economic sector for their early recovery by providing concessional loans⁴ to enterprises affected by COVID-19 pandemic including tax reliefs to businesses and consumers at large. As the Government of Nepal was committed to implementing an inclusive and pro-poor national relief program, specific targets for women and disadvantaged groups were included in the National Relief Program. The total estimated cost for NRP was US\$ 1.26 billion.

4. In response to Nepal's request to the international communities for financing support to NRP, ADB pledged a package of Countercyclical budgetary support of US\$ 250.00 million to the government of Nepal under the COVID-19 Active Response and Expenditure Support (CARES) program (the program). The program aimed to support the government's National Relief Programs in dealing with public health emergencies and mitigating the economic and social impacts from COVID-19. ADB Board approved the program on 26 May 2020, and the agreement was signed on 1 June 2020. The total disbursement was completed by 15 June 2020. Additional assistance was provided to the government for monitoring and reporting the CARES activities through technical assistance.⁵

¹ World Health Organization. 2020. *"WHO Director-General's opening remarks at the media briefing on COVID-19 – 11 March 2020"*. Accessed 20 October 2021.

² <https://kathmandupost.com/national/2020/03/23/nepal-goes-under-lockdown-for-a-week-starting-6am-tuesday>

³ The key function of the COVID-19 High-Level Committee is to ensure, on behalf of the cabinet, the implementation of the National Relief Program.

⁴ Through the central bank's refinance fund.

⁵ ADB. 2020. Technical Assistance to Government of Nepal for Portfolio Management and Capacity Development for Enhanced Portfolio Performance – Supplementary Financing. Manila.

5. The TA supported the mobilization of consultants to carry out monitoring and progress reporting tasks under the guidance and supervision of the CARES Steering Committee established at MOF and chaired by the Joint Secretary, IECCD MOF. The Ministry of Federal Affairs and General Administration (MOFAGA), Ministry of Labor, Employment, Social Security (MOLESS), Ministry of Health and Population (MOHP), Ministry of Industry, Commerce and Supply (MOICS), Ministry of Agriculture Development and Livestock (MOALD) and Nepal Rastra Bank (NRB) represented in the committee.

6. Besides monitoring and progress reporting, the TA supported substantial research studies under the guidance of the Steering Committee. The area of studies includes a) the operationalization of the Crisis Management Information System (CMIS) maintained by the Ministry of (MOFAGA, b) assessment/review of Cash for Work Program (CfW) under Prime Minister's Employment Program (PMEP), MOLESS, c) Unconditional Food Support during a subsequent lockdown of COVID-19 Pandemic, d) assessment on the impact of economic measures applied to the micro, small and medium enterprises (MSMEs) affected during COVID-19 Pandemic. The team also prepared three concept papers on a) Health System Infrastructure for Improved Service Delivery, b) Achieving Universal Health Insurance Coverage for Improved Service Delivery, and c) Lessons learned for NRP financing.

II. DESIGN AND IMPLEMENTATION

A. Project Design and Formulation

7. The relevancy of the support to the three program areas defined under NRP remains very relevant today as it was during project formulation. The impact of COVID-19 surpassed the expectation made during the project preparation. COVID-19 Active Response and Expenditure Support (CARES) program's central focus was on i) strengthening the health system to respond to the COVID-19 pandemic; ii) providing social assistance by providing food relief to the poor and vulnerable and employment support to those who lost their livelihoods due to the COVID-19 pandemic, including returnees and potential migrants and iii) providing concessional loans to business enterprises affected by the COVID-19 pandemic and providing tax reliefs to compensate business loss during the time of fully and partially restricted mobility.

8. The program aligns with the Government's strategies to seek support from its development partners in responding to the COVID-19 pandemic through their continued assistance in financing and knowledge-sharing. Nepal's current vulnerability⁶ has limited its capacity to cope with the pandemic without external support in all three areas of finance, knowledge, and partnership from its development partners. ADB has always remained a trusted partner in supporting the country's social upliftment, infrastructure, and economic development.

9. The program's design resulted from intensive consultation with all stakeholders in a relatively limited preparation period, including concerned ministries (MOFAGA, MOHP, MOLESS, MOICS, and MOALD) and NRB. The program indicators were designed based on published reports, Central Bureau of Statistics (CBS) data, available information at that time, and domestic and situation analysis consistent with international projections. The design and monitoring framework (DMF) were logical, and the stated risks and assumptions were relevant at the project design time. The indicators tried to address implementation progress and challenges on

⁶ Rating of risk for Nepal is high due to rapid spread of COVID-19 infections because of its vulnerable public health system, underdeveloped sanitation and other infrastructure, and densely populated urban and semi-urban areas.

disaggregated data, inclusive of the level of participation by males and females in all stated areas despite lacking the current reporting mechanism.

B. Project Outputs

Overall Program Performance Indicator

10. Under the CARES program, there are three performance indicators assessing the overall effect of COVID-19 impact. These three indicators include a) limiting COVID-19 positive cases within 10,000, b) keep the food insecure population under 4.6 million, and c) 90% of MSMEs receiving financial support under NRP remaining operational. Out of these three performance indicators, one performance indicator limiting COVID-19 positive cases within 10,000 has proven to be critical in the context of the widespread observance of the COVID-19 pandemic. The target was designed at the time, considering the very low⁷ number of COVID-19 cases. The imposition of strict lockdown by the Indian Government and subsequent crossing of the Indian border by around 500,000 people without any screening or the follow-up measures applied proved to be the significant factor weakening the effectiveness of Nepal's COVID-19 mitigation measures⁸. The number of COVID-19 positive cases crossed 10,000 marks⁹ in the initial days of the pandemic. The number of cases covering the initial and second surge of COVID-19 has recorded 709,437 total cases¹⁰ (45.69% women) on 15 July 2021, and it has reached 950,245 cases (33.94% of women) on 15 January 2022. Appendix 2.1

11. The second surge, not anticipated while designing performance indicators and its target, was more damaging than the first spread of COVID-19. "The Delta variant was the dominant strain in Nepal and caused more than 200,000 reported infections within 30 days between May and June 2020".¹¹ The emergence of COVID-19 variants, including Delta, severely affected overall healthcare by exponentially increasing COVID-19 cases of the total positive cases registered; around two-thirds occurred during the second surge. The emergence of Omicron in the first week of January 2022 has signaled the emergence of the third surge of COVID-19. Although there has been the fastest spread, casualties have been minimal compared to the second surge.

12. CARES program closely monitored the second performance indicator keeping the food insecure population under 4.6 million. The country has performed¹² better by maintaining a food insecure population within 2.8 million (Appendix 3.1). In addition, in collaboration with WFP and respective Local Levels, the Ministry of Education distributed food packages to the school children as part of take-home rations (THR) in seven food-insecure districts of Karnali and Sudurpaschim Provinces¹³ during the COVID-19 pandemic.

13. The third overall performance indicator (90% of Medium, Small, and Micro Enterprises (MSMEs) receiving financial support under NRP remaining operational) is likely to be met the target once all relevant data are verified and validated. The progress reporting relies on the data reported and compiled by the CARES program, drawing on the published information of NRB supported further customized information collected from a large sample of lending institutions. A study is planned with NRB's support, and the findings are expected to enrich the assessment of

⁷ Total of 59 COVID-19 cases on 1 May 2020, (ref. <https://covid19.MOHP.gov.np/covid/englishSituationReport/SitRep82>)

⁸ <https://reliefweb.int/report/nepal/acaps-briefing-note-nepal-covid-19-return-migrants-12-june-2020>

⁹ It crossed the 10,000 mark on 23 June 2020.

¹⁰ 70 times more than the target of 10,000

¹¹ <https://www.nepalitimes.com/here-now/delta-variants-wake-up-call-for-nepal/>

¹² Respective monthly Country Situation Report, WFP

¹³ WFP Nepal Country Brief, August 2020.

the MSME support extended under NRP. Based on the data¹⁴, the preliminary assessment suggests that concessional lending extended to 133,930 MSMEs as of Mid-November 2021.

14. Under the overall performance indicators, **two out of three have successfully achieved the target.**

Reform Area 1: Health System Response Measures

15. The specified indicators of the health system response measures are a) maintaining real-time reverse transcription-polymerase chain reaction (RT-PCR) tests well above 3,000 tests per day and b) managing quarantine space for 200,000 people with separate wards for men and women. The third one is providing financial incentives to at least 70,000 health and frontline personnel responding to COVID-19 facilities.

16. Despite the early constraints of mobilizing sufficient laboratory facilities and test kits to conduct these tests, the health sector successfully maintained the status of achieving RT-PCR tests well above the 3,000 mark per day. The gradual reduction of delivering test results from a minimum of 24 hours to 4 hours signifies the efforts made by the government to increase the testing efficiency of COVID-19 tests and upscaling laboratories facilities from 9 to 104 between 15 April 2020 and 15 January 2022 (Appendix 2.1). The timely mobilization of funds for the procurement of test kits and logistics support from the development partners also supported the government achieves the target.

17. The second indicator of provisioning and managing 200,000 people in quarantine with separate wards for men and women was achieved successfully at the onset of the COVID-19 pandemic. There were 6,304 quarantine centers established with a bed capacity of 205,003 in the first week of July 2020. 276,778 people have returned home after using these quarantine facilities during the first and second surge of COVID-19. Among the users¹⁵, 14.81% were women. These quarantine centers maintained separate wards with toilet facilities¹⁶ for women. (Appendix 2.2).

18. The third performance indicator of health system response measures was to provide financial incentives to 70,000 health and frontline personnel responding to COVID-19, of whom 70% are women. An estimated 70,508 health and frontline personnel, including 40,478 women (82.61%)¹⁷, received financial incentives on a projected scale¹⁸. Among reported 171 LLs, only 157 LLs¹⁹ (91.81%) have disbursed financial incentives (Appendix 2.3). Among those 18 federal health institutions, six have not provided the financial incentives despite the ministry's budget allocations.

19. The indicator meets the overall target based on local levels' (LLs) projected data of financial incentives recipients. Combining projected LLs data²⁰ and the actual number of incentives recipients of federal and provincial health institutions, the total number reaches 70,508,

¹⁴ Initial data provided by Bank and Financial Institutions (BFIs)

¹⁵ Crisis Management Information System (CMIS), MOFAGA, January 15 2022

¹⁶ Cross checked during field visit of 15 municipalities by TA team.

¹⁷ Qualified based on GESI targets and achievement.

¹⁸ The record is based on the disbursement made by 18 federal, 104 provincial health institutions and records available from 171 LLs, including projected data of local level as explained in footnote 20.

¹⁹ Among those not providing incentives have made excuse of a) not receiving federal fund, b) payment due, c) short budget, d) received budget at the time of financial closing date.

²⁰ Projected LLs data – 59,257, federal data – 4,092, provincial data – 7,513. On an average, one LL provided incentives to 85.71 personnel. 91.81% (753- 62 LLs = 691 LLs) provided incentives. So total incentives receiving personnel in LLs will be 59,257. Out of 753 LLs, 62 LLs have been extrapolated as LLs not disbursing any financial incentives.

greater than the targeted figure of 70,000. The women health and frontline personnel receiving financial incentives represent 82.61% of the targeted recipients. (Appendix 2.3).

20. Under health system response measures, **all three performance indicators successfully achieved the target.**

Reform Area 2: Social Protection and Relief Program

21. There are two performance output indicators in the reform area of social protection and relief programs. The first indicator for providing food assistance to 1 million poor and vulnerable households was achieved early and maintained during the program. As of January 2022, 1.904 million poor and vulnerable households have been distributed food packages in various wards/role of municipalities (Appendix 3.2). During an early lockdown period, households other than the poor and vulnerable received food packages²¹. However, they were later discouraged²² by recording photographic evidence, asking for self-declaration, and distributing cooked meals in place of food packages to the beneficiaries.

22. The second performance output indicator of providing employment support through the Prime Minister's Employment Program (PMEP) to at least 500,000 unemployed people has proven critical in achieving the target. A total of 292,036 people have received employment²³ under PMEP as of 15 January 2021. Women and Disadvantaged Groups (DAG) participation is 46.87 % and 61.7 %, respectively (Appendix 3.3). The program successfully provides an opportunity for employment to a significant proportion of women and DAG belonging to the poor and vulnerable. However, for reasons beyond its control²⁴, the progress on providing employment is only halfway (56.88%) against a target of 500,000 people till the end of FY 2020/21. The execution of 27,965 projects at LLs helped create total employment of 14.880 million days of work. For the last two fiscal years, the total number of people registering into the EMIS system stands at 1,829,804 (45.2% women)²⁵, demonstrating the program's greater acceptability at the grassroots level. Due to the constraints explained above, the absorptive capacity of the program remained low and limited to total expenditures of 75% in two successive fiscal years. At the designing stage, it was envisaged that all government-subsidized employment would get registered through the employment centers in 753 Local governments, but the employment centers established under PMEP were only reporting on the PMEP financed employment.

23. The initial setback to the program was primarily due to various reasons, including a) incorporating the PMEP into the NRP with an ambitious high target amid the COVID-19 crisis, b) lagging on process internalization of the program at both federal and LLs; c) aligning with the off-agriculture season to provide additional relief to poor and vulnerable; d) harmonizing with local-level programs, e) mobility restriction²⁶ holding the project preparatory²⁷ to the last minute for beneficiaries' identification, and f) inadequate capacity of ESC in exploring employment opportunities targeting private sector and other local programs. These factors made a significant impact during program implementation.

24. In addition to PMEP, the government has also executed various other programs linking with direct cash for work under a) Chief Minister Employment Program of Karnali Province, b) Chief Minister Rural Development and Employment Program of Lumbini Province, c) Routine

²¹ The study conducted by ADB TA team in 19 municipalities

²² Lesson learned, Unconditional Food Support Study.

²³ To date, it is an average of 54.13 days per person of work against 100 days in a year.

²⁴ Reasons stated in paragraph 22.

²⁵ EMIS/MOLESS data as of 15 January 2022.

²⁶ Initial lockdown (March 24 2020 – July 21 2020 and the second prohibitory orders April 30 2021 – August 30 2021)

²⁷ It includes registration, identification of poor and vulnerable people, reach out, selection, accessibility, adjusting and selecting season during non-agricultural demand.

Road Maintenance under Department of Roads, d) Rural Connectivity Improvement Project, and e) Chure-Bhanwar Conservation Project. These programs have targeted around 200,000 seasonable jobs annually for the poor and vulnerable.

25. Out of two performance indicators, **one has achieved the target under the social protection and relief program.**

Reform Area 3: Economic Support for Affected Sectors

26. One of the critical challenges for the economic recovery was to provide relief to the business community and the taxpayers. The NRP envisioned concessions and facilities to the business community given the possibility of mitigating adverse effects on the private sector during the pandemic. To gear the economy smoothly by facilitating the business activities, concessional loan facilities, an extension of tax filing and tax exemptions for the affected business, customs exemption on import of COVID-19 treatment-related health products, exemption on electricity tariff and other economic uplifting packages were available.

27. The government used three windows to support the businesses impacted by the pandemic. Specifically, the NRB provided refinancing facilities to existing borrowers, expanded concessional lending at subsidized interest rates, and offered business continuity lending to the COVID-19 impacted firms. While the former two were in existence before the pandemic, the latter was designed explicitly to support at 'Cottage and MSMEs in corona affected industries for the payment of staff and worker salaries and businesses operation.' The guidelines cover administering all the eligible schemes on loan classification, eligibility, interest rate, duration, limits, and procedures.

28. Under the economic support initiatives, the government provided extended lending support to 145,747 MSMEs against 10,000 MSMEs of the target. The number of beneficiary firms includes 50,513 female-led MSMEs, of whom 2,450 are from disadvantaged groups as of July 2021. Although the number of the MSMEs exceeds the targeted number, the supporting indicators: the qualifying mark of female-led MSMEs, and its disaggregation by disadvantaged groups, have also met the target successfully. Hence, the **performance indicator has successfully achieved the target.**

Financial Performance

29. The total government contribution to three reform areas between March 2020 to 15 January 2022 is NRs. 72,936.11 million²⁸ (US\$ 616.09 million), which does not include the concessional lending and refinancing for MSMEs affected by the COVID-19 pandemic. But it covers the cost of quarantine and isolation center management, prevention and tracking expenses, food expenses, and employment generation expenses on health and social sector reforms. The total contribution for interest subsidy on concessional lending to business entrepreneurs amounts to NRs. 11,506.64 million (US\$ 97.53 million) till 15 January 2022. The total financial progress²⁹ under NRP is estimated to be US\$ 2.50 billion, 198.52% of above the total assumed expenditures of US\$ 1.26 billion. The financial expenditures and exemptions are summarized below and in Appendix 4.

²⁸ Does not include the vaccination costs.

²⁹ The total cost includes the direct cost borne by the government (US\$ 693.30 million), 7and BFIs (US\$ 1.8 billion)

Table 1. A Summary of Financial Performance

NRP Sectors	NRP estimation	FY 2019/20	FY 2020/21	FY 2021/22 Up to Jan 15	Total Progress	% of the progress against NRP estimation	Remarks
Health Care	347	107.48	115.06	32.85	255.38	73.60 %	Food expenses included (partially)
Social Safety & Welfare	359	8.94	99.45	3.86	112.25	31.27 %	The major shortfall from PMEP
Economic Recovery							
a) Tax relief, utility exemption and interest subsidy provided by the government to MSMEs.	555	1.65	110.56	136.24	248.46	44.77 %	
I. Total Government expenditures & exemptions		118.07	325.07	172.76	616.09	48.85 %	
b) Business Continuity Loan (Contributed by NRB)		-	-	8.56	8.56		These amounts are excluded in overall financial performance lending as of mid-January 2022. *outstanding amount
c) Refinancing to MSMEs (Contributed by NRB)			213.21	68.64	68.64*		
II. Total Government Financing		-	213.21	77.20	77.20		
III. Concessional Lending to MSMEs by BFIs			1368.10	1810.10	1,810.01		
Total (I+II)					693.29	54.97%	
Total US\$ million)	1,261				2503.31	198.52%	

C. Project Costs and Financing

30. Following the request to ADB for support to National Relief Program (NRP), ADB pledged US\$ 250 million support to Nepal: COVID-19 Active Response and Expenditure Support Program under Countercyclical Support Facility Loan Program. The tentative cost for the government's National Relief Program was projected at US\$ 1.26 billion, with (i) US\$ 347 million to be spent for medical and health response, (ii) US\$ 359 million to be spent for social protection for the poor and vulnerable, and (iii) US\$ 555 million for economic support for the affected sector. The government has received overwhelming support from development partners, including ADB, to implement the NRP, and ADB provided financial support in a budgetary supplement targeted expenditure on NRP.

D. Disbursements

31. Following the signing of the agreement on 1 June 2020, the total disbursement of the fund was made on 15 June 2020.

E. Project Schedule

32. The project agreement between the Government of Nepal and ADB was signed on 1 June 2020, with the scheduled completion date as 15 July 2020. There program closing was on 15 July 2021 and the financial closure was on 30 November 2021.

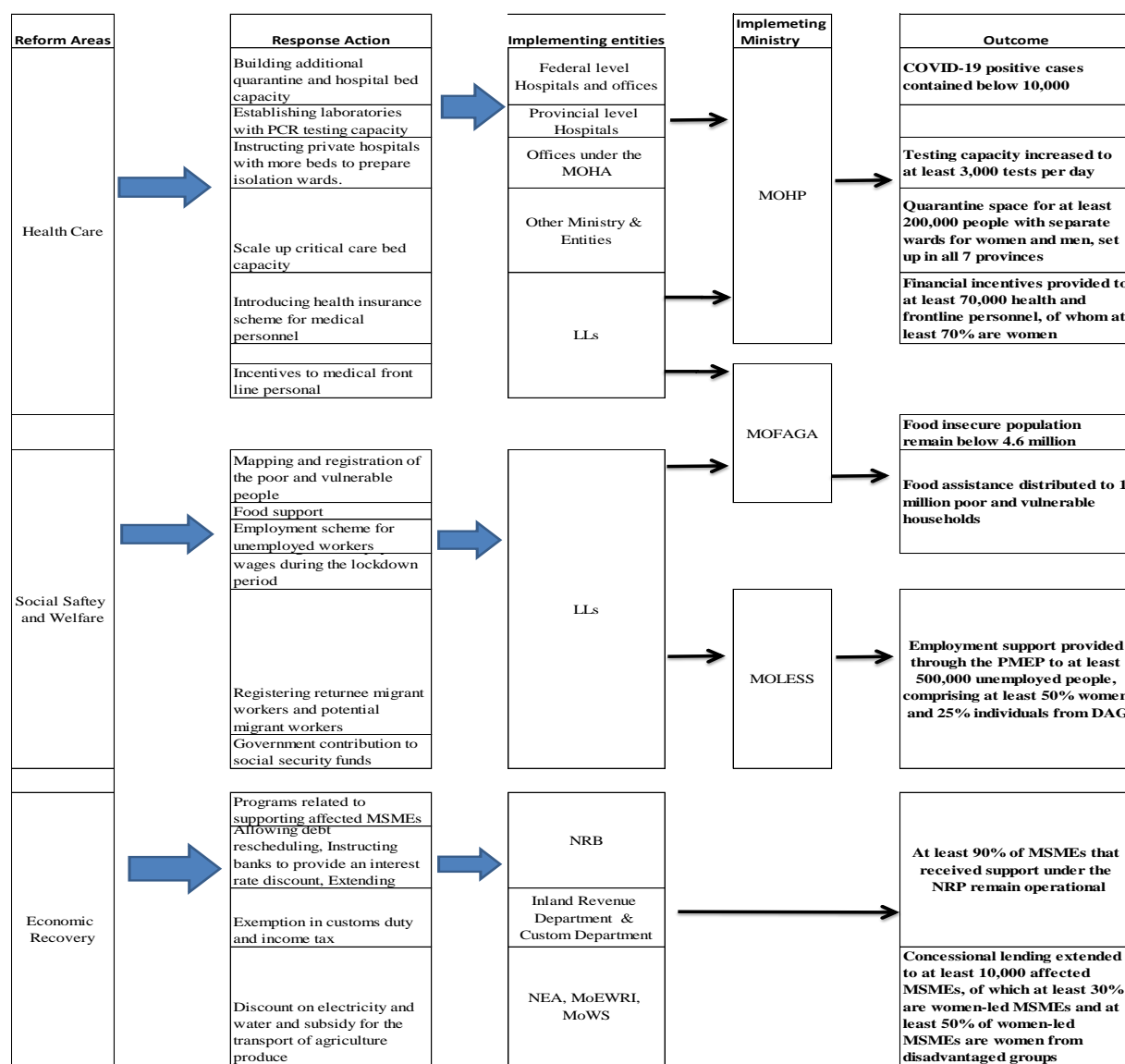
F. Implementation Arrangements

33. The executing agency for the CARES program was the Ministry of Finance (MOF), responsible for the program's overall coordination. The implementing agencies were MOALD,

MOHP, MOICS, MOLESS, and the NRB. The implementing agencies were assigned with (i) implementing the Nepal Relief Plan actions under their jurisdiction; (ii) coordinating with local governments and providing implementation guidance and conducting monitoring and supervision, as appropriate; (iii) submitting semi-annual progress updates and report on any implementation issues to MOF; and (iv) responding to information requests by MOF. A table of the task assigned to the various agencies and ministries is given in Figure 1.

34. All the implementing agencies at the ministry level were represented in the CARES Steering Committee headed by the Joint Secretary (IECCD) of the Ministry of Finance. The steering committee meeting was held regularly on a quarterly basis. The meeting discussed and deliberated on implementation progress, issues, and way forward of three reform areas: Health Concerned ministries reported their progress to the Steering Committee, held regularly. Figure 1 shows the progress monitoring and reporting arrangements.

Figure 1. Implementation Arrangement



G. Technical Assistance

35. Additional financing of US\$ 800,000 was approved by ADB on 2 June 2020 through TA 9800-NEP (footnote 5) to support the implementation of the CARES program. The TA supported in a) preparing appropriate reporting mechanisms and tools, analyzing the quality of data, including financial data, and providing capacity development of MOF and implementing agencies; b) supporting MOF and the implementing agencies in monitoring and evaluation of key elements of the program, including strengthening of existing systems; and, c) providing implementation and all policy advice on the implementation of the CARES program and medium-term interventions to support recovery after COVID-19 Pandemic.

36. The TA assisted the government in a) facilitating CARES Steering Committee meetings; b) updating bi-weekly CPRO progress; c) preparing semi-annual progress reports d) supporting the strengthening of the information system to manage disaggregated data; e) conducting Cash for Work-study; f) conducting Unconditional Food Support study; g) preparing assessment report on Crisis Management Information System (CMIS) and Disaster Information System; h) preparing assessment note on Financial Management System; i) preparing concept note on universal health insurance coverage and health infrastructures, and j) assessment on operational status and effectiveness of concessional lending to MSMEs.

H. Gender Equity

37. Five GESI performance targets were monitored through the DMF. It included a) separate bed arrangement for women in quarantine centers (1a), b) 49,000 women³⁰ health and frontline personnel paid with financial incentives (1b), c) food assistance distributed to 1 million poor and vulnerable households (2a), d) at least 50% women and 25% individuals from disadvantaged receiving employment support through PMEPP (2b), and e) 3000 women-led MSMEs and 1500 women-led DAG receiving concessional lending out of at least 10,000 MSMEs (3a). The detailed assessment is presented in Appendix 5.

- a. 14.81%³¹ of the women out of total 205,003 people quarantined during COVID-19 with separate wards and sanitary facilities³² confirmed by 15 LLs. **(GESI Target Achieved)**. Appendix 2.2
- b. An estimated total of 70,508 health and frontline personnel, including 40,478 women (82.61%)³³, received financial incentives on a projected scale³⁴. **(GESI Target Achieved)** Appendix 2.3
- c. 1.89 million poor vulnerable households received food packages during the COVID-19 lockdown. **(GESI Target Achieved)** Appendix 3.2
- d. Out of total jobs of 292,036 under PMEPP, 46.87% women and 61.7% DAG received employment, thus achieving the target by 93.74% for women and 246.8% DAG. **(GESI Target Achieved)** Appendix 3.2

³⁰ 70% of total targeted 70,000

³¹ Data generated by CMIS/MOFAGA

³² As confirmed by the 15 LLs during the studies conducted on Cash for Work (March-April 2021)

³³ Qualified based on GESI targets and achievement.

³⁴ The record is based on the disbursement made by 18 federal, 104 provincial health institutions and records available from 171 LLs, including projected data of local level as explained in footnote 20.

- e. 145,747 against the target of 10,000 MSMEs benefited from the concessional lending comprising 50,513³⁵ women-led MSMEs (>30% of target 10,000) and 2,450 women-led DAG (>50% of women-led MSMEs target). **(GESI Target Achieved)**

I. Monitoring and Reporting

38. The status of compliance with covenants of the CARES program is satisfactory. All provisions of this program have fulfilled the requirements of the condition set out in the bilateral agreement. There has been no modification on the program's covenants (Appendix 7) agreed upon between the government and ADB.

39. The high-level CARES Steering Committee, headed by the Joint Secretary of MOF conducted the progress reviews on implementation progress. Concerned ministries and NRB are represented in the committee. The deliberations focused on reviewing the implementation progress, issues, challenges, and way forward, covering all three reform areas, particularly DMF indicators and targets.

40. All three reform areas' financial performance was conducted regularly and presented to Steering Committee for review. The government carried out a COVID-19 special audit³⁶ of 803 public entities³⁷ aiming to establish whether: a) resource management and expenditures were transparent, b) pandemic risk assessment and preparedness activities were undertaken timely and adequately, c) the federal, state, and local level acted in a coordinated manner to control and prevent the pandemic, d) activities related to surveillance, contact tracing, testing and treatment of the infected persons managed correctly, and e) the hospital infrastructures required for pandemic prevention, control and treatment, procurement and management of health equipment and human resources mobilization including other activities performed economically and efficiently.

41. The reporting mechanism includes the submission of semi-annual progress reports to ADB. Three semi-annual progress reports were submitted to ADB as scheduled, and the fourth progress report has been combined with this PCR. The subsequent progress reports have been used to monitor the COVID-19 situation by other external development partners, including IMF.

42. The special audit report covers expenditures up to FY 2019/20. The report states that there is an absence of appropriate arrangements for recording and reporting the expenditure³⁸ incurred in the prevention and treatment of COVID-19 by the three levels of government. The Financial Comptroller General Office was found not keeping a record of the expenditure incurred. The province and local levels have reported income and expenditure of the same amount, leading to duplication in recording expenditures. Thus, the expenditure recording has been more than actuals.

³⁵ Target of 5000 women-led MSMEs

³⁶ Special Audit Report on management of Covid-19, 2078(2021), Office of the Auditor-General, Kathmandu

³⁷ Covering the concerned federal ministries, provincial and district offices and 694 Local Levels.

³⁸ The expenditures incurred on the procurement of health supplies, medical equipment, management of infected people, construction of quarantine and isolation centers, relief materials, risk allowance, etc.,

III. EVALUATION OF PERFORMANCE

A. Relevance

43. National Relief Program launched by the government provided the strong relevance to execute the CARES program for effectively managing and addressing the financial needs at the time of expected revenue loss³⁹ due to COVID-19 impact. The program aligns with the government's policy and strategies and ADB's strategy of supporting member countries to cope with the situation arising from the COVID-19 pandemic. The three areas of national concerns needing greater financial support include; i) strengthening the health system to respond to the COVID-19 pandemic by containing the spread and minimizing the casualties; ii) securing social security to all Nepalese and particularly the poor and vulnerable by providing food relief and employment opportunities to those who lost their livelihood due to the COVID-19 pandemic, including returnees and potential migrants and iii) providing concessional loans to business enterprises affected by the COVID-19 pandemic and providing tax reliefs to compensate the business loss during the time of fully and partially restricted mobility.

44. Following the massive earthquake in 2015, Nepal hit the lowest economic growth in a decade in FY 2015/16. The COVID-19 pandemic was another similar setback but intense to the Nepalese economy, with negative growth recorded in the FY 2019/20⁴⁰. At this point of juncture, the budgetary support to the government was a handy proposition to address both the COVID-19 impact mitigation and the economic recovery plan. The timely budgetary support provided to the government before the budget announcement of FY 2019/20 facilitated the government design and planned economic recovery packages more effectively with additional programs for households suffering from the COVID-19 Pandemic. The program support was intended in accelerating the PMEP to provide 500,000 poor and vulnerable for 100 days guaranteed employment program at LLs.

45. The deliberations held during project design include a) consideration on the degree of uncertainties looming around on finding the right approach to deal with the situation like pandemic; b) the scale and magnitude of logistics required to procure in the international market and their availability; c) the limitation of the existing health infrastructure services; d) severity of impact on the economic environment and its consequences to the business and downtrodden communities. Nepal depends heavily on internal and external borrowings to finance its capital expenses to be consistent with its projection on achieving economic growth and subsequent poverty reduction. The ADB support of US\$ 250 million (around 20% of the total cost of NRP) was a significant contribution to Nepal. During the COVID-19 lockdown period, the revenue collection was at the lowest ebb, and budgetary support greatly relieved the government.

46. The selection of project performance indicators was relevant to prevent the early spread of COVID-19. However the spread went into a more profound scale and magnitude that was disastrous to the economy and the people's social well-being, particularly the poor and vulnerable. As reported by the World Vision report, the second surge of COVID-19 had increasing

³⁹ Fiscal Policy of Sustainable Development, Nepal Public Sector Expenditure Review Report, World Bank, 2021 report that "COVID-19 has adversely impacted revenue and amplified expenditure needs. The global pandemic had a double impact on the fiscal deficit, triggering a 1.2 percentage points of GDP drop in tax revenue between FY19 and FY20 and exacerbating expenditure needs for relief and recovery, including for vaccines. As a result, the shock has exacerbated fiscal pressure from federalism and is expected to increase debt to 49.8 percent of GDP by FY24. At the same time, the crisis highlighted that the federal system needs to be strengthened, as weak coordination across levels of government and inadequate subnational technical capacity limited the COVID response at the provincial and local levels".

⁴⁰ CBS data - GDP for 2019/20 was -2.09%

ramifications amongst the most vulnerable in Nepal – on livelihoods, food security and nutrition, health, education, and protection. Restrictions on movement and lockdowns have affected all aspects of life, from earning a living, attending school, procuring food and medicine, and accessing health services and routine vaccinations.⁴¹

B. Effectiveness

47. The program has successfully achieved two out of three performance indicators for mitigating the overall impact of the COVID-19 effect, and five out of six performance indicators of three reform areas⁴² have achieved the target. It demonstrates the effectiveness of the program outcome.

48. The program was effective as it provided much-needed budgetary support to the government, which faced resource constraints due to the COVID-19 pandemic. The leverage provided to the government for spending under the NRP targeted activities has focused on strengthening relief works. It ensured health and other logistics procurement⁴³ at an early stage of need assessment. Because of budgetary support from external development partners like ADB helped allocate adequate resources for procuring logistics required for health response and addressing people's vulnerability and grievances, avoiding potential social and economic crises.

49. The food package distribution during the lockdown and prohibition period is one of the measures monitored by the CARES program. The efforts to distribute the food packages to the poor and vulnerable population by identifying them at the ward/tole level of LLs have prevented the poor and vulnerable households from slipping down to a food-insecure population⁴⁴. The distribution of food packages to 1.9 million poor and vulnerable households is significant in protecting people against vulnerability.

50. The LLs have practices of identifying and addressing the specific needs of nutritious food for pregnant and lactating women, PWDs, and ill-health persons. It boosted the people's morale from the vulnerable community and the isolated and quarantined people. The monitoring and reporting efforts supported assessing the status of women and DAGs during the COVID-19 pandemic.

51. The program supported the government's design of stimulus packages early by defining their scope more effectively⁴⁵. It also facilitated the government to cascade down the much-needed resources to the Local Levels and announced the stimulus packages to the business communities, particularly MSMEs. The timely announcement of the government partly bearing the cost on social security on behalf of the private sector and the employees working in the private sector has relieved the financial burdens of employees and employers to some extent during the standstill of economic activities. Although it was a small gesture from the government, it provided much-needed support to relieve ordinary people's hardship.

52. The monetary policies of consecutive two years (FY 2020/21 and FY 2021/22) were instrumental in addressing the economic concern of the business communities. It provided an opportunity for the government to revise and update much desired financial regulation

⁴¹ Multi-sectoral impact of the COVID-19 second wave in Nepal, Key findings of a rapid assessment/households survey, World Vision, 2021

⁴² a) quarantine space management, b) maintaining food insecure population, c) food distribution to poor and vulnerable, and d) concessional lending to MSMEs.

⁴³ The procurement of testing equipment for RT-PCR tests and personal protective equipment was the foremost priority for the government when launching massive tracing and tracking of COVID-19 cases.

⁴⁴ WFP Nepal, monthly country briefs

⁴⁵ Budget announcement for FY 2020/21 & 2021/22

packages⁴⁶. NRB identified sectors/subsectors based on the severity of COVID-19 impact as categorized by the government based on the severity of the effect on business. As a result, allowing the debt rescheduling, extending the loan repayment, and providing the refinancing and concessional lending facility and business continuity loan helped create an opportunity for MSMEs and business communities to recover early from the crisis.

53. The program was instrumental in supporting the government to collect and maintain disaggregated data⁴⁷ on gender and the poor and vulnerable in line with international practices. Although there was no GESI action plan, all the performance indicators reflected gender and inclusion status to be achieved by the program. The existing weakness of monitoring the gender status was overcome by designing a format and incorporating it into the input/output structure of the respective information systems.

54. The GESI performance in CARES program includes a) women provided with separate wards in quarantine centers, b) 82.61% of targeted frontline women health workers and FCHVs receiving financial incentives under NRP, c) 46.87% women and 61.7% DAG out of a total 292,036 receiving employment through PMP, and d) 50,513 women-led MSMEs (>30% of target 10,000) and 2,450 women-led DAG (>50% of women-led MSMEs target) receiving financial support.

55. Two health concept notes: Universal health insurance coverage study was instrumental in demonstrating a greater disparity existing in infant, neo-natal, and under-5 mortality rates by wealth quintile. These mortalities are highest among children falling in the middle and below wealth quintile compared to richer and above wealth quintiles. It highlights the need to reduce inequalities among Nepalese people by addressing medical bills' dependence on out-of-pocket payment (OPP). The other study in health infrastructure identified and highlighted the issues that loom around upscaling physical health infrastructures⁴⁸ and human resources by calling for further investments in this sector.

C. Efficiency

56. Measuring the program's efficiency can be evaluated on conditions a) containing the COVID-19 cases to a reasonable level; b) protecting the poor and vulnerable against the poverty situation; and c) bringing back the economic recovery on track or even better.

57. Nepal's total number of COVID-19 recovery⁴⁹ is comparatively the highest among SAARC countries. There has been mixed performance on containing the spread of COVID-19 compared to other South Asia nations. Nepal's rate of COVID-19 cases per thousand population and the deaths per thousand is the lowest among South Asia nations. Despite rough terrain, an open border with India, weak health infrastructures⁵⁰, and a low literacy⁵¹ rate compared to South Asia, Nepal's success in containing COVID-19 cases below the one million mark⁵² is appreciable.

⁴⁶ Refinance Procedures 2077, Concession Lending Guideline 2075, and Business Continuity Lending Guideline 2077.

⁴⁷ Based on the system assessment, formats were introduced to collect disaggregated data in line with the international practice.

⁴⁸ a) selecting proper sites for health infrastructure; b) reviewing legislation on land acquisition and the modalities; c) adherence to the infrastructure guidelines issued by the DoHS; d) reviewing policy on maintenance of infrastructure; and e) defining the role of local government, DUDBC, and MOHP in developing physical infrastructure.

⁴⁹ In terms of COVID-19 recovery Nepal stands at 97.2% which is the highest among SAARC Countries: India-95.6%, Pakistan-96.0%, Afghanistan-92.0%, Bangladesh-96.9%, Bhutan- 93.5%, Sri Lanka- 95.6%, and Maldives- 95%. Refer: SiteRep #706, MOHP, 15 January 2022.

⁵⁰ Study on health infrastructure, CARES Program, 2021

⁵¹ 67.9 % of literacy in Nepal – 2018 (CBS)

⁵² COVID-19 cases as of 05 December 2021 is 822,592 (2.72 percent of total population).

58. The upscaling of laboratory facilities and substantial increase in the number of RT-PCR test within a short period of time has significantly impacted the further spread of the COVID-19 virus.

59. Containing the food insecure population at 2.8 million against the target of 4.6 million and managing the food distribution to 1.9 million poor and vulnerable households against the target of 1 million households by mobilizing resources⁵³ in coordination with support agencies⁵⁴ contributed towards protecting against extreme poverty and vulnerability.

60. Compared to July 2020, there has been significant improvement in the operation of industry/business. In March 2019 (pre-COVID-19), the industries in operation were only 4.1%, which increased to 87.2% in October 2021. According to the survey conducted in May 2021 4.2% of industries were not in operation, whereas it dropped to 2.3% as per the survey report⁵⁵ of NRB published in December 2021.

61. The LLs' practices of identifying and addressing the specific needs of vulnerable people⁵⁶ by engaging local partners, including I/NGOs, CBOs, and private sectors, have contributed towards efficiency in managing GESI issues. The participation of women and people from the beneficiaries' groups in grievances handling in communities, quarantine, and isolation centers also highlights the efficiency of the LLs in handling GESI issues effectively⁵⁷.

62. Financing through tax exemption was achieved by 135% (US\$ 112 million⁵⁸ provided against the estimated 83 million⁵⁹). The tourism sector has largely benefited from the economic recovery package, with 53% of total tax relief⁶⁰ going to this sector in FY 2020/21.

63. The timeliness of scheduling the CARES Steering Committee meeting and its outcomes demonstrates the program's efficiency. The submission of semi-annual progress was very timely.

D. Sustainability

64. Although the CARES program was not intended to contribute to sustainability, however, it did contribute a sustainable practice of monitoring and reporting by introducing:

- a. Changes into the data input structure to accommodate disaggregated data in the management information system maintained by MOHP, MOFAGA, MOLESS on social protection.
- b. Data systems interoperability and interchangeability⁶¹ are found maintained at the concerned ministries and the LLs.
- c. MSMEs' monitoring considers gender representation, particularly from the disadvantaged group, and their sustainability during and after the economic crisis impacted due to the COVID-19 situation. The surviving MSMEs are likely to remain operational.

⁵³ Covering LLs' COVID-19 Fund, private sector contribution and grants from federal and provincial governments

⁵⁴ Development partners including I/NGOs, CBOs and private sector

⁵⁵ 20780808-3rd-Follow-Up-Final.pdf (nrb.org.np)

⁵⁶ nutritious food for pregnant and lactating women, PWDs, single women, and ill-health persons

⁵⁷ Unconditional Food Support Study Draft Report, CARES TA Team, January 2022

⁵⁸ Progress reported by Inland Revenue Department, MoF

⁵⁹ Project Document (rrp), ADB

⁶⁰ Data reported by Inland Revenue Department, MoF

⁶¹ With the assessment carried out by TA team, a brief note has been prepared

- d. Separate budget head for crisis management fund operationalized at Local Levels.
65. The program supported knowledge and partnership in the health sector to consolidate gains during the COVID-19 pandemic. These gains were:
- a. The installation of oxygen plants in various federal and provincial hospitals
 - b. Federal and provincial hospitals are introducing High Dependency Unit (HDU), providing ICU-type care at an affordable price.
 - c. The government increased funding for health infrastructure investment to extend healthcare services to LLs.
 - d. Government investing in water supply and sanitation infrastructure in quarantine⁶² centers based on their long-term use.
 - e. The establishment of the Business Continuity Fund is a major milestone for an early recovery of economic situation and building confidence among business communities to give continuity to their own business.
 - f. The government (federal, provincial and LLs) has introduced several legislations, policy guidelines on health system measures, social protection and economic recovery for the effectiveness of the service delivery. See ANNEX 6.

66. Improvement on procedural guidelines and implementation strategies for PMEP as recommended by the “Cash for Work” study⁶³ shall enhance the project implementation capacity with better performance in guaranteeing 100 days jobs to the poor and vulnerable.

67. The government’s contribution to the social security fund (SSF) to lessen the burden of hardship during the COVID-19 lockdown has further consolidated the fund's credibility, thus encouraging larger business enterprises to get associated. The exponential increase in numbers of business enterprises linking their social protection program demonstrates the sustainability⁶⁴ of the SSF.

E. Development Impact

68. The CARES program created an opportunity to gain ADB’s knowledge and partnership in monitoring and reporting the COVID-19 pandemic situation more effectively. The program successfully collected and disseminated the sectoral information (health response, support to poor and vulnerable, economic recovery, and expenditures), which helped the government make policy interventions as required.

69. The development impact of the program is rated satisfactory. Despite several constraints,⁶⁵ total death due to COVID-19 has been maintained to a minimum (1.4%) compared to the average of South Asia nations (1.8%)⁶⁶.

⁶² Mostly in health centers and schools

⁶³ Study conducted in collaboration with World Bank under the guidance of MOLESS.

⁶⁴ <https://ssf.gov.np>, Currently, 16,506 employers and 309,477 employees are enrolled in to SCF.

⁶⁵ Restricted mobility, inadequate health infrastructures and facilities, open border with India, limited health awareness, etc.

⁶⁶ 1.4% death (Nepal) compared to India (1.3), Pakistan (2.2), Bangladesh (1.8), Bhutan (0.1), Sri Lanka (2.6), Afghanistan (4.7) and Maldives (0.3), refer to

https://covid19.MOHP.gov.np/covid/nepaliSituationReport/61e2a5ebecd18_SitRep706_COVID-19_15-01-2022_NP.pdf

Health System Measures

70. Increased investment in health facilities, infrastructures (physical⁶⁷ and logistics) and related human resource development including clarity on the role of respective government in managing health services and its service delivery.

Social Protection

71. Social inclusion was a key focus of the project, and significant social gains have been made by supporting women and DAGs for employment and concessional loan.

Economic Recovery

72. Towards macroeconomic and financial stability through effective refinancing facility and concessional lending⁶⁸ to MSMEs. In FY 2021/22, the economy is estimated to grow by 4.1%. With a rapid vaccination drive, the government expects an increase in economic activities propelling growth in FY 2021/22.

F. Performance of the Borrower and the Executing Agency

73. The performance of the borrower is rated satisfactory. A strong Steering Committee established at MOF facilitated and supported monitoring and reporting the COVID-19 situation in three priority areas identified by the National Relief Program. Resources were timely managed to respond to the need of all levels of government. Senior officials were assigned from all the concerned ministries, including the central bank to represent in the steering committee. A strong CARES TA team supporting MOF, the steering committee, and respective ministerial/agency representatives work hard to collect and report COVID-19 related information to SC. The semi-annual progress reporting was timely and to the schedule. The steering committee was instrumental in guiding three important studies: Cash for Work, Unconditional Food Support, and forthcoming assessment of MSMEs' operational status. The CARES program has successfully contributed to achieving the objective of NRP on time.

G. Performance of the Asian Development Bank

74. ADB's performance is rated satisfactory. Nepal Resident Mission (NRM) staff was involved throughout program preparation and implementation. ADB NRM played a significant role in sharing knowledge and experience with the borrower to manage the COVID-19 pandemic effectively. The contribution of ADB HQ was also significant in disseminating international practices to the health sector officials in charting out their course of action in dealing with the COVID-19 crisis. ADB NRM played an essential role in organizing the CARES Steering Committee and follow-up action plan in closer coordination with the borrower's implementing agencies and other development partners, including IMF. The TA support provided by ADB to

⁶⁷ Construction of 5/10/15 bedded hospitals at LLs, installation of oxygen plants, introducing High Dependency Unit (HDU) etc.

⁶⁸ There has been early sign of economic recovery. Evidence on the COVID-19 crisis impacts on MSMEs from survey by Nepal Rastra Bank (NRB) (2020, 2021) indicates gradual improvement in business environment and increase in confidence. Nearly 87.2 percent of firms—large as well as MSMEs—are conducting their operations at full capacity whereas another 10.4 percent firms are partially in operations. Only 2.3 percent of the firms are not in operations by November 2021. This is notable progress from July 2020, during the first wave, when 61 percent firms were completely shut down.

assist MoF and other relevant government agencies in monitoring and reporting COVID-19 related activities has been highly useful and effective. To expedite the APVAX loan processing, ADB NRM engaged the expertise of the TA team in the field of procurement, financial management, and designing of DMF.

H. Overall Assessment

75. The overall rating of the project is successful given the ratings of relevant, effective, efficient, and likely sustainable. The project delivered most of its outputs and the outcome target substantially, and it has laid the foundation for ownership.

Overall Rating	
Criteria	Rating
Relevance	Highly Relevant
Effectiveness	Effective
Efficiency	Efficient
Sustainability	Likely sustainable
Overall assessment	Successful
Development impact	Satisfactory
Borrower and Implementing agency	Satisfactory
Performance of ADB	Satisfactory

IV. ISSUES, LESSONS, AND RECOMMENDATIONS

A. Issues and Lessons

Issues

CARES Program Implementation

76. The absence of interoperability of data systems maintained by government agencies, including LLs, has created challenges and discrepancies in data management, including financial data due to very limited coordination among the federal ministries and with provinces and LLs in managing, standardizing, updating disaster information. As a result, agencies responsible for possibly changing interventions could not be provided with timely, reliable and comprehensive monitoring data of the overall implementation, including financial resources, of the NRP, especially with regard to comparing the relative impact of the different interventions.

77. Identifying and monitoring the implementation and impact of interventions aimed for targeted beneficiaries is challenging, as disaggregated (demographic) databases are hardly available at the Federal, Provincial and Local Levels. So monitoring whether or not the intended

beneficiaries received the services and whether or not policies were implemented inclusively is hampered.

78. As solicited by the government, funds collected from private and non-government sectors for COVID-19 control and prevention were deposited in the government's COVID Fund at all levels. The concerned authorities are yet to acknowledge their contribution by recording this in a centralized system specifying the details of the COVID Fund.

79. The guidelines issued by the federal government on COVID Fund operation were not fully complied by all LLs due to the inability to identify the source and its payment modality. Two provincial governments⁶⁹ allocated the amount to the activity not covered by the NRP⁷⁰.

80. There is no system for collecting disaggregated financial data at the firm's level, so this data is nonexistent for businesses. As a result, the myriad dataset⁷¹ that NRB collects and uses for its reports does not include disaggregated firm-level data. Hence, to track and monitor the impact of COVID-19 on business recovery has to rely on spot surveys instead of systemic data collection.

81. Upscaling the PMEP target during its implementation remains an issue for achieving the target due to LLs' slow internalization and lower absorption capacity. Incorporating the PMEP into the NRP with an ambitious target amid the COVID-19 crisis without adequate overall institutional arrangements and implementing modalities posed a severe challenge to achieving the target.

Cash for Work, Unconditional Food Support, and Health Studies

82. The followings are the findings of the studies conducted during the COVID-19 pandemic. The concerned implementing agencies are now examining the merit of cases to suitably incorporate into their policy/strategy/program.

- (PMEP) Despite a well-structured institutional arrangement provisioned at the LL, there is a gap in institutional linkage from LL to province and then to the federal level, which seriously impacted the functioning of PMEP in achieving its targets.
- (PMEP) ESCs are yet to explore employment opportunities in the non-governmental sector. ESCs need capacity-building efforts to perform associated duties with a fully functioning public employment system to cater to job counseling, profiling, referrals, beneficiary follow-up, etc.
- (PMEP) Operationalizing the EMIS to strengthen the planning and implementation of PMEP is an issue as its current scope is limited, focusing on listing prioritized people for CfW.
- (Unconditional Food Support) The distributed food for the poor and vulnerable was sufficient for 1 to 2 weeks across the LLs studied. There were very few cases where LLs provided food repeatedly. As the lockdown lasted for 3-4 months, it raised concern for the sufficiency of food relief to poor and vulnerable people, depending upon the severity of the pandemic in a specific locality.
- (Unconditional Food Support) The LLs were not practicing a third-party monitoring mechanism for monitoring the process of food relief distribution. In most LLs, the people

⁶⁹ Province no. 1 and Madhesh Province

⁷⁰ Provincial Audit Report, OAG

⁷¹ Data system maintained by NRB

responsible for selecting eligible households and distributing food relief were involved in monitoring.

- (Health) Although the government has provided free treatment, the common people have to depend on privately run hospitals due to limited logistics available at the government-run hospitals. It has led to increased individuals' out-of-pocket payments (OPP) for health expenses which are comparatively high in Nepal.
- (Health) Health infrastructures are clustered around the urban centers. In rural areas, access to better healthcare services remains an issue. People depend on hospitals for immediate care without examining the urgency of hospitalization.

Lessons Learned

CARES Program Implementation

83. The government established the COVID Fund at an early stage of the COVID-19 pandemic with allocation through a separate budget head. Timely coordination with development partners demonstrated a strong government commitment.

84. The prompt response of the government agencies has shown effectiveness in implementing the crisis policies. It helped quickly mobilize necessary support to target poor and vulnerable people and develop a conducive environment for business continuity.

85. The LLs maintained flexibility in allocating funds to the COVID-19 response activities by reallocating the budget of other development programs to control and prevent the pandemic.

86. There has been an increase in digital applications for managing data of COVID-19 related activities, including contact tracing, testing, and treatment.

87. The financial compensating mechanism for the death of COVID-19 victims practiced by provincial governments establishes government accountability for the social protection of the poor and vulnerable.

Cash for Work, Unconditional Food Support, and Health Studies

88. The followings are the lesson learned from the studies conducted during the COVID-19 pandemic. The concerned implementing agencies are now examining the merit of cases to suitably incorporate into their policy/strategy/program.

- (PMEP) The involvement of community-based organizations (CBOs) in facilitating information dissemination of PMEP in their respective settlements, including collecting the application from interested unemployed individuals, and delivering them to ward offices in some LLs, provides additional value to the program. This shows the significance of the mobilization of CBOs in PMEP projects.
- (Unconditional Food Support) LLs identifying specific food requirements of pregnant and lactating women, elderly citizen, PWDs, and children and addressing their issues on time has helped reduce the vulnerability of a weaker section of people in crisis.
- (Unconditional Food Support) The government timely mobilized the private sector and CBOs to collect food distribution resources for the poor and vulnerable. It has contributed to fulfilling the needs of poor and vulnerable people during the crisis.
- Lessons learned from the GESI perspective include a) awareness-building measures helped in minimizing grievances and providing necessary support effectively at

quarantine and isolation centers; b) social protection events have helped to keep the grievances to a minimum, and c) local knowledge/resources ensured the distribution of relief package to the genuine beneficiaries including people needing specific supports.

B. Recommendations

CARES Program and Implementation

89. The concerned implementing agencies should establish a one-door crisis/disaster data collection, validation, management, and reporting system. LLs operate the system, and provincial and federal governments use the system's information for planning.

90. The concerned implementing agencies need to maintain ownership of the information system, mainly CMIS and EMIS, to effectively use it in a crisis, emphasizing strengthening capacity at LLs. The system should maintain the consistency of data and its interoperability with other systems.

91. The concerned implementing agencies need to establish a valuation and reporting system of the in-kind support received from local contributors and development partners and aim to include this in the regular progress reporting to ensure accountability and strengthen efficiency and effectiveness.

92. The concerned implementing agencies apply two modalities of transferring the COVID Fund to LLs: i) directly from federal and ii) through provincial governments. There is a need for considering a single allocation policy at the provincial level to enhance ownership, fulfill accountability, and provide relatively reasonable allocation.

93. There is a need for a guideline for accounting and purpose/activity-wise reporting incurred in response to emergencies such as COVID control.

94. There is a need for conducting short-term capacity-building programs for the LLs' finance staff to enhance the qualitative reporting of financial information.

Cash for Work, Unconditional Food Support, and Health Studies

95. The followings are the recommendation from the studies conducted during the COVID-19 pandemic. The concerned implementing agencies are now examining the merit of cases to suitably incorporate into their policy/strategy/program.

- (PMEP) The concerned implementing agencies need to establish a mechanism for the collaborative approach of all three tiers of government to sustain the CfW program with longer-term prospects.
- (PMEP) The concerned implementing agencies need to develop a comprehensive orientation and training package⁷² for LLs/ESCs/wards to enhance their capacity for planning, implementation, and monitoring of PMEP effectively and efficiently. A partnership with the private sector needs to be explored for creating additional employment opportunities in the non-governmental sector.

⁷²This should consist of provision of PMEP guidelines, their role and responsibility, effective communication and outreach including use of guidelines from websites, application verification and screening, project plan and implementation including profiling of beneficiary's collaboration with potential stakeholders and financial literacy etc.

- (PMEP) The EMIS of PMEP needs to be developed as a beneficiary and wage management platform with a provision of a) generating the payment list for approval, b) payment completion report, c) beneficiary profiling matching the skills of the unemployed people, and d) gender and social inclusion related disaggregated data.
- (Unconditional Food Support) There is a need to build a sustainable mechanism to address the food insecurity situation created by the pandemic in the long run. In this context, consider including the relevant recommendations made by the Unconditional Food Support study in the upcoming 'National Social Protection Strategy' of GoN.
- (Unconditional Food Support) LLs need to establish a third-party monitoring system with the representation of local security offices, civil society organizations, private sectors, and the Red Cross to monitor the selection of vulnerable people, distribution of relief, and tracking of proper relief support.
- (Health) There is a need to increase the health coverage by extending health infrastructures to the local level and developing a mechanism to screen out patients needing hospitalization to lessen the financial burden on both government and the people.
- (Health) There is a need to extend universal health insurance coverage to keep the Out-of-Pocket Payment (OPP) to a minimum and lessen the burden of medical treatment expenses for families.

V. APPENDICES

Appendix 1: Design and monitoring framework

Sl. No.	PERFORMANCE INDICATORS	BASELINE (as of June 2020)	CURRENT STATUS (as of 15 January 2022)
1.	COVID-19 pandemic adverse impacts on health systems, livelihoods, poverty, employment, and economy		
1.1	COVID-19 positive cases contained below 10,000	57	Total COVID-19 positive identified cases: 950,245 with 41% women Recovery: 816,003 (96.1%) Source: SitRep #706, MOHP/GoN and Situation Update #92 COVID-19 WHO Country Office for Nepal
1.2	Food insecure population remain below 4.6 million (February 2019 baseline)	4.6 million	2.8 million (65.71% of malnourished pregnant and lactating women) face inadequate food consumption. (Source: WFP Nepal, Country Brief September 2021) Target achieved.
1.3	At least 90% of micro-, small, and medium sized enterprises (MSMEs) that received support under the National Relief Program remain operational	0%	The assessment of the operational status of NRP support received MSMEs in progress. Target achieved.
2.	Health system response measures		
2.1	Testing capacity increased to at least 3,000 tests per day	500 tests per day	23,226 RT-PCR tests on a single day (highest) were achieved on 21 May 2021. 59 public and 45 private medical laboratories are authorized to carry tests covering all 7 provinces ¹ . (Source: MOHP, SitRep #706) Target achieved.
2.2	Quarantine space for at least 200,000 people with separate wards for women and men, set up in all 7 provinces		6,304 quarantine centers with a bed capacity of 205,003 established as of the first week of July 2020. 276,778 people have returned home after using these quarantine facilities (14.81% women). All the quarantine centres have separate wards for men and women (Source: Crisis Management Information System-CMIS, MOFAGA, 15 January 2021). Target achieved.
2.3	Financial incentives provided to at least 70,000 health and frontline personnel responding to COVID-19, of whom at least 70% are women	0%	113 federal and provincial health institutions and 157 local levels distributed financial incentives to 23,544 health and frontline personnel (57.38 % women). Based on the actual data of federal and provincial health institutions, and extrapolated ² information of LLS, altogether financial incentives beneficiary health and frontline workers will be 70,508. Source: MOHP and MOFAGA, January 2022 Target achieved.
3.	Social protection and relief programs		
3.1	Food assistance distributed to 1 million poor and vulnerable households.	0 households	1,904,365 households have received food assistance (Source: CMIS-MOFAGA, 15 January 2022). Target achieved.
3.2	Employment support provided through the Prime Minister's Employment Program (PMEP) to at least 500,000 unemployed people, comprising at least 50% women (F) (including women returnee migrant workers) and 25% individuals from disadvantaged (D) groups	0%	Employment was provided for 292,036 persons (46.87% women, and 61.7% DAG) on a wage basis from July 2020 to 15 January 2022 from 32,728 projects, creating total employment of 15,594,375 days on a wage basis with an average 54 days per employee. (Source: PMEP/MOLESS, 15 January 2022). DAG target is achieved and the women target is 93.79% achieved
4.	Economic support for affected sectors		
4.1	Concessional lending extended to at least 10,000 affected MSMEs, of which at least 30% are women-led MSMEs (F) and at least 50% of women-led MSMEs are women from disadvantaged groups (DF)	0%	145,747 against the target of 10,000 MSMEs benefited from the concessional lending comprising 50,513 women-led MSMEs (>30% of target 10,000) and 2,450 DAG women-led (>50% of women-led MSMEs target). Source: NRB Target Achieved.

¹ Province 1-9, Madhesh-10, Bagmati-56, Gandaki-6, Lumbini-12, Karnali-4 and Sudurpaschim- 7

² Among the reported LLS, 91.81% provided the financial incentives and average incentive beneficiaries in a LL are 85.7. Extrapolating to 753 LLS, only 691 LLS provided the financial incentives. In total 59,257 will be the financial incentive beneficiary health and frontline personnel at local level. Total number of beneficiaries will be: Federal-4072+Provincial-7189+Local level-59257=70,508.

Appendix 2. Health sector data

Appendix 2.1: Monthly moving average of COVID-19 testing capacity, tests, positive cases and death cases (Source: SItRep #132 - #706), MoHP)

Date	Testing laboratories	Test cases	Positive cases	Proportion of +ve cases	Death cases	Proportion of death cases of +ve cases
15-Jun-20	21	4,606	309	6.7	1	0.22
15-Jul-20	26	5,338	366	6.8	1	0.18
15-Aug-20	39	6,669	286	4.3	2	0.68
15-Sep-20	47	11,488	993	8.6	9	0.87
15-Oct-20	62	12,529	2,165	17.3	11	0.50
15-Nov-20	76	11,959	2,840	23.7	17	0.60
15-Dec-20	79	7,817	1,347	17.2	17	1.26
15-Jan-21	82	5,240	537	10.2	7	1.31
15-Feb-21	83	3,725	194	5.2	3	1.77
15-Mar-21	83	3,505	88	2.5	1	1.09
15-Apr-21	85	3,634	229	6.3	2	0.75
15-May-21	88	14,738	5,615	38.1	60	1.06
15-Jun-21	95	18,284	5,851	32.0	118	2.01
15-Jul-21	96	11,599	2,488	21.4	32	1.28
15-Aug-21	96	14,670	3,160	21.5	27	0.85
15-Sep-21	96	13,827	1,979	14.3	23	1.14
15-Oct-21	100	11,923	979	8.2	10	0.97
15-Nov-21	102	8,821	470	5.3	6	1.37
15-Dec-21	104	10,028	281	2.8	3	1.00
15-Jan-22	104	11,664	947	8.1	2	0.18

Appendix 2.2: Quarantine facilities with separate wards for men and women, people/patients in quarantine, isolation, ICU and ventilator

Capacity of quarantine beds and people used quarantine service (Source: CMIS-MoFAGA)

Province	No. of quarantine center	No. of beds in quarantine	Male returned from quarantine use	Women returned from quarantine use	Other returned from quarantine use	Total returned from quarantine use
Province 1	517 (8.2%)	10778 (5.3%)	11928 (5.1%)	3635(8.9%)	28 (9.6%)	15591 (5.6%)
Madhesh	358 (5.7%)	16518 (8.1%)	19381 (8.2%)	1457 (3.6%)	13 (4.5%)	20851 (7.5%)
Bagmati	511 (8.1%)	9784 (4.8%)	5946 (2.5%)	1337(3.3%)	0 (0%)	7283 (2.6%)
Gandaki	806 (12.8%)	11339(5.5%)	11033 (4.7)	1804 (4.4%)	7 (2.4%)	12844 (4.6%)
Lumbini	1684 (26.7%)	52940 (25.8%)	61184 (26%)	9197 (22.4%)	97 (33.3%)	70478 (25.5%)
Karnali	863 (13.7%)	38243 (18.7%)	37738 (16%)	6275 (15.3%)	67 (23%)	44080 (15.9%)
Sudurpaschim	1565 (24.8%)	65401 (31.9%)	88287 (37.5%)	17285 (42.3%)	79 (27.1%)	105651 (38.2%)
Total	6,304	20,5003	235497	40990	291	276778

Quarantine facilities with separate wards for women in the 15 local levels (Source: Field survey by CARES TA team March-April 2021)

SN	Municipalities	Quarantine centers	Quarantine beds	Male beds	Women beds
1	Gadimai Municipality	7	500	450	50
2	Phikkal Rural Municipality	1	8	4	4
3	Bhimeshwor Municipality	1	30	20	10
4	Boreng Rural Municipality	35	300	200	100
5	Katari Municipality	3	250	230	20
6	Purbichauki Rural Municipality	35	6000	5500	500
7	Bardgoria Rural Municipality	47	2800	2000	800
8	Maharajgunj Municipality	48	1013	900	113
9	Parasuram Municipality	32	1117	984	133
10	Putlibazar Municipality	2	90	60	30
11	Mithila Municipality	2	55	45	10
12	Bhanu Municipality	17	72	50	22
13	Dhurkot Rural Municipality	44	461	271	190
14	Bisrampur Rural Municipality	2	65	18	47
15	Falelung Rural Municipality	15	80	40	40
	Total	291	12,841	10,772	2,069

People in quarantine and isolation, and patients in ICU and ventilator (Source: SItRep #132 - #706), MoHP)

Date	People in quarantine	People in isolation	Patients in ICU	Proportion of isolated people in ICU	Patients in Ventilator	Proportion of ICU patient required ventilator
15-Jun-20	156,980	3,251	-	-	-	-
15-Jul-20	58,507	8,205	-	-	-	-
15-Aug-20	15,518	6,096	72	1.2	3	4.0
15-Sep-20	8,759	14,869	148	1.0	18	11.9
15-Oct-20	5,757	22,966	236	1.0	42	18.0
15-Nov-20	2,465	39,267	332	0.8	76	22.7
15-Dec-20	629	17,639	338	1.9	55	16.2
15-Jan-21	351	6,331	222	3.5	43	19.2
15-Feb-21	123	2,700	110	4.1	22	20.4
15-Mar-21	61	1,085	55	5.1	12	21.2
15-Apr-21	62	1,845	-	-	-	-
15-May-21	222	48,926	633	1.3	182	28.8
15-Jun-21	831	101,747	1,446	1.4	409	28.3
15-Jul-21	-	61,091	677	1.1	197	29.1
15-Aug-21	407	51,577	681	1.3	171	25.1
15-Sep-21	331	34,140	584	1.7	161	27.5
15-Oct-21	251	18,448	347	1.9	113	32.6
15-Nov-21	165	9,445	236	2.5	72	30.6
15-Dec-21	98	6,782	158	2.3	49	30.7
15-Jan-22	107	6,919	90	1.3	22	24.4

Appendix 2.3: Financial incentives provided to health and frontline workers (Total-23,544 with 57.38% women) – Source: Local Levels through MoFAGA

1. Local level

Provinces	No. of LLs	No. of reporting LLs	No. of LLs provided incentives	No. of districts covered	No. of incentive beneficiary male	No. of incentive beneficiary women	No. of FCHV	No. of incentive beneficiary FCHV	% of beneficiary FCHV	Total no. of incentive beneficiary	% of women beneficiary	Average no. of beneficiary at a LL
Province 1	137	20	20	7	437	670	526	198	37.64	1107	60.52	55
Province 2	136	33	28	5	1430	965	1009	426	42.22	2395	40.29	86
Bagmati	119	27	24	10	551	1030	982	138	14.05	1581	65.15	66
Gandaki	85	33	32	9	671	1193	1216	197	16.20	1864	64.00	58
Lumbini	109	26	25	12	746	1213	1063	458	43.09	1959	61.92	78
Karnali	79	9	7	2	434	582	346	346	100.00	1016	57.28	145
Sudurpaschhim	88	23	21	9	954	1387	1088	751	69.03	2341	59.25	111
Total	753	171	157	54	5223	7040	6230	2514	40.35	12263	57.41	85.71

2. Provincial health institutions

Provinces	No. of reporting institutions	No. of institutions provided incentives	No. of incentive beneficiary male	No. of incentive beneficiary women	Total incentive beneficiaries	% of women beneficiaries
Province 1	25	25	635	595	1230	48.37
Madhes	2	2	15	8	23	34.78
Bagmati	10	10	154	125	279	44.80
Gandaki	13	13	272	630	902	69.84
Lumbini	25	23	944	1014	1958	51.79
Karnali	15	15	643	804	1447	55.56
Sudurpaschhim	14	14	502	848	1350	62.81
Total	104	102	3165	4024	7189	52.57

3. Federal health institutions

No. of reporting Institutions	No. of LLs provided incentives	Incentive beneficiary male	Incentive beneficiary women	Total incentive beneficiaries	Proportion of women beneficiaries
18	11	1,646	2,446	4,092	59.78

Appendix 3: Social protection data

Appendix 3.1: Food insecure population (Source: WFP Nepal Country Brief Reports)

Date	Food insecure population	Malnourished pregnant and lactating women
Jun-20	2,800,000	1,840,000
Aug-20	2,800,000	1,840,000
Sep-20	2,800,000	1,840,000
27-Oct-20	2,800,000	1,840,000
11-Nov-20	2,800,000	1,840,000
25-Nov-20	2,800,000	1,840,000
10-Dec-20	2,800,000	1,840,000
18-Jan-21	2,800,000	1,840,000
28-Jan-21	2,800,000	1,840,000
10-Feb-21	2,800,000	1,840,000
24-Feb-21	2,800,000	1,840,000
9-Mar-21	2,800,000	1,840,000
24-Mar-21	2,800,000	1,840,000
8-Apr-21	2,800,000	1,840,000
21-Apr-21	2,800,000	1,840,000
6-May-21	2,800,000	1,840,000
20-May-21	2,800,000	1,840,000
2-Jun-21	2,800,000	1,840,000
16-Jun-21	2,800,000	1,840,000
30-Jun-21	2,800,000	1,840,000
14-Jul-21	2,800,000	1,840,000
27-Jul-21	2,800,000	1,840,000
26-Aug-21	2,800,000	1,840,000
15-Sep-21	2,800,000	1,840,000
19-Oct-21	2,800,000	1,840,000
2-Nov-21	2,800,000	1,840,000
17-Nov-21	2,800,000	1,840,000
1-Dec-21	2,800,000	1,840,000
15-Jan-22	2,800,000	1,840,000

Appendix 3.2: Food relief distribution to poor and vulnerable during COVID-19 lockdown
(Source: CMIS-MoFAGA)

Date	Food distributed HHs
15-Sep-20	1,786,632
30-Sep-20	1,860,000
27-Oct-20	1,872,082
11-Nov-20	1,876,000
25-Nov-20	1,876,000
10-Dec-20	1,882,000
18-Jan-21	1,885,000
28-Jan-21	1,885,000
10-Feb-21	1,885,000
24-Feb-21	1,888,025
9-Mar-21	1,888,025
24-Mar-21	1,888,025
8-Apr-21	1,888,025
21-Apr-21	1,888,025
6-May-21	1,888,025
20-May-21	1,888,025
2-Jun-21	1,888,025
16-Jun-21	1,888,025
30-Jun-21	1,897,890
14-Jul-21	1,899,074
27-Jul-21	1,899,074
26-Aug-21	1,899,074
15-Sep-21	1,904,365
19-Oct-21	1,904,365
2-Nov-21	1,904,365
17-Nov-21	1,904,365
1-Dec-21	1,904,365
15-Jan-22	1,904,365

Appendix 3.3: Employment provided under PMEP with gender and DAG disaggregation
(Source: PMEP-MoLESS)

Date	Total employment	Women	DAG
15-Sep-20	104,050		
30-Sep-20	104,050		
27-Oct-20	104,050		
11-Nov-20	104,050		
25-Nov-20	104,050		
10-Dec-20	105,085		
18-Jan-21	109,981		
28-Jan-21	111,880		
10-Feb-21	119,053		
24-Feb-21	125,852		
9-Mar-21	135,525		
24-Mar-21	151,136		
8-Apr-21	164,296		
21-Apr-21	178,319	91,703	
6-May-21	190,515	90,441	118,233
20-May-21	199,226	94,489	125,669
2-Jun-21	210,035	99,749	131,019
16-Jun-21	228,443	108,619	142,847
30-Jun-21	244,455	115,840	153,467
14-Jul-21	262,272	123,347	161,759
27-Jul-21	273,069	128,560	168,367
26-Aug-21	273,541	127,856	168,859
15-Sep-21	276,708	129,367	170,801
19-Oct-21	277,368	129,678	171,200
2-Nov-21	277,742	129,922	171,531
17-Nov-21	278,382	130,152	171,828
1-Dec-21	278,633	130,152	171,917
15-Jan-22	292,036	136,957	180,186

Appendix 4. Financial performance in detail

Amount in Million

Activities	Total financial Progress NRP			Total NRP	Remarks
	FY 2019/20	FY 2020/21	FY 2021/22 (16 July to 15 Jan)		
Health Care					
LG & Provincial expenditures on Quarantine, tracing & tracking, equipment (MOFAGA)	6,775.85	7,182.45	1,600.00	15,558.30	Local, Provincial and Federal level Covid Fund, Source FCGO & MOFAGA
Expenditures on prevention, testing, outreach and tracing and tracking (MOHP)	3,134.16	2,547.60	1,914.80	7,596.56	Source:MOHP & FCGO, note a)
Expenditure on Equipment and establishing laboratories (MOHP)	2,451.16	2,293.15	309.42	5,053.73	Source: MOHP & FCGO
Incentives to medical front line personal (MOHP)	535.89	1,553.35	52.29	2,141.53	Source: MOHP, 104 provincial office and 171 LLs reported to MOFAGA. note b)
Sub total NRP	12,897.06	13,576.55	3,876.51	30,350.12	
US\$	107.48	115.06	32.85	255.38	
Social Safety & Welfare					
Food support to an estimated 1.3 million workers in the informal sector and poor households(MOFAGA)	886.02	113.05	0.00	999.07	Represent 272 LLs, Source CMIS
Government contribution to social security funds	180.06	852.35	0.00	1,032.41	Source MOLESS and OAG report
Employment scheme for unemployed workers through the PMEPP	7.90	10,769.90	455.52	11,233.32	Source MOLESS ,
Sub total NRP	1,073.98	11,735.30	455.52	13,264.80	
US\$	8.94	99.45	3.86	112.25	
Economic Recovery					
Programs related to supporting affected MSMEs	-	6,796.47	4,712.17	11,508.64	Interest subsidy to the concessional loan as of Mid-January 2021, Source NRB
Exemption on custom duty & tax relief	198.29	4,030.81	8,997.96	13,227.06	Source: DOC and DoIRD
Discount on Electricity & Water and subsidy for the transport of agriculture produce(MOF)	-	2,218.84	2,366.65	4,585.49	
Other		0.00	0.00	-	
Sub total NRP	198.29	13,046.12	16,076.78	29,321.19	
US\$	1.65	110.56	136.24	248.46	
Total NRP	14,169.33	38,357.97	20,408.81	72,936.11	
Total US\$	118.07	325.07	172.96	616.09	

Note:

a) Amount NRs. 7,745.34 is related to MOHP, amount NRP 593.27 reported by Provincial Ministries through the budgetary system and DP's direct payment equivalent NRP 4,972.72 million b) Incentives to medical front line personnel (MOHP) reported as per the amount released to the hospitals to provide the incentives pertaining to the FY 2021/22, actual distributed amount actual amount may be varied after complete reporting from the hospitals/Institutions. The incentive paid to 108 LLs and 47 Provincial offices is included in the relevant FY as per their report. c) The exchange rate NRP 118 per US\$ is used for currency conversion to FY 2020/21 and FY 2021/22

Appendix 5. Gender equality achievements and results ⁱ

Poor and vulnerable households have been hit hard by the economic crisis, with significant social and poverty impacts in constrained circumstances. The program aims to reduce the vulnerability of women and DAGs during the COVID-19 pandemic and increase their chances of reintegration into mainstream society and thus their participation in the development process, leading to poverty reduction. The GESI was one of the key interventions of the program.

The CARES program has set up 5 different GESI performance targets in its DMF. It calls for a) separate bed arrangement for women in quarantine centers (1a), b) 49,000¹ women health and frontline personnel paid with financial incentives (1b), c) food assistance distributed to 1 million poor and vulnerable households (2a), d) at least 50% women and 25% individuals from disadvantaged receiving employment support through PMEPP (2b), and e) 3000 women-led MSMEs and 1500 women-led DAGs receiving concessional lending out of at least 10,000 MSMEs (3a).

Sl. No.	Gender Performance Indicators	Achievements (as of 15 January 2022)	Data Sources
1	Health system response measures supported		
1b.	Quarantine space for at least 200,000 people with separate wards for women and men, set up in all 7 provinces	205,003 quarantine beds (with separate wards for women) ² . Target Achieved	Source: CMIS-MOFAGA
1c.	Financial incentives provided to at least 70,000 health and frontline personnel responding to COVID-19, of whom at least 70% are women	113 federal and provincial health institutions, and 157 local levels have distributed financial incentives to 23,544 health and frontline personnel (57.38 % are women, which is 81.97% achievement of GESI target ³). (Based on the actual data of federal and provincial health institutions, and extrapolated ⁴ information of the local level, altogether, financial incentives to recipient health and frontline workers will be 70,508, slightly over achieving the overall target). Target Achieved.	Source: MOHP and MOFAGA, January 2022
2	Social protection and relief programs delivered		
2a.	Food assistance distributed to 1 million poor and vulnerable households.	1.904 million poor & vulnerable HHHs (190.4% achieved) Target Achieved	Source: CMIS-MOFAGA

¹ 70% of total targeted 70,000

² It was also verified at 15 local levels during the Cash for Work study field survey conducted by the CARES TA team in March-April 2021

³ The target was 70% women of the total beneficiaries, whereas progress is 57.38% women. 57.38 of 70 is 81.97%.

⁴ Among the reported LLs, 91.81% provided the financial incentives and average incentive beneficiaries in a LL are 85.7. Extrapolating to 753 LLs, only 691 LLs provided the financial incentives. In total 59,257 will be the financial incentive beneficiary health and frontline personnel at local level. Total number of beneficiaries will be: Federal-4072+Provincial-7189+Local level-59257=70,508.

Sl. No.	Gender Performance Indicators	Achievements (as of 15 January 2022)	Data Sources
2b.	Employment support provided through the Prime Minister's Employment Program (PMEP) to at least 500,000 unemployed people, comprising at least 50% women (F) (including women returnee migrant workers) and 25% individuals from disadvantaged (D) groups	<p>Employment was provided for 292,036 persons (46.87% women, and 61.7% DAG) on a wage basis from July 2020 to 15 January 2022 with on an average of 54 days per employee.</p> <p>DAG employment 61.7% achieved against the target of 25%.</p> <p>Women employment 46.87% achieved against the target of 50%.</p> <p>DAG target achieved⁵ and women target 93.79%⁶ achieved.</p>	Source: PMEPM/MOLESS, 15 January 2022
3	Economic support for affected sectors		
3a.	Concessional lending extended to at least 10,000 affected MSMEs, of which at least 30% are women-led MSMEs (F) and at least 50% of women-led MSMEs are from disadvantaged groups (DAGs)	<p>145,747 against the target of 10,000 MSMEs benefited from the concessional lending comprising 50,513 women-led MSMEs (>30% of target 10,000) and 2,450 DAG women-led (>50% of women-led MSMEs target).</p> <p>The sample survey will further verify the women-led and DAG women-led MSMEs.</p> <p>Target achieved.</p>	Source: NRB

DMF = design and monitoring framework.

ⁱ Indicate assessment for project gender equality achievements using 80-80-80 criteria mentioned above.

⁵ 61.7 of 25 is 246.8%

⁶ 46.87 of 50 is 93.79%

Appendix 6. List of guidelines issued during the COVID-19 pandemic

Health sector

- MOHP developed “Risk Allowance Management Directives to the Personnel Involved in the Treatment of COVID-19 Patients, 2077” and circulated it to all local levels and health institutions for implementation.
- Interim Standards for service management of Leprosy Control Program in the context of COVID-19 pandemic (Nepali language) endorsed;
- Interim Guidance for the Health-related Rehabilitation and Physiotherapy of Persons with COVID-19 in Acute Care Settings (English language), and Home Quarantine Standards, 2077 (Nepali language) issued in 3rd week of July 2020;
- Endorsed Public Health Standards, 2020 to be followed while celebrating festivals, feasts, and celebrations in the context of COVID-19
- Prepared Interim guidance for dental practices during COVID-19 global emergency in Nepal 2020
- Issued standards for the service delivery of senior citizens in the context of COVID-19
- Interim Nutrition Guidelines for people with COVID-19, 2077; and Guidelines for monitoring the health of people with COVID-19 isolated at home and hotel, 2077
- National Testing Guidelines for COVID-19
- Policy developed to use antigen-based testing for community or public health interventions and PCR testing for symptomatic cases adopted
- Home isolation kit guidelines Issued to support patients staying in home isolation.
- Endorsed “Operational Guidelines for COVID-19 Facilitation Group at Community Level” and Guidelines for providing "Isolation Kit" for COVID-19 Infected persons in home isolation
- New protocol issued for disposing COVID-19 dead body for person dies in home isolation
- Protocol for Collection of Samples for PCR Testing at Home, 2078,
- Pocket Book on "Clinical Management of COVID-19 in Healthcare setting" (Second Edition), and
- Criteria for the use and determining the requirement of medical oxygen, 2078
- Pocket book for people in home isolation (Nepali Language)
- A protocol on Case Investigation and contact tracing (CICT) during COVID-19 Community level transmission (Nepali Language)
- Operationalization of Risk Communication and Community Participation Guideline, 2078 at federal Level and support for its localization at provincial and LLs
- National Human Resources for Health Strategy 2021-2030" launched and operationalized

Social protection

- MOLESS issued two guidelines: Revised PMEP Program Operation Guideline, 2077 and Working Guideline for Cash for Work in Community Based Projects 2077
- Guidance note prepared and circulated on “Minimum care to be taken to mitigate the COVID-19 infection risk while conducting the PMEP”
- Revised minimum daily wage rate from NRs. 517 to NRs. 577 from FY 2021/22
- Approved procedures, including indicators for self-assessment of LLs performance. Commenced performance assessment of LLs.

Economic Sector

- Refinance Procedures 2077,
- Concession Lending Guideline 2075, (revision)
- Business Continuity Lending Guideline 2077

Appendix 7. Compliance to loan covenants

Loan Agreement section 4	Covenants	Compliance Status
1 of Schedule 4 Implementation Arrangement	The borrower shall designate MOF as the Program Executing Agency, which shall be responsible for the implementation of the program, including monitoring and reporting the implementation program.	Complied
2 and 3 of Schedule 4 Policy Dialogue	The Borrower shall promptly discuss with ADB the problem and constraints encountered during the Program Implementation and appropriate measures to overcome and mitigate such problems and constraints.	Complied
	The Borrower shall keep ADB informed of policy discussions with other multilateral and bilateral aid agencies that may have implications for the program's implementation and shall provide ADB with an opportunity to comment on any resulting policy proposals. The borrower shall take into account ADB's views before finalizing and implementing such a proposal.	Complied
4 of Schedule 4 Use of Counterpart Fund	The borrower shall ensure that Counterpart Funds are used to finance the implementation of certain programs and activities consistent with the program's objectives.	Complied
5 of Schedule 4 Governance and Anticorruption	The Borrower, including the Program Executing Agency, shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the program; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation	Complied
6 & 7 of Schedule 4 Monitoring and Review	Until 6 months after the Loan Closing Date, the Borrower shall monitor and provide regular reports to ADB on (a) macroeconomic and financial sector performance; (b) budget expenditures in support of countercyclical measures; (c) Implementation of COVID-19 response measures, including social protection measures and financial support to poor or vulnerable groups; (d) achievement of gender targets and as feasible and based sex-disaggregated data, the program's impact by gender; (e) actions undertaken to ensure the implementation of health systems response measures under the program are in accordance with applicable laws and regulations, as well as applicable internationally-accepted technical standards; and (f) budget execution	Complied
	Within 6 months after the loan closing date, the Borrower shall submit a program completion report to ADB that assesses the extent of progress and impact of actions under the program.	Complied