

# Evaluation

## Country Programme between Finland and Nepal



**Evaluation report 2012:2**

**MINISTRY FOR FOREIGN AFFAIRS OF FINLAND**

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# **Evaluation**

**The Country Programme between  
Finland and Nepal**

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# Evaluation

## The Country Programme between Finland and Nepal

Julian Caldecott  
Michael Hawkes  
Bhuban Bajracharya  
Anu Lounela

### Evaluation report 2012:2

MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

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# CONTENTS

PREFACE	ix
ACRONYMS AND ABBREVIATIONS	xi
ABSTRACT	1
Finnish	1
Swedish	2
English	3
SUMMARY	4
Finnish	4
Swedish	10
English	16
Summary of key findings, conclusions and recommendations	22
1 INTRODUCTION	25
1.1 Scope and purpose	25
1.2 Methods and reports	26
2 DEVELOPMENT CONTEXT	31
2.1 Overview of the country	31
2.2 Challenges of war and peace	32
2.3 Overcoming challenges	38
2.4 The donor community in Nepal	42
3 DESCRIBING THE COUNTRY PROGRAMME	44
3.1 Overview of the programme	44
3.2 Peace-building, governance and human rights	48
3.3 Education	51
3.4 Mapping national resources	54
3.5 Environment	55
3.6 Forestry	58
3.7 Water supply, sanitation and hygiene	61
3.8 Climate change adaptation	67
3.9 Land administration	68
3.10 Trade and investment	68
3.11 Non-governmental participation	69
3.12 Roles of the embassy	72
4 APPLYING THE EVALUATION CRITERIA	73
4.1 Relevance	73
4.2 Efficiency	76
4.3 Strategic effectiveness	76
4.4 Impact	77
4.5 Sustainability	77
4.6 Coordination	78
4.7 Complementarity	78
4.8 Compatibility	79

4.9	Connectedness . . . . .	49
4.10	Coherence . . . . .	80
4.11	Finnish added value . . . . .	80
4.12	Partner satisfaction . . . . .	81
4.13	Programming logic. . . . .	82
4.14	Replicability . . . . .	82
5	ANSWERING THE RESEARCH QUESTIONS . . . . .	83
5.1	The evaluation matrix . . . . .	83
5.2	Meeting the priorities of Nepal and Finland . . . . .	83
5.3	Modalities and the Paris Declaration . . . . .	85
5.4	The cross-cutting themes . . . . .	86
5.5	Translating policies into activities . . . . .	88
5.6	Finnish added value in programming . . . . .	88
5.7	Strengths and weaknesses of the country programme . . . . .	89
6	CONCLUSIONS OF THE EVALUATION. . . . .	91
6.1	Putting policy into practice . . . . .	91
6.2	Issues of focus and fragmentation . . . . .	92
6.3	Matters of performance . . . . .	93
6.4	Potential for improvement . . . . .	94
7	RECOMMENDATIONS . . . . .	97
	REFERENCES. . . . .	99
	THE EVALUATION TEAM . . . . .	106
	ANNEX 1 TERMS OF REFERENCE . . . . .	108
	ANNEX 2 PERSONS AND INSTITUTIONS CONSULTED <sup>1)</sup>	
	ANNEX 3 OTHER DOCUMENTS CONSULTED <sup>1)</sup>	
	ANNEX 4 POPULATION AND CULTURE IN NEPAL <sup>1)</sup>	
	ANNEX 5 NEPALI EVENTS, HIGHLIGHTS 2008-2011 <sup>1)</sup>	
	ANNEX 6 NET AID FLOWS TO NEPAL, 2008-2009 <sup>1)</sup>	

<sup>1)</sup>Annexes 2-6 are non-edited and contained in the attached CD

## TABLES

Table 1	The evaluation criteria . . . . .	27
Table 2	The evaluation matrix. . . . .	28
Table 3	Vulnerability to climate change and options for adaptation in Nepal . . .	35
Table 4	Progress in Nepal towards the MDGs . . . . .	39
Table 5	Progress in implementing the Paris Declaration in Nepal . . . . .	44
Table 6	MFA disbursements to Nepal by OECD/DAC category, 2006-2010 . . .	46
Table 7	Use of the LCF modality in Nepal, 2004-2007. . . . .	70
Table 8	Projects supported under the LCF modality in Nepal, 2011 . . . . .	71
Table 9	Country programme scores for evaluation criteria . . . . .	93







## PREFACE

Nepal is one of the eight principal development cooperation partner countries of Finland. The evaluation report gives an account of Finland's development policies over the last decade and how it has evolved and how it has been transformed into a cooperation programme with Nepal.

Major external and internal factors have influenced the cooperation and shaped the implementation over the evaluation period, which covers also politically difficult times in Nepal.

The evaluation concludes that despite the changing circumstance a number of development cooperation programmes have been able to contribute towards the development goals of Nepal, for example in the education and the environment sectors. Similarly, the development goals and aspirations set by the Finnish development policies have largely been fulfilled. The report identifies a number of strengths and good practices in the cooperation programme as well as some weaknesses, but not one bad practice. The overall quality of the country programme between Nepal and Finland is assessed to be good. The evaluation makes a number of recommendations towards developing further the cooperation between the two countries to face the current and future challenges.

Helsinki, 20.01.2012

Aira Päivöke  
Director  
Development Evaluation



## ACRONYMS AND ABBREVIATIONS

€, Eur	Euro, Currency of European Union
%	Percent
ADB	Asian Development Bank
AIDS	Acquired Immune Deficiency Syndrome
ASA	Americas and Asia Department (of the MFA)
BPEP	Basic and Primary Education Programme
BOG	Basic Operating Guideline
ca	circa ('about')
CAP	Country Assistance Plan (also known as Participation Plan or Osallistumissuunnitelma)
CCT	Cross-cutting theme
CO <sub>2</sub>	Carbon dioxide
CPA	Comprehensive Peace Accord
CPN-M	Communist Party of Nepal-Maoist
CPN-UML	Communist Party of Nepal-Unified Marxist-Leninist
CSO	Civil society organisation
DAC	Development Assistance Committee (of the OECD)
DDC	District Development Committee
DEMO	Political Parties of Finland for Democracy (Puolueiden kansainvälinen demokratiayhteistyö, DEMO Finland)
DFID	Department for International Development (of the UK), also known as UKAid
DFRS	Department of Forest Research and Survey (of the MFSC)
EC	European Commission
EDPG	Education Development Partners' Group
EfA	Education for All
EFK	Embassy of Finland, Kathmandu
e.g.	exempli gratia ('for example')
EIA	Environmental Impact Assessment
EU	European Union
FAO	Food and Agriculture Organisation (of the United Nations)
FAV	Finnish added value
FRA	Forest Resource Assessment
GBS	General budget support
GDP	Gross domestic product
GESI	Gender equity and social inclusion
GHG	Greenhouse gas
GoF	Government of Finland
ha	hectare
HDI	Human Development Index
HIV	Human Immunodeficiency Virus

HKH	Hindu Kush-Himalaya (trans-national region)
HLPM	High-level political mechanism
HVC	Hannu Vikman Consulting
ICI	Institutional Cooperation Instrument
ICIMOD	International Centre for Integrated Mountain Development
ICT	Information and communication technology
IDA	International Development Association
IDEA	Institute for Democracy and Electoral Assistance (International IDEA)
IDSN	International Dalit Solidarity Network
i.e.	id est (“that is”)
ILO	International Labour Organisation (of the UN)
InfoDev	Information for Development Programme (of the World Bank)
IRCFRIT	Improving Research Capacity of Forest Resource Information Technology
JICA	Japan International Cooperation Agency
KAT	Embassy of Finland in Nepal (also referred to as EFK)
KEO-10	Unit for General Development Policy and Planning (of the MFA)
LCF	Local Cooperation Fund
LDO	Local Development Officer
LiDAR	Light detection and ranging
MAP	Medicinal and aromatic plant
MDG	Millennium Development Goal
MFA	Ministry for Foreign Affairs (of Finland)
MFSC	Ministry of Forests and Soil Conservation (of Nepal)
MLD	Ministry of Local Development (of Nepal)
MoPR	Ministry of Peace and Reconstruction (of Nepal)
MPRF	Madheshi People’s Rights Forum
MPPW	Ministry of Physical Planning and Works (of Nepal)
MSFP	Multi-Stakeholder Forestry Programme
NAP	National Action Plan (on UN Security Council Resolutions 1325 and 1820)
NC	Nepali Congress
NGO	Non-governmental (non-profit) organisation
NHRC	National Human Rights Commission
NPC	National Planning Commission
NPTF	Nepal Peace Trust Fund
NTIS	Nepal Trade Integration Strategy
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OHCHR	Office of the High Commissioner for Human Rights
OSCAR	Open-Source Cadastre and Registration
PES	Payment for ecosystem services
PFM	Public financial management
PGHR	Peace-building, governance and human rights

PLA	People's Liberation Army
ppb	Parts per billion
PPP	Purchasing power parity
PYM	Local Cooperation Fund (LCF, in Finnish text)
REDD	Reducing (greenhouse gas) emissions from deforestation and (forest) degradation
REDD+	REDD with the inclusion of sustainability safeguards
RVWRMP	Rural Village Water Resources Management Project
RWSSP	Rural Water Supply and Sanitation Project
RWSSP-WN	Rural Water Supply and Sanitation Project in Western Nepal
SCP	Sustainable consumption and production
SDC	Swiss Agency for Development and Cooperation
SEAM	Strengthening of Environmental Administration and Management
SSRP	School Sector Reform Programme
SWAp	Sector-wide approach programme
SWM	Solid waste management
TA	Technical assistance
TEVT	Technical education and vocational training
ToR	Terms of reference
UCPN-M	United Communist Party of Nepal-Maoist
UDMF	United Democratic Madheshi Front
UK	United Kingdom
UM	Ulkoasiainministeriö (in Finnish text), Utrikesministeriet (in Swedish text)
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
UNMIN	United Nations Mission in Nepal
UNSCR	United Nations Security Council Resolution
USA	United States of America
US\$, USD	United States Dollar, currency of the United States of America
VDC	Village Development Committee
WASH	Water, sanitation and hygiene
WECS	Water and Energy Commission Secretariat
WFP	World Food Programme
WMO	World Meteorological Organization
WWF	World Wide Fund for Nature (formerly and sometimes still the World Wildlife Fund)





# Suomen ja Nepalin välisen maaohjelman evaluointi

*Julian Caldecott, Michael Hawkes, Bhuban Bajracharya ja Anu Lounela*

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## TIIVISTELMÄ

Evaluointi tarkasteli yhteyksiä Suomen kehitysyhteistyöpolitiikan ja Nepalin kanssa tehdyn yhteistyön ohjelmoinnin välillä kuluneen vuosikymmenen aikana. Työssä käytettiin 14:ää evaluointikriteeriä. Suomen tuen keskeisinä toimialueina olivat seuraavat: a) vesi-, sanitaatio- ja hygienia-alaan (WASH) sekä ympäristöalaan liittyvät kahdenväliset, alueelliset hankkeet, joilla lievennetään köyhyyden ja heikon terveystilanteen aiheuttamia seurauksia samalla kun vahvistetaan paikallista osallistumista, osallisuutta ja sukupuolten välistä tasa-arvoa, b) osallistuminen usean avunantajan koulusektorille antamaan tukeen, mikä vastaa hallituksen pitkäaikaista prioriteettia, sekä c) kansalaisyhteiskunnalle edustuston hallinnoimista paikallisen yhteistyön määrärahoista annettava tuki. Kehitysyhteistyö jatkui myös vuosina 2005–2006 kärjistyneen mutta ratkenneen aseellisen konfliktin aikana ja sen jälkeen. Läheiset suhteet hallituksen kanssa, joita oli luotu vuodesta 2007 eteenpäin, helpottivat Suomen yhteistyötä uusille toimialueille. Ne koskivat metsien inventointia ja hoitoa, ilmastonmuutosta, jolle Nepal on äärimmäisen herkkä sekä konfliktin jälkeisiä rauhanrakentamisen, hallinnon ja ihmisoikeuksien (PGHR) osa-alueita. Tämä yhteistyö kohdistui aloille, joilla on aiemman kokemuksen mukaan pystytty vähentämään köyhyyttä tai puuttumaan köyhien hyvinvointia eniten uhkaaviin tekijöihin. Ne myös vastaavat kumppanihallituksen tärkeimpiä prioriteetteja. Erityisesti usean avunantajan PGHR-ohjelman tukitoimilla on mahdollista vakiinnuttaa rauhanomaista poliittista kehitystä, joka osaltaan edistää investointeja, kehitystä ja samalla köyhyyden vähentämistä. Lisäksi, Suomi osallistuu myös vahvasti avunantajien koordinointiin ja johtamiseen. Maaohjelma on monitahoinen, mutta se selkiytyy, kun rauhanrakentamiseen, hallintoon ja ihmisoikeuksiin liittyvät tarpeet vähenevät ja WASH- ja ympäristöhankkeet lakkautetaan vaiheittain. Maaohjelma on onnistunut. Uudelleentarkastelu on tarpeen tehokkaiden ja osallistavien ilmastomuutoksen hillintään tähtäävien toimien löytämiseksi.

*Avainsanat:* Nepal, politiikka, ohjelmointi, ilmastokestävyyden varmistaminen, Suomi

# Utvärdering av landsprogrammet mellan Finland och Nepal

*Julian Caldecott, Michael Hawkes, Bhuban Bajracharya och Anu Lounela*

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## ABSTRAKT

Denna utvärdering undersöker sambandet mellan Finlands utvecklingspolitik och programmet för utvecklingssamarbete med Nepal under det senaste decenniet. Centrala faktorer har identifierats med hjälp av 14 utvärderingskriterier. Finlands stöd fokuserade på följande områden: a) regionalt baserade bilaterala projekt inom vatten, sanitet och hygien (WASH) och miljö som lindrar konsekvenserna av fattigdom och ohälsa samtidigt som lokalt deltagande, integration och jämställdhet utvecklas, b) stöd till skelsektorn tillsammans med andra givare i enlighet med en sedan länge fastlagd prioritering från regeringens sida och c) stöd till civilsamhället genom en lokal samlingsfond som förvaltas av ambassaden. Dessa insatser fanns kvar och fortsatte efter den väpnade konflikt som kulminerade och fick en lösning 2005–2006. Finlands nära förbindelser med regeringen från och med 2007 underlättade samarbetet på nya områden som skogsinventering och skogbruk samt klimatförändring (där Nepal är extremt sårbart), och efter konflikten fredsskapande, samhällsstyrning och mänskliga rättigheter (PGHR). Dessa insatser fokuserar på områden där man nått dokumenterade resultat när det gäller att bekämpa fattigdom och avvärja centrala hot mot den fattiga befolkningens välfärd och som även motsvarar regeringens prioriteringar. Särskilt PGHR-insatserna i samarbete med andra givare har underlättat konsolideringen av en fredlig politisk uppgörelse som främjar investeringar, utveckling och fattigdomsbekämpning. Samtidigt bidrar Finland starkt till givarsamordning och ledarskap. Landsprogrammet är komplext, men renodlas när PGHR-behovet minskar och WASH- och miljöprojekt fasas ut. Programmet får höga poäng enligt merparten av utvärderingskriterierna, men det behövs en översyn av programmet i syfte att identifiera metoder för samarbetsinriktad och effektiv hantering av klimatanpassningar.

*Nyckelord:* Nepal, politik, programplanering, klimatsäkring, Finland

# Evaluation of the country programme between Finland and Nepal

*Julian Caldecott, Michael Hawkes, Bhuban Bajracharya and Anu Lounela*

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## ABSTRACT

This study explores links between Finnish development policy and cooperation programming with Nepal over the last decade. Key factors were identified using 14 evaluation criteria. Finnish support focused throughout on: (a) bilateral area-based projects in the water, sanitation and hygiene (WASH) and environment sectors, which relieve the effects of poverty and ill-health while building local participation, inclusion and gender equity; (b) participation in multi-donor support to the school sector, which responds to a long-standing government priority; and (c) support to civil society through an embassy-managed Local Cooperation Fund. These interventions persisted during, and continued after, an armed conflict that reached its climax and resolution in 2005-2006. Close relations with government from 2007 facilitated Finnish support to new activities in forest inventory and management, climate change (to which Nepal is extremely vulnerable), and in the post-conflict areas of peace-building, governance and human rights (PGHR). These interventions target areas that have a record of reducing poverty or addressing key threats to well-being among the poor, and also respond to key government priorities. The multi-donor PGHR interventions in particular are helping to consolidate a peaceful political settlement that is promoting investment, development and poverty reduction. Meanwhile, Finland is also contributing strongly to donor coordination and leadership. The country programme is complex, but will become simpler as PGHR needs decline and the WASH and environment projects are phased out. It scores highly on most evaluation criteria, but requires a review to identify ways to address climate change adaptation in a participatory and effective way.

*Key words:* Nepal, policy, programming, climate proofing, Finland

## YHTEENVETO

### Tarkoitus ja ala

Ulkoasiainministeriö (UM) on teettänyt strategisen, holistisen ja tulevaisuuteen suuntautuvan evaluoinnin maaohjelmista kolmessa Suomen kahdeksasta pitkäaikaisesta kumppanimaasta – Nepalissa, Nicaraguassa ja Tansaniassa. Tarkoitus on selvittää kehitysyhteistyöpolitiikan ja yhteistyön ohjelmoinnin välistä suhdetta, kuvata mekaniismeja, joita on käytetty sovellettaessa politiikkaa käytäntöön, dokumentoida tulokseen vaikuttaneita tekijöitä sekä tunnistaa vahvuuksia, heikkouksia ja kokemusperäisiä opetuksia. Tämä raportti käsittelee Nepalín maaohjelmaa aikana, joka kattaa Suomen vuoden 1998 kehitysyhteistyöpolitiikan ja sen vuonna 2001 laaditun toiminnallistamissuunnitelman loppuosan sekä vuosien 2004 ja 2007 politiikkojen käyttöönoton. Aikaan sisältyy myös pitkittyneen aseellisen konfliktin kärjistyminen, ratkeaminen ja jälkiseuraukset.

### Menetelmät

Tietolähteinä käytettiin mm. Suomen Katmandun suurlähetystön vuodesta 2008 lähtien laatimia puolivuotisraportteja, UM:n arkistoista Helsingissä saatuja asiakirjoja, muuta julkaistua ja julkaisematonta aineistoa sekä 48 yksittäisen Suomessa ja Nepalissa toimivan asiantuntijan osittain strukturoituja haastatteluja. Analyttisenä työkaluna käytettiin 14:ää evaluointikriteeriä, joiden avulla vastattiin tehtäväkuvauksessa (ToR) esitettyihin keskeisiin kysymyksiin kustakin maaohjelmasta ja laadittiin analyysi ohjelman tärkeimpien luonteenpiirteiden sekä niihin vaikuttaneiden prosessien ja tekijöiden selvittämiseksi.

### Nepal ja sen historia

Nepal on Kiinan ja Intian välissä sijaitseva vuoristoinen sisämaavaltio. Sen 27-miljoonainen väestö on sängen heterogeeninen. Demokraattisen hallinnon perinne on nuorta ja vielä heikkoa. Maaseudun köyhät vastustivat viranomaisten korruptiota, mikä toimi yllykkeenä Nepalín maolaiselle kommunistipuolueelle käynnistää väkivaltainen kapinan helmikuussa 1996. Seuranneessa ”kansansodassa” sai surmansa ainakin 13 000 ihmistä, ennen kuin konflikti päättyi kokonaisvaltaisen rauhansopimukseen marraskuussa 2006. Huhtikuussa 2008 muodostettiin perustuslakia säättävä kokous, jonka suurin puolue olivat maolaiset. Perustuslakia säättävä kokous lopetti monarkian ja julisti Nepalín demokraattiseksi liittotasavallaksi. Tämän jälkeen poliittinen epävakaus on jatkunut, perustuslaista ei ole päästy sopuun, eikä paikallishallinnon toimielimiä ole saatu valittua, mikä on viivästyttänyt rauhanprosessia ja haitannut kehitystä muutoinkin.

### Avunantajayhteisö

Nepalille annettavan julkisen kehitysavun (ODA) nettomäärä on kokonaisvaltaisen rauhansopimuksen solmimisen jälkeen ollut kasvussa, ja vuonna 2009 kansainvälinen yhteisö antoi kehitysapua n. 700 miljoonaa USDollaria (USD) eli kaikkiaan noin 25 USD:a henkeä kohti, mikä oli 5,6% bruttokansantuotteesta. Suurimmat kahdenväli-

set avunantajat olivat alenevassa järjestyksessä UK, USA, Saksa, Norja, Tanska, Euroopan komissio (EC), Japani, Sveitsi ja Suomi, joiden kahdenvälinen apu oli yhteensä 94% kokonaismäärästä. Näissä luvuissa ei ole mukana huomattavaa ja edelleen kasvavaa Intian ja Kiinan antamaa apua, niiden pyrkiessä edistämään omia intressejään.

### **Maakohtainen ohjelmointi**

Nepalin maaohjelma voidaan jakaa kahteen vaiheeseen. Ensimmäisessä vaiheessa Suomen vuoden 1998 kehitysyhteistyöpolitiikan prioriteetit ja politiikan vuoden 2001 toiminnallistamissuunnitelma vahvistettiin vuosien 2000 ja 2003 maaneuvotteluissa ja toteutettiin vesi-, sanitaatio- ja hygienia-alan (WASH) ja opetusalan jatkuneena yhteistyönä sekä ympäristöalan ja erilaisten kartoitusten alueilla. Syistä, jotka eivät varsinaisesti liittyneet ohjelmointiin, Suomi luopui vuonna 1999 tuesta metsäsektorille, joka oli aiemmin ollut sen toiseksi suurin ohjelma energian jälkeen. Tässä vaiheessa Suomen vuosittaiset maksutukset Nepalille vastasivat noin 5 miljoonaa euroa (MEur). Vaiheen päätti maahan julistettu sotatila ja kuninkaan vallanastus vuonna 2005 sekä sisällissodan kärjistyminen, ratkeaminen ja sen välittömät jälkiseuraukset, jotka jatkuivat aina vuoteen 2007 saakka. Tänä aikana ohjelmointi ja muodolliset maaneuvottelut olivat keskeytyksissä, minkä vuoksi Suomen vuoden 2004 kehityspolitiikalla ei ollut juuri vaikutusta Nepaliin.

Toinen vaihe alkoi vuoden 2007 kahdenvälisen neuvotteluiden suunnittelulla, mikä käynnistyi heti kokonaisvaltaisen rauhansopimuksen allekirjoittamisen jälkeen. Tarkoituksena oli, että maaohjelmaa laajennettaisiin pian, ja se laajenikin tasaisesti viidestä miljoonasta eurosta vuonna 2006 17 MEur:oon vuonna 2010. Neuvotteluihin vaikutti vuoden 2007 kehitysyhteistyöpolitiikka, joka ohjasi vuoropuhelua kestävän ympäristökehityksen suuntaan eli vesi-, metsätalous- ja ilmastomuutossektoreille. Vuonna 2008 ohjelmointiprosessi otettiin tarkasteluun UM:n maaryhmän ja edustuston yhdessä laatiman maakohtaisen suunnitelman perusteella. Edustusto johti myös avun sisällön määrittämistä, yhteydenpitoa hallituksen ja muiden avunantajien kanssa sekä seurantaa ja raportointia. Tähän mennessä hallituksen kanssa oli luotu jo läheiset suhteet, joiden ansiosta oli mahdollista jatkaa, aloittaa uudelleen ja käynnistää Suomen tukemia toimia WASH-, ilmastomuutokseen, metsätalouteen, koulutukseen, ympäristöön sekä rauhanrakentamiseen, hallintoon ja ihmisoikeuksiin (peace-building, governance and human rights, PGHR) liittyvillä sektoreilla. Näistä linjauksista sovittiin kahdenvälisissä neuvotteluissa vuonna 2007 ja ne vahvistettiin vuoden 2010 neuvotteluissa. Niissä sovittiin, että metsätalous- ja koulutusalan yhteistyötä jatkettaisiin, kun taas WASH- ja ympäristöalan yhteistyö lakkautettaisiin vaiheittain. PGHR-toimintaan liittyvien merkittävien investointien tarpeen katsotaan ajan myötä vähenevän. Hajanaisista maaohjelma- ja toimista on sitouduttu useampaan alaan kuin mitä Euroopan unionin (EU) 2007 annetuissa käytännönsäännöissä suositellaan, yksinkertaistetaan sopivassa vaiheessa.

### **Maaohjelman pääsisältö**

Siinä vaiheessa, kun evaluoinnin kenttätyötä oltiin tekemässä, maaohjelmassa oli meillä merkittäviä ponnistuksia, yhdessä muiden avunantajien kanssa. Niitä täyden-

si kansalaisjärjestöjen työ, jota Suomi rahoitti paikallisen yhteistyön määrärahoista (PYM) ja muiden tukitoimien kautta. Ponnistuksissa keskityttiin seuraaville aloille: a) **PGHR:ään**; toimet suuntautuivat konfliktin rauhoittamiseen, hallintoa ohjaavia perussääntöjä koskevien neuvottelusopimusten aikaansaamiseen sekä keskinäisen kunnioituksen edistämiseen ja sorron, hyväksikäytön ja kärsimyksen vähentämiseen, b) **koulutukseen**; tuettiin koulusektorin uudistamisohjelmaa, jonka sisällä painotetaan erilaisia teemoja, esimerkiksi teknistä koulutusta ja ammattikoulutusta, c) **metsätalouteen**; annettiin tukea metsävarojen arvioinnille, josta päätöksentekijät saavat luotettavaa tietoa ja joka muodostaa kansallisen metsästrategian perustan, ja lisäksi vuokrametsätaloushankkeelle sekä monenväliselle Multi-Stakeholder Forestry Programme -metsätalousohjelmalle (MSFP), jos se on saanut muodollisen hyväksynnän, d) **ympäristöön**; vahvistettiin ympäristöhallintoa sekä kiinteän jätteen jätehuoltoa erittäin saastuneilla teollisuusalueilla sekä e) **WASH-kysymyksiin**; toteutettiin Nepalín läntisillä alueilla ja kaukolännessä pitkäkestoisia hankkeita, joilla organisoitiin yhteisöjä huolehtimaan turvallisesta vedensaannista ja paremmasta sanitaatiosta.

### **Tutkimuskysymyksiin vastaaminen**

**Nepalín prioriteettien toteutuminen.** Koulutus ja erityisesti peruskoulutus on ollut eräs hallituksen tärkeimmistä prioriteeteista jo ennen vuotta 1990, ja Suomi on tukenut koulutusalan SWAp-sektoriohjelmaa jatkuvasti vuodesta 1999 lähtien. PGHR-alue on ollut hallituksen keskeisiä prioriteetteja vuodesta 2006 saakka, ja maaohjelmassa on investoitu vahvasti ja tehokkaasti yhdessä muiden avunantajien kanssa monipuolisiin ja järkeviin toimenpiteisiin. WASH-sektorilla käynnistettiin hallituksen vuonna 1988 esittämien pyyntöjen johdosta useita hankkeita Nepalín läntisillä alueilla (vuosina 1990–2005 ja uudelleen vuodesta 2008 alkaen) sekä myöhemmin Nepalín kaukolännessä (vuodesta 2006 alkaen). Metsäalalla hallitus on pitänyt tervetulleena Suomen osallistumista metsävarojen arviointiin sekä Suomen mahdollista osallistumista MSFP-ohjelman rahoitukseen. Itä-Nepalissa käynnistetyillä ympäristöhankkeilla (vuodesta 2002 alkaen) vastataan paikallisiin prioriteetteihin, mutta ne eivät ilmeisesti ole yhtä suuressa määrin kansallisten prioriteettien mukaisia. Sukupuolten tasa-arvoon ja sosiaaliseen osallisuuteen (GESI) liittyvissä asioissa on hallituksen politiikassa vuoden 2004 jälkeen vaadittu naisten, vammaisten, sorrettujen ja alempiin kasteihin kuuluvien henkilöiden täyttä osallisuutta, ja Suomen WASH-sektorin hankkeissa ja koulutussektorilla kehitettyä ja hyväksyttyä GESI-strategiaa tuetaankin voimakkaasti. Ilmastomuutokseen sopeutumisessa hallituksen prioriteetit näkyvät maaohjelman tuessa katastrofiriskien vähentämiselle sekä alueellisille tulvavaroitusjärjestelmille.

**Suomen prioriteettien toteutuminen.** Suomen vuoden 1998 kehitysyhteistyöpolitiikan prioriteetit ja vuoden 2001 toiminnallistamissuunnitelma vahvistettiin vuosien 2000 ja 2003 maaneuvotteluissa ja toteutettiin WASH- ja opetusalan tuen jatkumisena sekä investointeina ympäristöasioihin ja erilaisiin kartoitustoimiin. Maassa käytiin kuitenkin samaan aikaan sisällissotaa, ja ohjelmointia sekä uusien aloitteiden käynnistymistä häiritsivät kuninkaan vuonna 2005 tekemä vallananastus ja sitä seurannut konfliktin kärjistyminen, sen ratkeaminen vuoden 2006 lopulla ja sen jälkiseuraukset vuonna 2007. Suomen vuoden 2004 kehitysyhteistyöpolitiikalla ei siis juuri ollut välit-

tömiä vaikutuksia Nepaliin, vaan vuoden 2007 jälkeistä laajentuvaa maaohjelmaa ohjasi vuoden 2007 politiikka. Paikallisiin olosuhteisiin vastattiin priorisoimalla rauhan, hallinnon ja ihmisoikeuksien, mukaan lukien sukupuolikysymykset ja läpileikkaavat teemat tärkeimmiksi alueiksi, kun taas vuoden 2007 kehitysyhteistyöpolitiikassa kannustettiin yhteistyöhön luonnonvarasektorilla, koulutus- ja WASH-sektoritukien jatkuessa edelleen. Suunnitelmat vahvistettiin vuosien 2007 ja 2010 maaneuvotteluissa.

**Poliittisen vuoropuhelun rooli.** Suomen ja Nepalin välistä poliittista yhteistyötä jatkettiin tavanomaisesti edustuston sekä Nepalin eri ministeriöiden, erityisesti valtionvarainministeriön, säännöllisen yhteydenpidon, läheisen viestinnän ja yhteisen ongelmanratkaisun muodossa. Tätä vuorovaikutusta täydensivät muodolliset maaneuvottelut vuosina 2000, 2003, 2007 ja 2010. Poliittista vuoropuhelua tukivat myös toistuvat korkean tason vierailijavaihdot sekä tapaamiset kolmansissa maissa. Vuoropuhelua pidettiin yllä myös muilla tasoilla lukuisten virallisten vierailijavaihtojen, opintomatkojen, kauppavaltuuskuntien sekä eri sidosryhmien tekemien evaluointien muodossa. Näillä toimilla edistettiin Suomen ja Nepalin välisen hyvän yhteisymmärryksen rakentumista ja ylläpitämistä. Tarkkailijat pitävät tätä yhteisymmärrystä eräänä tärkeimmistä tehokkaan kehitysyhteistyön tekijöistä.

**Pariisin julistuksen noudattaminen.** Hallitus kannattaa annettavan avun kanavoimista sektorikohtaiseen budjettitukeen, joka on suunnattu hallituksen suunnitelmien täytäntöönpanoon SWAp-sektoriohjelmien kautta. Suunnitelmien onnistumista seurataan ja arvioidaan yhdessä. Avunantajayhteisö, Suomi mukaan lukien, ei kuitenkaan ole edelleenkään halukas sitoutumaan tällaiseen lähestymistapaan Nepalissa pääasiassa vakavan ja laajalle levinneen korruption vuoksi. Vaikka Pariisin julistuksen noudattamisessa on kuluneen vuosikymmenen aikana jonkin verran edistytty, julistuksen yksittäisten periaatteiden täytäntöönpano on edelleen heikkoa. Parhaiten kehittyneet SWAp-sektoriohjelmat ovat terveydenhuoltosektorilla (johon Suomi ei osallistu) sekä koulutussektorilla, johon Suomi osallistuu ja jossa 95% avunantajien rahoituksesta ohjataan nyt julkisten varainhoitojärjestelmien kautta. Hallitus vahvistaa rooliaan kehitysavun koordinoimisessa ja on nyt ottanut Nepalin kehitysfoorumin puheenjohtajuuden Maailmanpankilta. Entistä enemmän huomiota on myös kiinnitetty yhteisvastuullisiin investointeihin, mistä osoituksena on Suomen tuki WASH- ja metsäsektoreilla käynnistyville SWAp-sektoriohjelmille.

**Läpileikkaavat teemat.** Läpileikkaavia teemoja on valtavirtaistettu pääasiassa kahdella tavalla. Sukupuoleen ja sosiaaliseen syrjäytymiseen liittyvät läpileikkaavat teemat on sisällytetty koulutusta ja ympäristöä koskeviin tukitoimiin sekä erityisesti yhteen WASH-sektorin hankkeista eli GESI-strategiaan. Tällä strategialla on lisätty laajasti sidosryhmien tietoisuutta, ja sekä keskus- että paikallishallinto pitävät sitä hyvänä esimerkkinä siitä, miten niiden politiikassa ilmaistuja osallistamisen periaatteita voidaan soveltaa käytännössä. PGHR:ään liittyvät läpileikkaavat tavoitteet on valtavirtaistettu koko maaohjelman päätavoitteeseen, mikä on kokonaisvaltaista rauhansopimusta noudattavan Nepalin erityistarpeista lähtevä uusi ulottuvuus.



**Kehitysyhteistyöpolitiikan muuttaminen toimintamalleiksi.** Kun uusia aloja, esimerkiksi ilmastonmuutosta ja metsätaloutta, koskevien toimien käynnistämisestä päätettiin, Suomi antoi yleensä käyttöön asiantuntemusta, jota tarvittiin ehdotuksen kokonaisvaltaisessa tarkastelussa sekä mahdollisten vaihtoehtojen muotoilussa. Uusia aloja koskevissa toimissa Suomi on välillä päättänyt liittyä mukaan olemassa oleviin monenkeskisiin ohjelmiin, välillä taas perustanut kahdenvälisiä hankkeita tai muuten ryhtynyt tukemaan kansainvälisten ryhmien olemassa olevia ohjelmia. Aina kun se on ollut tarkoituksenmukaista, Suomi on ottanut aktiivisen roolin hankkeen hallinnassa määrittely-, valmistelu-, seuranta-, evaluointi- ja uudelleenmuotoiluvaiheissa. Edustuston ja UM:n hajautetun työnjaon mukaisesti maakohtainen ohjelmointi tehdään yhdessä (esimerkiksi osallistumissuunnitelman avulla), mutta edustustolla on päävastuu avun tarpeiden määrittelystä ja suunnittelusta, neuvonantajien palkkaamisesta sekä määräaikaiseurannasta ja -raportoinnista. Suomen ulkomaankauppa- ja kehitysministeri vieraili Nepalissa helmikuussa 2009 osallistumissuunnitelmajärjestelmän jälkeen. Vierailulla keskusteltiin vilkkaasti Suomen koulutussektorille antamasta tuesta ja saavutettiin lopulta kompromissi, jonka mukaan Suomi painottaisi erityisesti teknistä koulutusta ja ammattikoulutusta. Ministeri myös kannusti painokkaasti edustustoa pohtimaan, miten Suomi voisi vuoden 2007 politiikan sekä vuoden 2008 valtuuskuntavierailun havaintojen mukaisesti palata metsätaloussektorille. Nämä valinnat vaikuttivat merkittävästi maaohjelmaan, jonka tukipilareina ovat nyt metsätalous, WASH, tekninen koulutus ja ammattikoulutus, muut kuin tekniset taidot koulusektorin uudistamista koskevassa ohjelmassa, kaupunkiympäristöön liittyvät kysymykset sekä konfliktin jälkeinen rauhan rakentaminen ja perustuslain kehittäminen.

**Suomalainen lisäarvo ohjelmointivalinnoissa.** Suomen kiinnostuksenkohteita ovat ennen kaikkea hallinto, tasa-arvo, terveydenhuolto, oikeudet, köyhyys ja kansalaisyhteiskunnan vaikutusmahdollisuudet. Näiden arvojen ansiosta esiin nousee erityisintressejä, jotka puhaltavat henkeä maaohjelman niihin osiin, jotka liittyvät PGHR:ään, sukupuolten tasa-arvoon ja syrjäytymiseen, syrjäseutujen vesihuoltoon ja sanitaatioon sekä kansalaisyhteiskunnalle annettavaan avokätiseen tukeen. Se poikkeuksellinen huolellisuus, jolla näitä intressejä on toteutettu käytännön työnä pitkien aikojen kuluessa vaikeissa paikoissa ja haastavien sosiaalisten olosuhteiden keskellä, on osoitus ainutlaatuisuudesta. Myös erällä teknisillä aloilla suomalaisten toimijoiden kykyä osallistua voidaan kiistatta sanoa poikkeukselliseksi: näitä ovat esimerkiksi monikielinen sekä tekniseen koulutukseen ja ammattikoulutukseen suuntautuva opetus, metsien inventointi, tiedonhallinta ja kartoitus, tieto- ja viestintäteknikka, puhdas teknologia, vesihuolto, GESI-strategiat sekä erilaisia tarkoituksia varten käytävän monenvälisen vuoropuhelun edistäminen. Näistä muokataan välineitä ja toimia koskevia valintoja esimerkiksi koulutusalan SWAp-sektoriohjelmissa, Suomen roolissa erilaisen hallituksen ja kansalaisyhteiskunnan toimijoiden ja foorumeiden välisen PGHR:ää koskevan vuoropuhelun aikaansaajana sekä monenlaisiin WASH-kysymyksiin, metsien inventointiin, ympäristöön ja kartoittamiseen liittyvissä hankkeissa. Ei siis selvästikään ole väärin sanoa, että suomalaisella lisäarvolla on ollut voimakas vaikutus maa-kohtaiseen ohjelmointiin sekä välineiden ja toimien suunnittelua koskeviin valintoihin.



**Vahvuudet ja parhaat käytännöt.** Tärkeimpiin vahvuuksiin kuuluvat a) läheinen suhde hallituksen kanssa, b) sen vaikutusvallan mahdollisimman tarkka hyödyntäminen, jota Suomella on hallitukseen ja muihin avunantajiin, c) vaikeissa paikoissa tehty työ, jonka ansiosta maaohjelmasta on tullut vastaanottavainen koko Nepaliläiselle todellisuudelle sekä d) johdonmukainen joustavuus muuttuviin tarpeisiin ja mahdollisuuksiin reagoinnissa. Vahvuuksien lähteenä olivat pääasiassa niiden henkilöiden henkilökohtaiset ominaisuudet, jotka laativat ja panivat täytäntöön maaohjelman, jolla oli olennaisen tärkeä vaikutus haasteisiin sopeutumisessa sekä mahdollisuuksien tunnistamisessa ja hyödyntämisessä. PGHR:ään liittyvissä moninaisissa kysymyksissä Suomen strategiana on ollut rahoituksen myöntäminen erittäin kohdennetusti, missä tavoitteena on ollut päästä foorumeille, joilla Suomen vaikutusvalta, tietämys ja lisäarvo saa aikaan eniten hyötyä vähimmillä kustannuksilla. Vaikka Suomen osuus koulusektorin uudistusohjelmassa on ollut pieni, on Suomi sen ansiosta saanut paikan koulutusta kehittävien kumppaneiden ryhmässä, jossa vaikutusmahdollisuudet ovat hyvät. Samalla edistetään Suomen erityisintressejä ja suomalaista lisäarvoa. Tämä järjestely saattaa hyvinkin olla toinen esimerkki parhaasta käytännöstä. Suomen WASH-sektorilla toteutettuja hankkeita pidetään yleisesti parhaina käytäntöinä, joilla on ollut vaikutusta hallituksen politiikkaan ja muiden avunantajien ohjelmiin, mukaan lukien erityisten GESI-strategioiden laatimisprosessiin.

**Heikkoudet ja huonoimmat käytännöt.** Tärkeimpiä heikkouksia ovat a) sellaisen strategisen kunnianhimon puute, jolla olisi puututtu perustavanlaatuisiin ja pitkäaikaisiin ympäristörajoitteisiin, jotka koskevat vesihuollon kestävyyttä ja kehitysprosessien ilmastokestävyyden varmistamista maaseutualueilla, ja b) kykenemättömyys selvittää hallitukselle ympäristöhankkeiden strategista merkitystä ja mahdollisuuksia. Näiden heikkouksien voidaan katsoa johtuvan vuoden 2007 kehitysyhteistyöpolitiikan puutteellisesta selkeydestä siinä, millä tavalla merkittävät keskenään yhteydessä olevat teemat – tässä tapauksessa vesiasiat, ekosysteemin hoito sekä ilmastonmuutos – integroidaan käytännössä. Mitään sellaista, jota voisi nimittää huonoimmaksi käytännöksi, ei Nepaliläisessä maaohjelmassa havaittu.

**Maaohjelman laatu.** Maaohjelman kokonaisuuteen sovellettavista 14 evaluointikriteeristä useimmat saivat hyvät tai erittäin hyvät pisteet. Kokonaispistemäärää heikentävät ainoastaan ongelmat, joita on koettu kolmella alueella: strateginen mielekkäisyys, ympäristökestävyys sekä alttius maaohjelman ulkopuolisille tekijöille, erityisesti kansallisen tason politiikalle, ulkosuhteille ja ilmastonmuutokselle. Nämä ongelmat ovat merkittäviä, monitahoisia ja vaikeasti ratkaistavia. Kansalliseen politiikkaan tai ulkosuhteisiin ei ole asianmukaista puuttua, jolloin niihin voidaan vaikuttaa vain välillisesti Suomen jo tukemien toimien kautta. Muiden heikkouksien käsittelyssä olisi hyödynnettävä strategista suunnittelua, johon osallistuisivat ulkoasiainministeriö, edustusto ja hallitus. Toimenpiteen avulla voitaisiin analysoida ja selvittää maaohjelman nykyisen linjan todennäköisiä tuloksia ja riskejä sekä mahdollisuuksia yhdistää ne vesi- ja metsäasioihin sekä ilmastonmuutokseen liittyvät aloitteet yhteisöperustaisiin ja aluetasolla tapahtuviin.

## SAMMANFATTNING

### Syfte och omfattning

Utrikesministeriet i Finland (UM) har beställt en strategisk, övergripande och framåtblickande utvärdering av landsprogrammen för tre av Finlands åtta långsiktiga partnerländer, Nepal, Nicaragua och Tanzania, under förra decenniet. Syftet med denna utvärdering är att klarlägga förhållandet mellan utvecklingspolitiken och samarbetsprogrammen och beskriva mekanismer som har använts för att omsätta politiken i praktiken, dokumentera inflytandet över utfallet och identifiera styrkor, svagheter och lärdomar. Denna rapport avser landsprogrammet för Nepal under en period som omfattar efterverkningarna av Finlands utvecklingspolitiska riktlinjer 1998 och den relaterade handlingsplanen från 2001, införandet av nya utvecklingspolitiska riktlinjer 2004 och 2007 och kulmineringen, lösningen och efterdyningarna av en utdragen väpnad konflikt i landet.

### Metoder

Informationskällorna inkluderade de halvårsrapporter som Finlands ambassad i Katmandu utarbetat sedan 2008, dokument från UM:s arkiv i Helsingfors, annat publicerat och opublicerat material och halvstrukturerade intervjuer med 48 sakkunniga personer i Finland och Nepal. Som analysverktyg användes 14 utvärderingskriterier för att få svar på de centrala frågor om varje landsprogram som ställdes i uppdragsvillkoren (ToR) och förklara huvuddragen i programmen samt processerna och influenserna vid utarbetandet av dem.

### Nepal och dess historia

Nepal är ett bergigt och kustlöst land mellan Kina och Indien. Landet har en mycket heterogen befolkning på ca 27 miljoner invånare samt en svag och kort tradition av demokratiskt styre. Den fattiga landsbygdsbefolkningens förbittring över korruptionen underbläste ett våldsamt uppror i februari 1996 från det maoistiska kommunistpartiets sida. Det "Folkets krig" som följde tog minst 13 000 liv innan konflikten löstes genom ett övergripande fredsavtal (CPA) i november 2006. I april 2008 bildades en konstituerande församling med maoisterna som det största partiet. Den upplöste monarkin och utlyste en federal demokratisk republik. Sedan dess har politisk instabilitet och svårigheterna att få till stånd en uppgörelse om landets grundlag och lokala styrelseorgan förlängt fredsprocessen och hämmat den allmänna utvecklingen.

### Givarsamfundet

Det officiella utvecklingsbiståndet (ODA) till Nepal har ökat sedan undertecknandet av CPA. Under 2009 gav det internationella samfundet ca. 700 miljoner USA-dollar (USD) i bistånd, vilket motsvarar 25USD per person eller 5,6% av bruttonationalprodukten. De största bilaterala givarna var i fallande ordning Storbritannien, USA, Tyskland, Norge, Danmark, Europeiska kommissionen, Japan, Schweiz och Finland, som tillsammans stod för 94% av det bilaterala biståndsfördet. I dessa siffror ingår dock inte Indiens och Kinas stöd, som är betydande och ökar på grund av att länderna vill främja sina intressen.

## Programplanering

Landsprogrammet för Nepal kan granskas utifrån två faser. Under den första fasen fastställdes prioriteringarna enligt Finlands utvecklingspolitiska riktlinjer 1998 och handlingsplanen från 2001 vid konsultationer med Nepal 2000 och 2003 samtidigt som de omsattes till fortsatta insatser inom vatten, sanitet och hygien (WASH) samt utbildning och nyinvesteringar inom miljöområdet och olika kartläggningar. Finland drog sig ur skogssektorn 1999 av skäl som hade mycket lite att göra med programplaneringen. Sektorn var det näst största programtemat efter energi. Under denna fas var Finlands utbetalningar till Nepal ungefär 5 miljoner euro (MEur) per år. Denna fas slutade i och med införandet av undantagstillstånd och kungens maktövertagande 2005, kulmineringen och slutet av inbördeskriget samt dess efterdyningar, som varade till 2007. Under denna tid inställdes programplaneringen och de formella konsultationerna, vilket innebar att Finlands utvecklingspolitiska riktlinjer från 2004 fick mycket begränsad effekt i Nepal.

Den andra fasen inleddes med förberedelser av de bilaterala konsultationer som startade 2007, omedelbart efter undertecknandet av CPA. Målsättningen var att öka landsprogrammets volym, som 2006 uppgick till 5MEUR och därefter ökade stadigt fram till 2010, då volymen uppgick till 17MEUR. Konsultationerna styrdes av Finlands utvecklingspolitiska program 2007 när det gäller dialogen om miljömässigt hållbar utveckling och områdena vatten, skogsbruk och klimatförändring. 2008 prövades en ny process för programplanering som utgick från en landsbiståndsplan (CAP). Den utarbetades gemensamt av UM:s landsteam och ambassaden, som även tog ledningen i arbetet med att identifiera insatser, hålla kontakt med regeringen och andra givare samt uppföljning och rapportering. Vid det laget hade Finland utvecklat nära förbindelser med regeringen, vilket underlättade fortsättningen, omstarten och initieringen av insatser inom WASH, klimatförändring, skogsbruk, utbildning, miljö och fredsskapande, samhällsstyrning och mänskliga rättigheter (PGHR). Denna inriktning avtalades mellan parterna vid bilaterala konsultationer 2007 och fastställdes vid överläggningar 2010, där man kom överens om fortsatt samarbete inom skogsbruk och utbildning medan WASH och miljö skulle fasa ut. Behovet av större investeringar i PGHR bedömdes minska över tiden. Därmed blir detta fragmenterade landsprogram, med fler sektorsvisa åtaganden än det högsta antal som förordas i Europeiska unionens uppförandekod 2007, mindre komplext framöver.

## Landsprogrammets huvudsakliga innehåll

Vid tidpunkten för fältarbetet i denna utvärdering bestod landsprogrammet av stora insatser, ofta i samverkan med andra givare. Detta kompletterades av det arbete som utförs av grupper inom civilsamhället som Finland finansierar genom LCF och andra biståndsformer med fokus på följande områden: a) **PGHR**, däribland åtgärder för att minska konflikter, förhandla fram överenskommelser om grundregler för samhällsstyrning, främja ömsesidig respekt och minska förtryck, exploatering och lidande, b) **utbildning**, stöd till reformering av skolektorn (SSRP, School Sector Reform Programme), där mångsidiga teman inklusive teknisk utbildning och yrkesutbildning (TEVT) prioriteras, c) **skogsbruk**, stöd till skogsinventeringar (FRA, Forest Resour-

ce Assessment) som ger tillförlitlig information åt politiska beslutsfattare och underlag för en nationell skogsstrategi, skogsprojekt för arrenderare och ett skogsbruksprogram som väntar på formellt godkännande (MSFP, Multi-Stakeholder Forestry Programme), d) **miljö**, starkare miljöförvaltning och hantering av fast avfall på industriområden med stora föroreningar och e) **WASH**, hjälpa samhällen att ordna säker vattenförsörjning och förbättra sanitära förhållanden genom långsiktiga projekt i de västra och fjärran västra regionerna.

### Svar på forskningsfrågorna

**Att tillgodose Nepals prioriteringar.** Utbildning, särskilt på grundnivå, har ingått i regeringens främsta prioriteringar sedan före 1990 och Finland har gett fortlöpande stöd till sektorsprogram (SWA) inom utbildning sedan 1999. Fredsskapande, samhällsstyrning och mänskliga rättigheter är centrala prioriteringar sedan 2006 och landsprogrammet har vid sidan av andra givare gett stöd till kraftfulla och effektiva satsningar på mångsidiga och betydelsefulla insatser. Inom WASH ledde regeringens önskemål 1988 till en serie av projekt i den västra regionen (1990–2005, från 2008 till dags dato) och senare i den fjärran västra regionen i Nepal (från 2006 till dags dato). Inom skogsbruk har regeringen välkomnat Finlands stöd till FRA och potentiell delfinansiering av MSFP. Miljöprojektet i östra Nepal (från 2002 till dags dato) tillgodoser lokala prioriteringar, men förefaller inte vara lika förenligt med de nationella prioriteringarna. Inom jämställdhet och social integrering (GESI) har regeringens politik sedan 2004 förespråkats full integrering av kvinnor, funktionshindrade, förtryckta grupper och personer som tillhör lägre kaster. GESI-strategin som utvecklats och antagits av Finlands WASH-projekt och utbildningsprojekt har starkt stöd. I fråga om klimatanpassning avspeglas regeringens prioriteringar i landsprogrammets stöd för minskning av risker förenade med katastrofer och för regionala översvämningsvarningssystem.

**Att tillgodose Finlands prioriteringar.** Prioriteringarna enligt Finlands utvecklingspolitiska riktlinjer 1998 och dess handlingsplan från 2001 fastställdes vid konsultationer med Nepal 2000 och 2003 samtidigt som de omsattes till fortsatta insatser inom WASH och utbildning och till nyinvesteringar inom miljöområdet och olika kartläggningar. Vid den tiden pågick inbördeskriget och detta tillsammans med kungens maktövertagande 2005, den följande kulmineringen och lösningen av konflikten i slutet av 2006 samt efterdyningarna som varade till 2007 fick konsekvenser för programplaneringen och starten av nya projekt. Därmed fick Finlands utvecklingspolitiska program 2004 mycket begränsad effekt i Nepal och det var programmet från 2007 som styrde det expanderande landsprogrammet från och med 2007. För att tillgodose de lokala behoven prioriterades genomgående teman som fred, samhällsstyrning och mänskliga rättigheter, inklusive jämställdhet. Parallellt med dessa större åtgärder uppmuntrade det utvecklingspolitiska programmet från 2007 till samarbete kring naturresurser och stödet till utbildning och WASH fortsatte. Dessa planer fastställdes vid konsultationer med Nepal 2007 och 2010.

**Den politiska dialogens roll.** Den politiska dialogen mellan Finland och Nepal har upprätthållits genom reguljära kontakter, nära kommunikation och gemensam problemlösning mellan ambassaden och olika ministerier i Nepal, särskilt finansministeriet. Denna interaktion kompletterades av formella landskonsultationer 2000, 2003, 2007 och 2010. Dessutom stöddes den politiska dialogen genom upprepade besök på hög nivå och möten i andra länder. På andra nivåer upprätthölls dialogen genom en rad officiella besök, studiebesök, handelsdelegationer och utvärderingar som involverade olika intressenter. Allt detta bidrog till att bygga upp och bibehålla mycket goda relationer mellan Finland och Nepal. Observatörer anser att sådana goda relationer hör till de viktigaste framgångsfaktorerna i främjandet av effektivt utvecklingssamarbete.

**Överensstämmelse med Parisdeklarationen.** Regeringen föredrar att biståndet baseras på sektorsvist budgetstöd som inriktas på genomförande av regeringens planer genom SWA med gemensamma uppföljningar och utvärderingar. Givarsamfundet, inklusive Finland, motsätter sig fortfarande detta tillvägagångssätt i Nepal, främst på grund av den allvarliga och utbredda korrruptionen. Därmed är tillämpningen av Parisdeklarationens principer fortfarande begränsad, även om det har gjorts vissa framsteg mot en större överensstämmelse med Deklarationen under det senaste decenniet. De mest utvecklade SWA-programmen finns inom hälsovård (där Finland inte deltar) och utbildning, där Finland deltar och där 95% av finansieringen från givarna kanaliseras genom offentliga ekonomiförvaltningssystem. Regeringen stärker sin roll i samordningen av utvecklingsbiståndet och den har övertagit ordförandeskapet i Nepal Development Forum från Världsbanken. Investeringar med delat ansvar har fått större fokus, vilket Finlands stöd till nya SWA inom WASH och skogssektorn indikerar.

**Genomgående teman (CCT).** CCT har integrerats på två centrala sätt. När det gäller jämställdhet och socialt utanförskap är de införlivade i utbildnings- och miljöinsatser, särskilt i ett av WASH-projekten, GESI-strategin, som har ökat den allmänna medvetenheten hos intressenterna. Både den centrala och den lokala förvaltningen ser strategin som ett bra exempel på hur integrationsprincipen i de politiska riktlinjerna omsätts till praktiken. Inom PGHR-området integrerades CCT som ett stort fokusområde i hela landsprogrammet, en ny dimension som drivits fram av Nepals specifika behov efter undertecknandet av CPA.

**Att omsätta utvecklingspolitik till planerade åtgärder.** Vid beslut om nya insatsområden, såsom klimatförändring och skogsbruk, tillförde Finland i allmänhet nödvändig expertis för att genomlysna förslaget och framlägga alternativ för hantering av olika skeden i projektcykeln. På nya insatsområden valde Finland ibland beprövade multilaterala tillvägagångssätt, ibland bilaterala projekt eller stöd till etablerade program hos internationella organ. Finland har vid behov intagit en aktiv roll i hanteringen av olika skeden i projektcykeln, såsom identifiering, planering, uppföljning, utvärdering och omarbetning. I enlighet med den decentraliserade arbetsfördelningen mellan ambassaden och UM planeras landsprogrammen gemensamt (t.ex. genom CAP) medan ambassaden tar huvudansvaret för identifiering och planering av insatser, av-

tal med konsulter och rutinmässig uppföljning och rapportering. Därtill besökte Finlands utrikeshandels- och biståndsminister Nepal i februari 2009 efter CAP-proceduren. Detta besök innefattade en intensiv diskussion om Finlands stöd till utbildningssektorn, vilket resulterade i en kompromiss som innebar att Finland skulle betona TEVT-dimensionen. Ministern uppmanade med eftertryck ambassaden att planera för ett återupptagande av samarbetet inom skogsbruk utifrån det utvecklingspolitiska programmet 2007 och observationerna i samband med ett uppdrag 2008. Landsprogrammet influerades stort av dessa val och nu kretsar programmet kring skogsbruk, WASH, TEVT, mjuka färdigheter inom SSRP, urbana miljöfrågor, fredsskapande och konstitutionell uppbyggnad efter konflikten i landet.

**Finländskt mervärde (FAV) i programval.** Konstanta finländska intressen fokuserar på samhällsstyrning, jämlikhet, hälsa, rättigheter, fattigdom och förstärkning av civilsamhället. Dessa värderingar skapar speciella intressen som även inspirerat delar av landsprogrammet när det gäller PGHR, jämställdhet och utanförskap, vatten och sanitet i avlägsna områden och generöst stöd till civilsamhället. Den unika omsorg genom vilken dessa intressen har omsatts till praktiken under fortlöpande perioder, på svåra platser och omgärdade av svåra sociala förhållanden är utmärkande. Det finns även tekniska områden där finländska aktörer med trovärdighet kan hävda en särskild förmåga att bidra till utveckling, bl.a. inom flerspråkig och TEVT-orienterad utbildning, skogsinventering, dataförvaltning och kartläggning, informations- och kommunikationsteknik (ICT), miljöteknik, vattenförsörjning, GESI-strategier och främjande av dialog med flera intressenter för olika ändamål. Denna förmåga omsätts till val av biståndsformer och åtgärder, t.ex. SWA för utbildning, Finlands roll i främjandet av dialogen med flera statliga och icke-statliga intressenter och forum inom PGHR och olika WASH-, skogsinventerings-, miljö- och kartläggningsprojekt. Därmed kan man med rätta anse att FAV varit en stark influens i planeringen av landsprogrammet, valet av biståndsformer och planeringen av åtgärder.

**Styrkor och bästa praxis.** De främsta styrkorna består av a) nära förbindelser med regeringen; b) maximalt tillgodogörande av inflytande och påverkan gentemot regeringen och andra givare; c) arbete på svåra platser som inneburit att landsprogrammet beaktar realiteterna i landet som helhet och d) flexibilitet när det gäller att möta förändrade behov och möjligheter. Dessa styrkor beror främst på de personliga egenskaperna hos dem som har utvecklat och genomfört landsprogrammet, vilket har haft en avgörande betydelse för hur man anpassat sig efter utmaningarna samt identifierat och utnyttjat möjligheterna. Inom det mångsidiga PGHR-området har Finlands strategi utgått från att rikta finansieringen mycket specifikt för att få tillträde till forum där finländskt inflytande, kunskap och mervärde kan göra mest nytta till minsta kostnad. Finlands bidrag till SSRP, även om det är litet, ger en plats i partnergruppen för utbildning (Education Development Partners' Group). Där kan Finland maximera sin förmåga att påverka händelserna samtidigt som man får möjlighet att främja särskilda finländska intressen och skapa FAV. Detta arrangemang kan mycket väl utgöra en bästa praxis. Finlands WASH-projekt betraktas allmänt som bästa praxis, som också har influerat regeringens politik och andra givares program. Detta inkluderar proceduren för utarbetande av specifika GESI-strategier.



**Svagheter och sämsta praxis.** Svagheterna består i första hand av a) brist på strategisk ambition att beakta fundamentala, långsiktiga miljömässiga begränsningar som gäller vattenresursernas hållbarhet och klimatsäkringen av utvecklingsprocesser i landsbygdsområden och b) misslyckande i att förklara miljöprojektens strategiska relevans och potential för regeringen. Dessa svagheter kan spåras till en brist på tydlighet i det utvecklingspolitiska programmet 2007 när det gäller hur man i praktiken integrerar stora teman som är inbördes relaterade (i detta fall vatten, hantering av ekosystemet och klimatförändringar). Inget som kan beskrivas som sämsta praxis identifierades i landsprogrammet för Nepal.

**Landsprogrammets kvalitet.** Merparten av de 14 utvärderingskriterier som tillämpades på landsprogrammet resulterade i ett gott eller mycket gott betyg. Det totala betyget dras ner av problem på tre områden: strategisk relevans, miljömässig hållbarhet och sårbarhet för faktorer utanför landsprogrammet, i synnerhet den nationella politiken, yttre förbindelser och klimatförändringar. Det handlar om viktiga och komplexa problem som är svåra att lösa. Varken den nationella politiken eller de yttre förbindelserna är lämpliga insatsområden. Dessa kan endast beaktas indirekt genom insatser som Finland redan stöder. De andra svagheter behöver avhjälpas genom strategisk planering där UM, ambassaden och regeringen deltar för att analysera och klarlägga troliga utfall och risker i den nuvarande utvecklingsbanan för landsprogrammet och alternativ för att konsolidera initiativen på vatten-, skogsbruks- och klimatområdet inom ramen för samhällsbaserad klimatanpassning på regional nivå. Rekommendationerna finns i följande tabell.

## SUMMARY

### **Purpose and scope**

The Ministry for Foreign Affairs of Finland (MFA) has commissioned a strategic, holistic and forward-looking evaluation of country programmes over the past decade between Finland and three of its eight long-term partner countries, Nepal, Nicaragua and Tanzania. The purpose of this is to clarify the relationship between development policy and cooperation programming, to describe the mechanisms that were used to translate policy into practice, to document influences that shaped the outcome, and to identify strengths, weaknesses and lessons learned. The scope of this particular report is the country programme in Nepal during a period that encompasses the after-effects of the 1998 Finnish development policy and its 2001 operationalisation plan, the introduction of the 2004 and 2007 policies, and also the climax, resolution and aftermath of a prolonged armed conflict.

### **Methods**

Information sources included biannual reports prepared since 2008 by the Embassy of Finland in Kathmandu, documents from the MFA archives in Helsinki, other published and unpublished material, and semi-structured interviews with 48 individual knowledge holders in Finland and Nepal. As an analytical tool, 14 evaluation criteria were used to help answer key questions about each country programme that were posed in the ToR, and to prepare a narrative to explain the main features of the programme and the processes and influences which shaped it.

### **Nepal and its history**

Nepal is a mountainous, landlocked country lying between China and India. It has a very diverse population of about 27 million, with a weak and recent tradition of democratic governance. Resentment of official corruption amongst the rural poor encouraged the Communist Party of Nepal-Maoist (CPN-M) to launch a violent insurgency in February 1996, and the 'People's War' that followed took at least 13,000 lives before being resolved through a Comprehensive Peace Accord (CPA) in November 2006. In April 2008 a Constituent Assembly was formed with the Maoists as the largest party, which dissolved the monarchy and declared Nepal to be a federal democratic republic. Since then, political instability and the absence of an agreed constitution and elected local government bodies have delayed the peace process and hindered overall development.

### **The donor community**

Total net official development assistance (ODA) to Nepal has been increasing since the CPA, and in 2009 the international community provided about US\$700 million in grants, a total of around US\$25 per person, or 5.6% of gross domestic product. The top bilateral donors were in descending order the United Kingdom, the United States of America, Germany, Norway, Denmark, the European Commission, Japan, Switzerland and Finland, which together accounted for 94% of bilateral aid flows. These



figures however exclude aid from India and China, which is significant and increasing as both seek to advance their own interests.

### **Country programming**

The country programme with Nepal can be thought of in terms of two phases. In the first, Finnish priorities in the 1998 development policy and its 2001 operationalisation plan were ratified in the 2000 and 2003 country consultations and meanwhile translated into continued interventions in the water, sanitation and hygiene (WASH) and education sectors, and new investments in environment and various mapping activities. For reasons little connected to programming, Finland disengaged in 1999 from the forest sector, which had previously been the second-largest of its programme themes after energy. During this phase, Finnish disbursements to Nepal were equivalent to approximately €5 million/year. The phase was brought to an end by the declaration of martial law and the King's usurpation of power in 2005, and the climax, resolution and immediate aftermath of the civil war which lasted into 2007. In this period programming and formal country consultations were suspended, so the 2004 Finnish development policy had little direct influence in Nepal.

The second phase began with planning for the 2007 bilateral consultations that started immediately after the CPA was signed, with the understanding that the volume of the country programme would soon increase, which it did steadily from €5 million in 2006 to €17 million in 2010. The consultations were informed by the 2007 development policy, which guided dialogue towards environmentally sustainable development, and therefore the water, forestry and climate change sectors. Then in 2008 there was the trial of a programming process based on a Country Assistance Plan (CAP) elaborated jointly by the country team at MFA and the embassy, the latter also taking the lead in identifying interventions, in liaising with government and other donors, and in monitoring and reporting. Close relations with government had been developed by then, which facilitated the continuation, re-starting and initiation of Finnish-supported activities in the WASH, climate change, forestry, education, environment and the peace-building, governance and human rights (PGHR) sectors. These directions were agreed in the 2007 bilateral consultations, and ratified in the 2010 discussions, which agreed that cooperation in forestry and education would continue while cooperation in the WASH and environment sectors would eventually be phased out. The need for major investment in PGHR should reduce over time. Thus a fragmented country programme with sectoral engagements beyond the maximum number called for the 2007 European Union (EU) Code of Conduct will be simplified in due course.

### **Main content of the country programme**

At the time of the field work for this evaluation, the country programme comprised major efforts, often in concert with other donors and complemented by the work of civil society groups financed by Finland through the Local Cooperation Fund (LCF) and other modalities, focused in the following areas: (a) on **PGHR**, involving actions directed to calming conflict, building negotiated agreements on the ground-rules of governance, and promoting mutual respect and reducing oppression, exploitation

and suffering; (b) on **education**, supporting the School Sector Reform Programme (SSRP), within which a variety of themes including technical education and vocational training (TEVT) are being prioritised; (c) on **forestry**, supporting a Forest Resource Assessment (FRA) that will provide policy makers with reliable information and provide the basis for a national forest strategy, and also a leasehold forestry project and, subject to formal approval, the Multi-Stakeholder Forestry Programme (MSFP); (d) on **environment**, strengthening environmental administration and solid-waste management in highly-polluted industrial areas; and (e) on **WASH**, organising communities to manage the delivery of safe water and improved sanitation through long-term projects in the western and far-western regions.

### **Answering the research questions**

**Meeting the priorities of Nepal.** Education, particularly at primary level, has been among the government's top priorities since before 1990, and Finland has supported sector-wide approach programmes (SWAps) in education continuously since 1999. Peace-building, governance and human rights have been key government priorities since 2006, and the country programme has invested strongly and effectively alongside other donors in diverse and relevant efforts. In the WASH sector, government requests in 1988 led to a series of projects in the western (1990-2005, 2008 to date) and later the far-western regions of Nepal (2006 to date). In the forestry sector, government has welcomed Finland's involvement in supporting the FRA, and as a potential co-financier of the MSFP. Environment projects in eastern Nepal (2002 to date) meet local priorities but seem less in line with national ones. On gender equity and social inclusion (GESI), government policies since 2004 have called for the full inclusion of women, the disabled, oppressed, and low caste people, and the GESI strategy developed and adopted by Finland's WASH sector projects and in the education sector are strongly supported. On climate change adaptation, government priorities are reflected in the country programme's support for disaster risk reduction and regional flood warning systems.

**Meeting the priorities of Finland.** Finnish priorities in the 1998 development policy and 2001 operationalisation plan were ratified in the 2000 and 2003 country consultations and meanwhile translated into continued interventions in the WASH and education sectors and new investments in environment and various mapping activities. A civil war was underway at the time, however, and the King's usurpation of power in 2005 followed by the climax of the conflict, its resolution at the end of 2006, and its aftermath in 2007, all interfered with programming and the start of new initiatives. The 2004 Finnish development policy thus had little direct influence in Nepal, and it was the 2007 policy which guided the expanding country programme after 2007. In response to local circumstances, the cross-cutting themes of peace, governance and human rights including gender were prioritised into major activities, while the 2007 development policy encouraged cooperation in the natural resources sector, while education and WASH sector support would continue. These plans were ratified in the 2007 and 2010 country consultations.

**The role of policy dialogue.** Policy dialogue between Finland and Nepal was routinely sustained through regular contact, close communication and joint problem solving between the embassy and various of Nepal's ministries, especially the Ministry of Finance. These interactions were supplemented by formal country consultations in 2000, 2003, 2007 and 2010. Also supportive of policy dialogue were repeated high-level exchange visits and encounters in third countries. Dialogue was also maintained at other levels through numerous official exchange visits, study tours, trade delegations and evaluations by diverse stakeholders. All of this contributed to building and maintaining very good rapport between Finland and Nepal. Observers list this rapport among the main success factors in enabling effective development cooperation.

**Paris Declaration compliance.** Government would prefer donor assistance to be based on sectoral budget support directed to implement government plans through SWAps, with joint monitoring and evaluation of their performance. The donor community, including Finland, continues to resist committing itself to this approach in Nepal, mainly because of serious and widespread corruption. Thus, although there has been some progress towards Declaration compliance over the last decade, specific implementation of the Declaration principles remains weak. The most highly-developed SWAps are in the health sector (in which Finland does not participate), and the education sector, in which Finland does participate and where 95% of donor funding now flows through public financial management systems. Government is strengthening its role in the co-ordination of development assistance, and has now taken over the chair of the Nepal Development Forum from the World Bank. Increased attention is also being given to investments with shared responsibility, as indicated by Finland's support to incipient SWAps in the WASH and forestry sectors.

**The cross-cutting themes (CCTs).** The CCTs have been mainstreamed in two key ways. In the case of gender and social exclusion, they are embedded in education and environment interventions and especially within one of the WASH sector projects, the GESI strategy of which has raised awareness widely among stakeholders, and is seen by both central and local government as a good example of how to put into effect the principles of inclusion that are expressed in their policies. In the area of PGHR, these CCTs were mainstreamed as a major focus of the whole country programme, a new dimension driven by the particular needs of Nepal following the CPA.

**Translating development policy into activity designs.** When decisions were made to start in a new area, such as climate change and forestry, Finland generally brought in needed expertise to consider the proposal fully and provide options for those stages of project cycle management. Sometimes when entering a new area Finland has chosen to join in with established multilateral approaches, while in others it has set up bilateral projects or else chosen to support the established programmes of international groups. Wherever appropriate, Finland has taken an active role in project cycle management through the identification, formulation, monitoring, evaluation and re-design stages. In accordance with the decentralised division of labour between the embassy and the MFA, country programming is done jointly (e.g. through the CAP),

while it is the embassy that takes lead responsibility for identifying and planning interventions, contracting consultants to support this, and for routine monitoring and reporting. In addition, however, Finland's Minister for Foreign Trade and Development visited Nepal in February 2009 after the CAP process. This visit involved intense discussion on Finnish support in the education sector, resulting in a compromise in which Finland would emphasise the TEVT dimension. The minister also strongly encouraged the embassy to plan for a Finnish re-entry into the forestry sector, based on the 2007 policy and the findings of a 2008 mission. These choices greatly influenced the country programme, which now revolves around forestry, WASH, TEVT soft skills in the SSRP, urban environmental issues, and post-conflict peace and constitution building.

**Finnish added value (FAV) in programming choices.** Perennial Finnish concerns focus on governance, equity, health, rights, poverty and civil society empowerment. These values give rise to special interests that animate elements of the country programme that are concerned with PGHR, gender equity and exclusion, water and sanitation in remote areas, and generous support for civil society. The unique diligence with which these interests have been put into practice, over sustained periods, in difficult locations, and surrounded by challenging social circumstances, is a hallmark of distinctiveness. There are also technical areas where Finnish actors can plausibly claim to have a special ability to contribute, including multilingual and TEVT-oriented education, forest inventory, data management and mapping, information and communication technology (ICT), clean technology, water supply, GESI strategies, and facilitation of multi-stakeholder dialogue for diverse purposes. These translate into choices of modalities and activities, for example in the education SWAps, the Finnish role in facilitating dialogue with multiple governmental and non-governmental stakeholders and forums in the PGHR area, and in the various WASH, forestry inventory, environment and mapping projects. Thus it seems fair to say that FAV has had a strong influence in country programming, and in the selection of modality and activity design.

**Strengths and best practices.** The main strengths comprise: (a) a close relationship with government; (b) maximum leverage of influence and impact on government and other donors; (c) work in difficult locations that made the country programme responsive to the realities of Nepal as a whole; and (d) consistent flexibility in responding to changing needs and opportunities. These strengths are mainly due to the personal attributes of the individuals who developed and delivered the country programme, which had a decisive influence in adapting to challenges and identifying and using opportunities. In the diverse area of PGHR, the Finnish strategy has been to deploy funding in a highly targeted way, so as to obtain access to forums where Finnish influence, knowledge and added value can do most good at least cost. The Finnish contribution to the SSRP, though small, gives Finland a place in the Education Development Partners' Group where its ability to influence events is maximised, while also allowing special Finnish interests to be promoted and FAV to be delivered, and this arrangement may well be another best practice. The Finnish WASH sector

projects are widely viewed as best practices that have influenced government policies and the programmes of other donors, and this includes the process of preparing specific GESI strategies.

**Weaknesses and worst practices.** The main weaknesses comprise: (a) a lack of strategic ambition to address fundamental, long-term environmental constraints on sustainability of water supplies and climate proofing of development processes in rural areas; and (b) a failure to explain to government the strategic relevance and potential of the environmental projects. These weaknesses can be traced to a lack of clarity in the 2007 development policy on exactly how in practice to integrate major interconnected themes (in this case water, ecosystem management, and climate change). Nothing that could be described as a worst practice was identified in the Nepal country programme.

**Quality of the country programme.** Good or very good scores were awarded for most of the 14 evaluation criteria applied to the country programme as a whole, and the overall score is brought down only by problems in three areas: strategic relevance, environmental sustainability, and vulnerability to factors outside the country programme, especially national politics, external relations and climate change. These problems are important, complex and will be hard to address. Neither national politics nor external relations are appropriate fields of intervention, and can only be targeted indirectly through efforts that Finland is already supporting. The other weaknesses would need to be addressed through a strategic planning exercise with MFA, embassy and government participation, to analyse and clarify the likely outcomes and risks of the current trajectory of the country programme, and options for consolidating the water, forestry and climate change initiatives within community-based and district-level climate change adaptation. Recommendations are contained in the following table.

## Summary of key findings, conclusions and recommendations

Key findings	Conclusions	Recommendations
<b>Past programming and operational aspects</b>		
Embassy-government relations exerted a very strong positive influence on the country programme.	There was regular contact, close communication and joint problem solving between the embassy and various ministries, especially the Ministry of Finance which has significant convening power.	Opportunities should be sought by embassy personnel to develop and maintain close personal and professional links with government officials, and particularly with the Ministry of Finance.
Policy dialogue and country consultations exerted a very strong positive influence on the country programme.	Success factors included visits to Finland in 2008-2010 by the ministers of Finance, Foreign Affairs and Education, and the Prime Minister, that Finland unlike some donors was willing to deal with the government in 2009-2010 despite its caretaker status, and that formal country consultations in 2007 and 2010 were marked by a convergence of views on most issues.	Opportunities should be sought to encourage and enable high-level exchange visits, and to recognise and use opportunities for dialogue, while judging circumstances in a positive way that leaves doors open for cooperation.
Embassy participation in multi-donor mechanisms exerted a strong positive influence on the country programme.	The embassy team participated in all relevant coordination mechanisms and has contributed to their effectiveness, as well as leveraging influence over key processes to collective benefit at least cost to Finland, especially in the education sector and peace process.	Multi-donor mechanisms should be seen as containing opportunities for energetic and influential participation that disproportionately favour Finnish capabilities.
Good results have been achieved by the country programme in peace building and constitution building.	Success factors include a differential approach to peace (i.e. proactively calming conflict and prescribing human rights) and governance (i.e. facili-	Analysis should be used to determine where prescriptive solutions are appropriate, and where non-prescriptive, process- and dialogue-based

	tating informed and respectful dialogue).	efforts are likely to work best.
Mainstreaming of CCTs was effective and strongly influential in the country programme.	The CCTs of gender equity and social exclusion were embedded through detailed analysis and operational planning within the WASH and environment sector projects and education programme, acting as an acknowledged model for government and other donors. The CCTs of good governance and human rights are also a major theme of the country programme implemented in collaboration with government institutions and donors.	In order to mainstream CCTs effectively, a nested set of GESI strategies should be developed and implemented to address issues both internally (e.g. within a project) and externally (e.g. within communities and institutions touched by a project), that is based on understanding the practices, values and norms used to justify and rationalise discriminatory practices, that mobilises, sensitises and builds confidence in the long term, that includes a monitoring system which functions at all levels using appropriately disaggregated data, and that identifies barriers to resources, motivations and experiences, and ways to reduce or remove these barriers.
Future programming aspects		
The country programme has grown quickly in volume and is now fragmented among five sectoral engagements and numerous other initiatives.	Fragmentation can be seen as a temporary phenomenon, as it has already been agreed with government to phase out the WASH and environment sector projects, and the acute PGHR situations should improve over time, leaving only education and forest sector engagements. Meanwhile, the work-load on the embassy has already	A strategic cooperation planning exercise with MFA, embassy and government participation should be used to analyse and clarify the likely outcomes and risks of the current trajectory of the country programme, bearing in mind the cost-effective impact and low risk of long-term Finnish participation as a small donor in multi-donor ar-



	<p>declined following the formulation and initiation phases of current activities. Questions arise over legacies of certain current interventions: in the WASH sector (where an incipient SWAp may focus only on sanitation), the environment sector (where the potential to develop green economy arrangements may be lost), and the forestry sector (where a very large but only partly defined investment is being considered).</p>	<p>rangements, relative to alternatives. Linked to the exercise should be a stronger effort to communicate to government the strategic relevance and potential of environmental and climate change adaptation programming.</p>
<p>Aspects of the country programme reveal a lack of strategic ambition to address fundamental, long-term environmental constraints to do with sustainability of water supplies and climate proofing of development processes in rural areas.</p>	<p>Sustainable water supply is among the top development priorities at the district level, while climate change adaptation is an increasing national priority, and the proper and participatory management of farm, forest and catchment ecosystems is the key to both. It would thus make sense</p>	<p>A strategic cooperation planning exercise with MFA, embassy and government participation should be used to analyse and clarify options for consolidating the water, forestry and climate change initiatives within community-based and district-level climate change adaptation, in-</p>
	<p>to consider how the strengths of the current programme can be used to create more complete solutions.</p>	<p>cluding the integration of the existing themes of resource and tenure mapping, multi-stakeholder forest management, catchment-friendly farming systems, and developing knowledge and procedures for preventing and resolving conflicts over water.</p>



# 1 INTRODUCTION

## 1.1 Scope and purpose

The beginning of a new government term in Finland is traditionally associated with the review and revision of the country's development policy, the aim being to harmonise it with the government's policy programme as a whole and with evolving international priorities and practices in the fields of development cooperation, Official Development Assistance (ODA) and sustainable development. This process is underway at the time of writing, and will yield new policies to balance continuity and change over the years reaching beyond 2015 and the Millennium Development Goals (MDGs). The existing country programmes will inevitably come to be seen in a new light, and their future determined under new influences. Exactly how these influences will be applied will depend on the procedures and practices of the Ministry for Foreign Affairs of Finland (MFA), exerted in dialogue and cooperation with the embassies of Finland in its partner countries, with their governments and other national stakeholders, and with the international community of nations and organisations, all under the oversight of Parliament and public opinion.

In this process, the quality and effectiveness of mechanisms of policy implementation are crucially important, and adapting them to new circumstances requires a nuanced understanding of the strengths and weaknesses of what has gone before, as well as an appreciation of current and emerging constraints and opportunities. The MFA has therefore commissioned a strategic, holistic and forward-looking evaluation of country programmes over the past decade between Finland and three of its eight long-term partner countries, Nepal, Nicaragua and Tanzania. The purpose of this is to clarify the relationship between development policy and cooperation programming, to describe the mechanisms that were used to translate policy into practice, to document influences that helped shape the outcome, and to identify strengths, weaknesses and lessons learned. Findings from all three country evaluations are also being used as inputs to a single policy brief to provide overall conclusions. The Terms of Reference (ToR) for the whole evaluation are given in Annex 1.

The scope of this particular report is the country programme in Nepal from 2002 to 2011, the starting point being the last complete evaluation undertaken there by Stenbäck, Orivel, Peltonen, Takala, Tervo & Varughese (2002). Development cooperation in this period was subject to the guidance of successive Finnish development policies, including that of 1998 (MFA 1998) and its operationalisation plan (MFA 2001), as well as the introduction of new policies in 2004 (MFA 2004) and 2007 (MFA 2007). It also spans the transition in 2006 from armed conflict to more peaceful conditions, which is significant because the conflict and post-conflict environments offered very different contexts for engagement in Nepal by Finland and other donors. The post-2006 era, therefore, provides the most relevant context for those subjects of most immediate concern to the MFA: the influence of the 2007 Finnish development policy

and the cooperation programming that followed its introduction; the interplay within the donor and investor communities and between them and the Government of Nepal; and the growth of external political and economic influences (especially those originating in China and India), as well as environmental ones (especially those connected with climate change).

## 1.2 Methods and reports

As outlined in the ToR and with increasing detail in the Technical Proposal of February 2011, the Start-up Note of April, and the Inception Report of May, the evaluation involved the following steps.

- In the **Preliminary Phase** (April-July 2011), documents were reviewed, specific questions developed to guide interviews to explore the overall framework and context for development cooperation in Nepal, and a preliminary visit was made to Nepal, allowing the **Desk Study** to be prepared.
- In the **Field Phase** (July-November 2011), the findings of the preliminary phase were considered alongside the policy and programming situation in Nepal itself, including brief visits to the bilateral water supply and sanitation projects, thus adding further detail while also considering the involvement of other donors, culminating in a presentation to the Embassy of Finland in Kathmandu (EFK), and allowing the **Country Report** to be prepared.
- In the **Reporting Phase** (November-December 2011), the findings of the field phase were amended in light of comments and correspondence, allowing the **Final Report** to be prepared.

Information to support the analysis was obtained from literature review and research in the MFA archives in Helsinki (References; Annex 3), and from semi-structured interviews with knowledge holders in Nepal and Finland (Annex 2). The interviews were guided by an explanation of the ToR and a list of questions or discussion topics provided to the interviewees beforehand. The evaluation period is well documented by the biannual reports prepared for MFA by the embassy since 2008 (EFK 2008a; b; 2009a; b; 2010a; b; 2011a), and by additional published and unpublished descriptions and analyses. No documents provided by the embassy or obtained from the MFA archives were supplied to third parties, and no direct quotations from these or other unpublished documents or interviewees were included in any report.

As an analytical tool, the evaluation uses 14 evaluation criteria (Table 1) to help answer a number of key questions about the country programme, and to explain the main features of the programme and the processes and influences that shaped it. The evaluation criteria are similar to those used in a synthesis of 22 evaluations on recent development cooperation activities (Caldecott, Halonen, Sørensen, Dugersuren, Tommila & Pathan 2010). They were slightly modified, however, for the current purpose of analysing an entire country programme over a whole decade. Some criteria were altered in name and definition to accommodate this new use, with the Effectiveness

criterion being replaced by Strategic Effectiveness, and Activity Design by Programming Logic. The country programme was scored according to each criterion, using a system in which ‘a’ meant very good, ‘b’ meant good, ‘c’ meant some problems, and ‘d’ meant serious deficiencies. As required by the ToR, an evaluation matrix (Table 2) was prepared during the Preliminary Phase and used to structure the enquiry. It relates the evaluation questions posed in the ToR to the evaluation criteria that are considered in Section 4, and to the research questions that are answered in Section 5.

**Table 1** The evaluation criteria.

<b>Criterion</b>	<b>Definition</b>
Relevance	Whether cooperation efforts respond to the needs of the beneficiaries in their political, economic and ecological contexts, and whether they are aligned with the overall policy environment (Section 4.1).
Efficiency	Relating to sound management and value for money, i.e. whether the same or better results might have been achieved through different means or with lower overall expenditure or with different rates of expenditure (Section 4.2).
Strategic effectiveness	Whether results are being achieved, by agreement between Finland, other actors and the country concerned, that contribute to “stable poverty-reducing economic development on an ecologically sustainable basis” and on a nationally-significant rather than merely a local scale (Section 4.3).
Impact	Assesses wider and longer-term effects of the country programme as a whole, in terms of positive impact by improving well-being or negative impact by reducing well-being (Section 4.4).
Sustainability	Whether the country programme will have the effect of continuing to achieve beneficial results in terms of poverty reduction indefinitely (see Section 4.5).
Coordination	The quality of interactions among relevant groups and other donors and whether synergies occur and conflicts or overlaps do not (Section 4.6).
Complementarity	How well concurrent Finnish policies, plans, actions and choices support one another, and the degree of harmony among donor and government partners in achieving common desired outcomes, i.e. ‘internal’ and ‘external’ complementarity respectively (Section 4.7).

Compatibility	How well the goals of Finland’s development cooperation policy and the partner country’s development policy are taken into account and where necessary reconciled in planning and implementing activities (Section 4.8).
Connectedness	The linkages between systems that are being targeted by a policy priority or country programme plan or activity and other systems that may affect outcomes, i.e. vulnerability or resilience to external factors (Section 4.9).
Coherence	Whether the policies and plans of all members of Finland’s development community are in line with each other, and whether they are in harmony with those of other actors (Section 4.10).
Finnish added value (FAV)	The contribution of knowledge, skills, approaches, priorities and processes that are specifically Finnish in nature (Section 4.11).
Partner satisfaction	Whether and to what extent all partners and stakeholders in a country programme are satisfied with its processes and results (Section 4.12).
Programming logic	Whether the context, problems, needs and risks have been analysed well enough and the right choices made to drive the programme to deliver useful results and sustainable impacts (Section 4.13).
Replicability	Whether lessons have been learned so that programmes in the future or in other locations can be modelled on improved versions of past ones (Section 4.14).

Source: modified from Caldecott *et al* 2010.

**Table 2** The evaluation matrix.

Evaluation questions	Research questions	Evaluation criteria
1. How does the Finnish development cooperation programme comply with and adhere to the country’s own development and poverty reduction strategies and the development Policy of Finland and its poverty reduction and sustainable development goals? Has the	1.1 How and to what extent did programme activities meet the priorities of partner countries?	Relevance, Compatibility, Partner satisfaction
	1.2 How and to what extent did programme activities meet the priorities of Finland?	Relevance, Coordination, Compatibility, Coherence

policy dialogue between Finland and the partner country been able to further the creation of enabling environment for development?	1.3 How and to what extent did policy dialogue help enable development?	Relevance, Sustainability, Compatibility
2. Are the modalities of development cooperation conducive to the effective implementation of the Paris Declaration?	2.1 How do the various modalities compare in Paris Declaration terms?	Coordination, Compatibility, Complementarity
3. What are the major mechanisms of enhancing, programming and implementing the cross-cutting themes of the Finnish development policy in the cooperation context and what are the major results?	3.1 How and to what extent are the cross-cutting themes mainstreamed in development cooperation?	Impact, Sustainability, Programming logic
	3.2 To what extent has paying attention to cross-cutting issues contributed to achieving the aims of development cooperation?	Impact, Sustainability, Programming logic
4. What is the process of transforming the development policy into practice? Does the selection of the development sectors, instruments, and activities in which Finland is involved, correspond to the special value added that Finland may bring in to the overall context of external development funding in a country, including other donors?	4.1 What processes are used to translate development policy into activity designs?	Coordination, Coherence, Finnish added value, Programming logic
	4.2 Is Finnish added value reflected in the selection of modality and activity design.	Finnish added value, Programming logic
5. What are the major achievements and possible failures in the last eight years' of the cooperation policy in the	5.1 What are the main strengths and weaknesses in the cooperation programme in each country?	All criteria

context of the partner countries, and in the implementation of the cooperation programme? Any best or clearly unsuccessful practices identifiable? Have the selected development instruments been complementary and their use coherent with the policies?	5.2 Can strengths and weaknesses in cooperation programmes be traced to strengths and weaknesses in policy or in the mechanisms that translate policy into practice?	Compatibility, Connectedness, Coherence, Programming logic
	5.3 Can best practice examples be identified?	All criteria
	5.4 Can worst practice examples be identified?	All criteria
	5.5 Were development instruments complementary with one another and coherent with policy?	Complementarity, Coherence

The result of this analysis is a report structured in the following way:

- **Section 2** describes the present and recent circumstances of Nepal and the context of development cooperation within it.
- **Section 3** describes the nature of the Finnish country programme in Nepal, and explains why and how this position was arrived at, in terms of the processes, influences, decisions and constraints involved.
- **Section 4** reviews the whole programme over the evaluation decade from the points of view of the evaluation criteria, each of which sheds light on a different aspect of the development cooperation process.
- **Section 5** presents a commentary on the research questions derived from the broader evaluation questions specified in the ToR, answering them from the point of view of the whole country programme over the whole evaluation decade.
- **Section 6** presents the main conclusions of the evaluation and identifies lessons to be learned from the consequences of Finland's actions and decisions during the evaluation decade.
- **Section 7** presents recommendations based on the findings of the evaluation.
- **References** list alphabetically by author and date those documents that were used as sources for specific information given in the tables and text.
- **The Evaluation Team** summarises the credentials of the experts who prepared the report.
- **Annexes 1-6:** (1) ToR; (2) persons interviewed and institutions consulted; (3) documents reviewed, accessed or otherwise assessed for relevance as background or supplementary resources; (4) the diversity of Nepal's population and

an anthropological analysis of the peoples and their attitude to development; (5) summary of highlights of significant events in the political economy and development relationships of Nepal in 2008-2011; (6) net aid flows to Nepal in 2008-2009.

## 2 DEVELOPMENT CONTEXT

### 2.1 Overview of the country

#### Geography and ecology

Nepal is a mountainous, landlocked country located between China to the north and India to the south, east and west. It lies along the southern flanks of the Himalayas, which were formed by on-going crustal folding so Nepal is a seismically-active and earthquake-prone nation. The deposition of material eroded from the mountains gives the country an unconsolidated and fragile geology, making it vulnerable to further erosion and landslides. Nepal has three broad, east-west-aligned agro-ecological zones determined by altitude. The northern **Himalayan region** has an alpine climate between 3,300 m to 4,800 m, above which there are cold desert conditions with little vegetation. The **mid-hills**, where the national capital city of Kathmandu is located, have a warm monsoonal climate up to around 2,200 m and above this a cool one. The hills and mountains have diverse micro-climates the soils are often poor, and irrigation systems are limited by steep terrain. The southern **Terai lowlands**, by contrast, are relatively homogenous in topography and in their monsoonal climate, with a hot wet summer and mild dry winter. Here agricultural production is enhanced by generally fertile soils and extensive irrigation systems, and some 41% of the land is cultivated, compared with just 9% in the hills and 2% in the mountains.

#### Peoples of Nepal

Nepal is home to 26.6 million people (Central Bureau of Statistics 2011). The population is very diverse (Annex 4; Whelpton 2005; Hangen 2007), with some 60 languages in use although more than half speak Nepali as their mother tongue (Stenbäck *et al* 2002). Some 80% are ostensibly Hindu, although those that enforce the caste system are in a minority (albeit a powerful one) and most are far from orthodox, as there are strong Shamanistic traditions and a blended continuum (with many exclusive Shamanists) towards the 10% or so who are officially classed as Buddhist, with the remainder practicing Islam, Christianity, Sikhism and other faiths (Bista 1991). The caste Hindu parts of Nepalese society are rigidly hierarchical and historically dominant in much of the country, and are associated with pervasive social inequality based on caste, ethnicity and gender that is deeply rooted in centuries of feudal rule. All of this contributes to a fatalistic attitude among many Nepalis that militates against modernisation and development (Annex 4; Bista 1991).



### **Administrative system**

Nepal is divided into 75 districts, 58 municipalities, and 3,915 village development committees (VDCs). The municipalities and VDCs are supported in their development efforts by District Development Committees (DDCs), which in turn obtain support from the central level. Prior to the breakdown of democracy, each DDC consisted of locally elected representatives from various political parties working under the authority of the Local Self-Governance Act. These positions are now filled by centrally and locally recruited office holders. The DDCs receive block grants from the Ministry of Local Development (MLD) and also mobilise local resources through a variety of taxes, service charges and fees. Chief District Officers are responsible to the Ministry of Home Affairs and, as chief administrators of the district, are responsible for maintaining law and order and for dealing with corruption cases. Local Development Officers (LDOs) are responsible to the MLD but, in their role as secretary to the DDC, play a crucial role in district-level planning and development. In addition to these offices, almost all ministries have their own regional- and district-level offices, as do a number of service-providing public corporations.

## **2.2 Challenges of war and peace**

### **The armed conflict**

After 190 years of near-feudal rule, Nepal held its first parliamentary elections in 1959, but King Mahendra soon afterwards removed the elected Prime Minister from office and then, in 1962, promulgated a new constitution which concentrated power in royal hands and imposed monocultural nationalism upon Nepal's diverse peoples (Shah 2008). This system ended in 1990 when a popular movement forced the successor-King Birendra from power, but the parliamentary democracy that followed was ineffective in controlling corruption among officials responsible for delivering services, resulting in widespread resentment amongst the rural poor. Remote, centralised governance, social segregation and official impunity from prosecution all facilitated the abuse of power. Unequal land distribution, land degradation in the hills, and the repeated subdivision of household plots to successive generations further contributed to tensions (Schweithelm, Kanaan & Yonzon 2006). Exploiting this resentment, the Communist Party of Nepal-Maoist launched a violent insurgency in February 1996 (Karki & Seddon 2003), and the 'People's War' that followed lasted ten years and took at least 13,000 lives.

### **The Comprehensive Peace Accord**

The armed conflict escalated dramatically in 2002, after the failure of peace talks and the death of King Birendra in a palace massacre in 2001, because the successor King Gyanendra deployed the army in a counter-insurgency role, while also dissolving the elected government. In February 2005 the King seized absolute control of the country, a step which provoked the disempowered political parties and the Maoists into joining forces and driving him from power in April 2006. A Comprehensive Peace Accord (CPA) was then negotiated, and signed on 21 November 2006 by the Prime



Minister and the Maoist leader. The ‘peace process’ in Nepal mostly concerns implementing this agreement, which affects the entirety of Nepalese governance and society. As well as formally ending the war and allowing the Maoists to participate in government, its highlights included:

- Members of the Maoist People’s Liberation Army (PLA) were to be confined and verified within temporary cantonments.
- Members of the Nepal Army were to be confined to barracks.
- PLA members were to be supervised, rehabilitated and reintegrated within society.
- All previous agreements between the two sides were to be implemented, including on the management of arms.
- The King of Nepal was to be stripped of political rights, and royal property was to be nationalised under public trusts.
- Military action, recruitment, mobilisation and the transport of arms, ammunition and explosives were to be terminated.
- Both sides were to uphold human rights, all international human rights laws and civil liberties.
- Maoist organs of parallel administration (People’s Governments, People’s Courts) were to be dissolved nationwide.
- United Nations (UN) monitoring arrangements were to be applied, with the Office of the High Commissioner for Human Rights (OHCHR) monitoring the human rights situation, and the United Nations Mission in Nepal (UNMIN) supervising PLA cantonments and Nepal Army barracks.
- A National Peace and Rehabilitation Commission, a Truth Commission, and a high-level Commission for State Restructuring were to be formed.
- Both sides were to assist each other in maintaining order, peace and law.
- Displaced people were to be respectfully rehabilitated and socially re-integrated.
- The feudal land-ownership system was to be ended, and a rational land-distribution system would be adopted.
- Corruption was to be curbed through strong punitive action, including the confiscation of property obtained illegally through corruption.
- The possession, display and use of arms by anybody were to be punishable crimes.

### **Conditions since the CPA**

The CPA made possible much more inclusive political arrangements, and in April 2008 a Constituent Assembly was formed with the Maoists as the largest party. A month later the 240-year-old institution of the monarchy was abolished, and Nepal was declared a federal democratic republic (Annex 5). The Assembly displays high levels of diversity and inclusiveness (EFK 2008a), with 33% of its members being women, and 32% Janajati (i.e. people officially classified as disadvantaged and indigenous). A new round of elections is due in 2011. Meanwhile, however, political instability and the absence of a popularly-endorsed constitution and elected local government bodies have delayed the peace process and hindered overall development. Thus the country faces profound political transitions while at the same time confronting

long-standing development challenges. Economic growth in fiscal year 2010/11 is expected to be about 3.5%, higher than it was during the years of armed conflict, but still constrained by lower than anticipated growth in agriculture, a decline in manufacturing (due in part to power cuts, strikes and demonstrations), and low government expenditure (World Bank 2010a).

Nepal's development and peace-building agendas are closely intertwined (Sharma 2010). The CPA and the policies and changes flowing from it lead towards peace and development through an end to discrimination and corruption, state restructuring, increased accountability of government, the upholding of human rights and improved access to services. The people of Nepal are clearly seeking better rights and livelihoods, and public expectations are high, but it will be a challenge for policymakers to deliver improvements that are adequate in scope, depth and timeliness. Polarised politics and crippling strikes undermine reforms in the areas of security, democracy, rule of law and impunity. Meanwhile governments have come and gone at high frequency, reflecting a kaleidoscope of shifting alliances and the splitting and recombining of factions within political parties, as well as the interference of great regional powers, principally India (Annex 5; EFK 2011a).

With such limited and transient resources of political consensus, it is extremely hard to pass needed laws, and even harder to implement them. The untouchability bill was approved, for example, but the first investigation and prosecution of caste-based discrimination is yet to take place. Bills have not yet been passed on human rights, criminalising torture, and on setting up commissions to deal with truth and reconciliation and 'disappeared' people. Completing the peace process and the first draft of a new constitution remain challenging in these circumstances, and international support is still needed with which to overcome state fragility and offer a peace dividend to large numbers of people. Progress will be possible only by retaining national coherence, rule of law and social discipline, for which Nepal needs some form of credible unity government (EFK 2011a).

A step forward was taken in August 2011, when the Constituent Assembly elected Dr Baburam Bhattarai, Vice-Chair of the Unified Communist Party of Nepal (Maoist) as Prime Minister. The United Democratic Madheshi Front (UDMF), an alliance of five Madheshi parties, supported the Maoists, and the result was a comfortable majority for Nepal's fourth prime minister in five years. In November he achieved a major advance when the leaders of the four main political parties agreed on the contentious issue of compensating and re-integrating Maoist ex-fighters. Meanwhile, the Supreme Court has ruled that the tenure of the Constituent Assembly, which is supposed to write the new constitution, cannot be extended beyond the end of November 2011. Meeting this deadline will be hard, as consensus among the major parties looks a long way off.

## Continuing challenges

While navigating these turbulent political waters poverty must also be reduced, and to do so Nepal must both increase domestic growth and share its benefits more widely, meanwhile addressing the following major and continuing challenges:

- **Population growth** at 2% annually is increasing the high number of people per unit area of arable land, and combined with inheritance and land-use practices results in increasingly fragmented land holdings and the depletion of ecosystems upon which rural people depend.
- **Poverty** is widespread and Nepal is the poorest country in South Asia with an estimated gross domestic product (GDP) per person of 470 United States Dollars (US\$) in 2009.
- **Remittance payments** exceed ODA revenues and buffer the economy against local shocks, but the fact that they are so high (close to 22% of GDP in 2009) makes Nepal vulnerable to international economic reversals which could fuel unrest (World Bank 2010a).
- **Corruption** is pervasive and Nepal is rated 2.2 on a scale of one ('highly corrupt') to ten ('very clean') in the Corruption Perceptions Index of Transparency International (2011), making it by reputation the most corrupt country in South Asia.
- **Law and order** remain precarious, despite the formal end of the armed conflict, because of regional, ethnic and political tensions as well as criminal activity.
- **Natural hazards** are severe due to tectonic instability, steep terrain, unconsolidated geology and the monsoonal climate, which together yield frequent earthquakes, landslides and floods (despite which, a national disaster preparedness law is not yet in place).
- **Climate change** is expected to result in more intense and variable rainfall, changed farming conditions, new disease profiles, water stress, glacial retreat and glacial lake outburst floods, posing serious challenges to adaptation (Table 3; WECS 2011).
- **Human trafficking** involves large numbers of Nepali women and children being taken into slavery-like conditions and sexual exploitation, mostly in India, a problem that worsened during the armed conflict yet remains a contentious, hidden and poorly understood issue (ADB 2002).

**Table 3** Vulnerability to climate change and options for adaptation in Nepal.

Sector	Vulnerabilities	Adaptation options
Agriculture and food security	Local communities identify changes in the climate as being largely responsible for declining crop and livestock production.	Introduce drought-resistant, hardy and early-maturing crops; re-forest, afforest and improve forest fire control; provide insurance; encourage micro-irrigation, water-harvesting, and new cropping

		techniques, promote livelihood diversification; apply weather forecasting.
Water resources and energy	Floods and droughts impact agriculture, human health and sanitation, human settlements, and infrastructure, and complicate the provision of energy from hydro, solar, and biomass sources.	Develop and implement integrated watershed management policies; raise awareness about climate change and water conservation; develop cost-effective micro, small and medium hydropower plants; promote wind and solar energy.
Climate-induced disasters	Annually, more than a million Nepalis are affected by floods, landslides, and droughts.	Map hazards and zones at risk, and resettle vulnerable communities; carry out community-level disaster-preparedness programmes which include the establishment of early warning systems and implementation of improved building codes; reclaim degraded land and promote good agricultural practices.
Forests and biodiversity	Increases in temperature and rainfall have resulted in shifts in agro-ecological zones, longer dry spells, and more pest and disease outbreaks.	Manage ecosystems; protect water sources from landslides and erosion; conserve wetlands; draft forest management plans with local communities; promote upstream-downstream community interaction and collaboration; build awareness; adopt multi-benefit forestry policies that support mitigation and adaptation.
Public health	Poor prevailing primary health care for most of population will be challenged by climate change as malnutrition and the incidence of vector- and water-borne infectious disease increase.	Integrate the health impacts of climate change into development plans; strengthen the health system; promote appropriate local adaptive knowledge; raise awareness, and build capacity.

Urban settlements and infrastructure	Climate-induced disasters damage roads, bridges, community buildings, schools, and energy and water services. Rural-urban migration, in part due to climate change, poses additional challenges.	Demarcate territories, water ways and buffer zones; enforce building codes which consider climate change; conserve water and re-use waste water; establish early-warning systems for floods; rehabilitate traditional ponds; develop on-site sanitation where city-level systems do not exist.
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Source: Ministry of Environment 2010.

### Gender and other inequalities

In this report, gender equity and gender equality are used in the following ways (ILO 2000; UNESCO 2000):

- **Gender equality** means equality between men and women, implying that all human beings are free to develop their personal abilities and make choices without limitations set by stereotypes, rigid gender roles and prejudices, and also that the different behaviour, aspirations and needs of women and men are considered, valued and favoured equally, without implying that women and men have to become the same, but that their rights, responsibilities and opportunities will not depend on whether they are born male or female.
- **Gender equity** means fairness of treatment for women and men, according to their respective needs, which may include equal treatment or treatment that is different but which is considered equivalent in terms of rights, benefits, obligations and opportunities.

Thus, although the terms are closely similar and are often used synonymously, ‘equality’ is a value, while ‘equity’ is an objective. The same distinction informs the use of these terms in other contexts (e.g. ethnicity, caste, age) in this report. Despite progress in some areas (Section 2.3), continuing and multifaceted inequity remains a major reason for Nepal’s low position in Human Development Index (HDI) rankings and its continued classification as a Low Human Development Country (UNDP 2009; 2010; World Bank 2010a). Large disparities remain between boys and girls in school attendance as well as in the quality of education between urban and rural areas and among ethnic groups. Major health challenges remain, related to communicable diseases and malnutrition. Large disparities separate regions and groups, with a quasi-feudal oligarchic system and caste-based discrimination continuing to marginalise many. A lack of gender equality and equity is also seen in terms of the Gender Inequality Index, a composite measure introduced by the United Nations Development Programme (UNDP 2010) that reflects inequality between women and men in three dimensions: reproductive health, empowerment, and the labour market. Examples of the underlying indicators for Nepal include: that only 18% of adult women have a secondary or higher level of education compared to 40% among men; that fewer women than men have paid work; and that for every 100,000 live births, 281 women die from pregnancy-related causes.

Children are most affected by poverty and inequity and remain disproportionately vulnerable to the effects of malnutrition and poor sanitation (NPC & UNDP 2010). Every second child aged under five in Nepal is stunted by chronic under-nutrition, and more than half of Nepal's children routinely defecate in open spaces, behaviour maintained by culture and tradition (Annex 4). Poor sanitation, inadequate hygiene and a lack of access to safe water result in acute respiratory infections and diarrhoeal diseases being the two leading causes of child mortality in Nepal (UNICEF, NPC & New Era 2010).

## 2.3 Overcoming challenges

### Assets and opportunities

Nepal does have assets with which to meet its challenges and constraints through development, including its sizeable educated middle class, its large population of hard-working rural poor, the water catchment services it provides to its neighbours, its great hydro-electricity potential, its many tourist attractions, and its strategic proximity to two of the world's emerging super-powers. Another positive factor is the combination of motivation and organisation at the community level. Here success stories abound, from forestry user groups and women's groups to community-based programmes in rural drinking water, rural roads and micro-hydropower generation as well as the community management of schools and of the government's community-oriented Poverty Alleviation Fund. Many genuinely community-owned efforts have shown great strength, even in conflict-affected areas, and where a supportive framework has been created for communities there have been impressive development gains.

### Highlights of progress

Despite the decade-long conflict and continued political instability, the following evidence suggests that Nepal has progressed considerably since it started to modernise its public administration and infrastructure over 50 years ago, with some of this progress also attributable to international support (Section 2.4):

- The proportion of people living below the national poverty line has decreased significantly (although it remains high, and there is increasing inequality with a significant proportion of the poor being left behind).
- Enrolment in primary education has improved significantly and gender parity achieved (although there are persistent problems with quality, and relatively high drop-out rates among poor and marginalised groups).
- Between 1980 and 2010 Nepal's HDI rose by 2.4% annually from 0.210 to 0.428 (although this only gives the country a rank of 138 out of 169 countries with comparable data, and a current HDI well below the 0.516 regional mean for South Asia).
- The country's score on the Gender Development Index has improved dramatically (albeit from a very low base).
- Life expectancy, and under-five and maternal mortality rates, have all improved dramatically.

## Achieving the MDGs

Some of these successes have created new challenges, such as accommodating greater numbers of children entering secondary education, but much progress has nevertheless been made on achieving the MDGs (Table 4; NPC & UNDP 2010):

- the following indicators are likely to be achieved for Goal 1 (extreme poverty), Goal 4 (under-five mortality), Goal 5 (maternal mortality), Goal 6 (major diseases), and Goal 7 (access to safe water);
- another five indicators are believed to be potentially within reach, for Goal 1 (hunger), Goal 2 (primary education), Goal 3 (gender disparity in education), Goal 6 (access to selected medical treatments), and Goal 7 (reversing deforestation);
- three indicators remain distant, for Goal 1 (full employment), Goal 5 (access to reproductive health care), and Goal 7 (access to sanitation); and
- there is not enough information to predict the outcome on the remaining indicators for Goal 7 (greenhouse gas emissions and climate change, biodiversity loss, and improving the lives of slum dwellers).

**Table 4** Progress in Nepal towards the MDGs.

Millennium Development Goals and targets	1990	1995	2000	2005	2009
<b>Goal 1: Eradicate extreme poverty and hunger</b>					
Employment to population ratio, 15+, total, percent (%)	60	60	59	61	62
Employment to population ratio, ages 15-24, total (%)	52	50	47	46	46
Poverty gap at purchasing power parity (PPP) \$1.25 a day (%)	..	27	..	20	..
Income share held by lowest 20%	..	8	..	6	..
Malnutrition prevalence, weight for age (% of children under 5)	..	44	43	39	..
Poverty headcount ratio at PPP\$1.25 a day (% of population)	..	68	..	55	..
Vulnerable employment, total (% of total employment)	..	..	72	..	..
<b>Goal 2: Achieve universal primary education</b>					
Literacy rate, youth female (% of females ages 15-24)	33	..	60	..	77
Literacy rate, youth male (% of males ages 15-24)	68	..	81	..	87

Persistence to last grade of primary, total (% of cohort)	..	..	46	62	62
Primary completion rate, total (% of relevant age group)	51	..	66	..	..
Total enrolment, primary (% net)	65	..	74	..	..
<b>Goal 3: Promote gender equality and empower women</b>					
Proportion of seats held by women in national parliaments (%)	6	3	6	6	33
Ratio of female to male primary enrolment (%)	60	71	79	..	..
Ratio of female to male secondary enrolment (%)	44	60	71	86	..
Ratio of female to male tertiary enrolment (%)	32	..	40	40	..
Women employed in the nonagricultural sector (% of total nonagricultural employment)	..	..	14,0	..	..
<b>Goal 4: Reduce child mortality</b>					
Immunisation, measles (% of children ages 12-23 months)	57	56	77	74	79
Mortality rate, infant (per 1 000 live births)	99	83	63	48	39
Mortality rate, under-5 (per 1 000)	142	117	85	62	48
<b>Goal 5: Improve maternal health</b>					
Adolescent fertility rate (births per 1 000 women ages 15-19)	..	..	121	108	91
Births attended by skilled health staff (% of total)	7	9	12	19	..
Contraceptive prevalence (% of women ages 15-49)	23	29	37	48	..
Maternal mortality ratio (modelled, per 100 000 live births)	870	700	550	440	380
Pregnant women receiving prenatal care (%)	15	24	27	44	..
Unmet need for contraception (% of married women ages 15-49)	..	31	28	25	..
<b>Goal 6: Combat serious infectious diseases</b>					
Children under age 5 with fever receiving anti-malarial drugs (%)	..	..	..	0	..
Condom use, female population ages 15-24 (%)	..	..	..	8	..
Condom use, male population ages 15-24 (%)	..	..	13	24	..
Incidence of tuberculosis (per 100 000 people)	163	163	163	163	163



Prevalence of Human Immunodeficiency Virus (HIV), female (% ages 15-24)	..	..	..	..	0,1
Prevalence of HIV, male (% ages 15-24)	..	..	..	..	0,2
Prevalence of HIV, total (% of population ages 15-49)	0,2	0,4	0,5	0,4	0,4
Tuberculosis case detection rate (% , all forms)	33	56	74	75	73
<b>Goal 7: Ensure environmental sustainability</b>					
Carbon dioxide (CO <sub>2</sub> ) emissions (kilogrammes per PPP\$ of GDP)	0	0	0	0	0
CO <sub>2</sub> emissions (metric tons per capita)	0	0	0	0	0
Forest area (% of land area)	33,7	..	27,2	25,4	25,4
Improved sanitation facilities (% of population with access)	11	16	23	28	31
Improved water source (% of population with access)	76	80	83	86	88
Net ODA received per capita (current US\$)	22	20	16	16	29
<b>Goal 8: Develop a global partnership for development</b>					
Debt service (Project Preparation Grant and International Monetary Fund only, % of exports, excluding remittances)	15	8	7	8	10
Internet users (per 100 people)	0,0	0,0	0,2	0,8	2,1
Mobile cellular subscriptions (per 100 people)	0	0	0	1	26
Telephone lines (per 100 people)	0	0	1	2	3
Fertility rate, total (births per woman)	5	5	4	3	3
<b>Other</b>					
Gross national income per capita, Atlas method (current US\$)	210	200	220	290	440
Gross national income, Atlas method (current US\$) (billions)	3,9	4,4	5,4	8,0	13,0
Gross capital formation (% of GDP)	18	25	24	27	30
Life expectancy at birth, total (years)	54	57	62	65	67
Literacy rate, adult total (% of people ages 15 and above)	33	..	49	..	59
Trade (% of GDP)	32	60	56	44	53

Source: World Bank 2010b.

## 2.4 The donor community in Nepal

### Volume and sources of aid

Net ODA consists of concessional loans and grants to countries listed by the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD/DAC) to promote economic development and welfare, minus repayments of principal on earlier loans. In constant 2007 United States Dollars, total net ODA to Nepal amounted to approximately 490 million in 2003, 575 million in 2004, 480 million in 2005, 465 million in 2006, 550 million in 2007, 600 million in 2008, and 685 million in 2009 (Trading Economics 2011a). More detailed figures are given in Annex 6, in current dollars for 2008-2009 and showing the sources of aid. Thus, in 2009, the international community provided net bilateral ODA to Nepal of almost US\$500 million. Over 57% of this was from the European Commission (EC) and European Union (EU) Member States, including nearly 3.5% from Finland. There was also another US\$185 million in debt forgiveness and International Development Association (IDA) grants, and almost US\$35 million from various UN agencies (Trading Economics 2011b). The total amounts to about US\$25 of ODA per person, or 5.6% of GDP.

The top bilateral donors were in descending order the United Kingdom (UK), the United States of America (USA), Germany, Norway, Denmark, the European Commission, Japan, Switzerland and Finland, which together accounted for 94% of bilateral aid flows. These figures all exclude aid from India and China, which is significant and increasing. In 2010, for example, India announced its intention to grant Nepal US\$361 million over several years with which to build roads and rail links in the Terai, while China doubled its annual aid commitment to about US\$22 million, similar to Finland's own (Thottam 2010). It is hard to avoid the thought that these new donors are activated partly by a wish to advance their own interests, for example in developing and integrating the Terai and maintaining Nepal as a client state in the case of India, and neutralising the influence of India and the Tibetan exile community in the case of China.

### Improving aid effectiveness

The Paris Declaration on Aid Effectiveness was endorsed by donors and developing countries in 2005. It placed an emphasis on ownership of the development agenda and aid by partner countries, and brought with it shared responsibilities for implementing a set of actions to strengthen ownership, alignment, harmonisation, managing for development results, and mutual accountability (OECD 2011). In this system, partner countries and donors agreed to hold each other accountable for making progress against agreed commitments and targets by monitoring their implementation, using indicators that focus on:

- the existence and quality of national development strategies;
- the reliability of national public financial management (PFM) and procurement systems, and the extent to which they are used by donors;
- the share of aid reported in the government's budget (and thus assumed to be

- aligned to national priorities);
- the use of coordinated programmes;
- the use of parallel project implementation units (e.g. project management units outside the government system);
- the extent to which aid is predictable (i.e. disbursed within the fiscal year for which it was scheduled);
- the extent to which aid is untied (i.e. not used to acquire goods and services chosen by the donor);
- the use of common arrangements or procedures;
- the extent to which design, evaluation and other missions and analyses are undertaken jointly;
- the use of transparent and monitorable performance assessment frameworks; and
- the extent to which assessments are undertaken mutually.

A feature of the post-CPA expansion of donor cooperation with Nepal is close attention to aid effectiveness through surveys to find better ways to coordinate multiple donors with each other and with government. An example is the survey by Ministry of Finance (2008), key recommendations of which were summarised by EFK (2008d) as follows:

- **For the government:**
  - to create more incentives for donors to channel more of their aid through country systems and country-led processes;
  - to introduce more performance-based funding to the line ministry and local government levels;
  - to introduce e-bidding to avoid malpractices in procurement;
  - to implement its own public expenditure and financial accountability action plan;
  - to produce a national human resources development plan; and
  - with civil society, to carry out more advocacy to persuade donors to untie aid.
- **For the donors:**
  - to decentralise decision making to the country level and improve communication between the country and headquarter levels;
  - to introduce more pooled technical assistance (TA) and TA funds from which the government can draw resources based on its priorities and needs (while also ensuring that more technical cooperation is directed in support of government priorities);
  - to coordinate more in carrying out analytical work;
  - to agree with government on common monitoring and evaluation frameworks in Sector-wide Approach Programmes (SWAps), using national systems; and
  - for all major bilateral donors to take part in the annual Nepal Portfolio Performance Review.

Prompted by such recommendations, there has been significant progress on a number of the Paris Declaration indicators in Nepal (Ministry of Finance 2011). But chal-

lenges remain, for example with only 31% of all aid being programme-based, against a target of 66% (Table 5). Meanwhile, the quality of PFM systems in Nepal is reported to have declined (OECD 2011), which is reflected in the increasing reluctance of donors to make use of them.

**Table 5** Progress in implementing the Paris Declaration in Nepal.

Paris Declaration Indicator	2008 actual	2010 actual	2010 target
Aid on Budget (average per donor, %)	46	58	85
Coordinated Technical Assistance (%)	15	48	50
Using Country PFM System (%)	68	63	76
Using Country Procurement System (%)	56	35	-
Parallel Project Implementation Units (number)	106	68	64
In-year predictability (%)	47	55	65
Programme-based approaches (%)	23	31	66
Joint missions (%)	23	33	40
Joint country analytic work (%)	28	63	66

Source: Ministry of Finance 2011.

## 3 DESCRIBING THE COUNTRY PROGRAMME

### 3.1 Overview of the programme

#### Origins of the country programme

Preceded by missionary work (e.g. by the Finnish Evangelical Lutheran Mission), official development cooperation between Finland and Nepal began in 1983, when the Finnish government decided to commit at least 30% of its bilateral aid to Bangladesh, Ethiopia, Nepal, Somalia and Sudan (Stenbäck *et al* 2002; Saasa, Gurdian, Tadesse & Chintan 2003). Nepal and Ethiopia have remained long-term partner countries for Finland ever since. Priority was given in Nepal to delivery of fertilisers during the mid-1980s, and again in the early 1990s, while from 1984 to 1997 forestry, telecommunications and especially energy (rural electrification and power generation) were major areas of Finnish support. To these were added water supply and sanitation from 1990 and topographic mapping from 1992.

## **Two phases and an interregnum**

The country programme since the late 1990s can be thought of in terms of two phases. In the first, Finnish priorities in the 1998 development policy and its 2001 operationalisation plan were ratified in the 2000 and 2003 country consultations and meanwhile translated into continued interventions in the water, sanitation and hygiene (WASH) and education sectors, and new investments in environment and various mapping activities. For reasons little connected to programming, Finland disengaged from the forest sector in 1999 (Section 3.6). In 2000-2004, the amounts disbursed each year were equivalent to US\$4.6-6.2 million in 2011 dollars, and this rate of expenditure, equivalent to approximately €5 million/year, had been sustained ever since 1993, apart from a brief doubling in 1998 because of a major electricity infrastructure investment (Stenbäck *et al* 2002).

Although Finland remained in Nepal throughout the armed conflict, the first phase of the country programme was brought to an end by the declaration of martial law and the King's usurpation of power in 2005, and the climax, resolution and immediate aftermath of the civil war which lasted into 2007. In this period programming and formal country consultations were suspended by the EU, Finland and other EU Member States (Hachhethu 2009), so the 2004 Finnish development policy had little influence in Nepal. The second phase began with planning for the 2007 bilateral consultations that started immediately after the CPA was signed, with the understanding that the volume of the country programme would soon increase. The consultations themselves were informed by the 2007 development policy, which guided dialogue towards environmentally sustainable development, and therefore the water, forestry and climate change sectors. Thus it was the 2007 policy which set the scene, pace and direction for the full resumption of an expanding Finnish country programme.

## **The recent country programme**

The volume of the country programme rose from €5 million in 2006 to €9 million in 2007, €12 million in 2008, €14 million in 2009, and €17 million in 2010 (Table 6). In 2008 there was the trial of a programming process based on a Country Assistance Plan (CAP) elaborated jointly by the country team at MFA and the embassy, the latter also taking the lead in identifying interventions, in liaising with government and other donors, and in monitoring and reporting (MFA & KAT 2008). Close relations with government had been developed by then, which facilitated the continuation, re-starting and initiation of Finnish-supported activities in the WASH, climate change, education and peace-building sectors. These directions were agreed in the 2007 bilateral consultations, and ratified in the 2010 discussions, which agreed that cooperation in forestry and education would continue while cooperation in the WASH and environment sectors would eventually be phased out, but that everything would meanwhile continue to grow as planned without major changes in content. Meanwhile, growth in volume occurred especially in the natural resources sector (i.e. WASH, environment and particularly forestry) and the education sector, both of which roughly doubled over the period 2008-2010 and were planned to increase further in 2011-2012, while support to human rights and climate change was to continue unchanged. Finnish sup-

port is expected to approach €20 million by 2012 and to stabilise at €20-23 million until 2017, although this is conditional upon peace being maintained, decentralisation and good governance being strengthened, planning becoming more transparent and participatory, and the use of funds in public procurement becoming better controlled.

**Table 6** MFA disbursements to Nepal by OECD/DAC category, 2006-2010.

OECD/DAC category	Disbursements (€ thousands) by year					Total
	2006	2007	2008	2009	2010	
Education	13	79	109	138	3 399	<b>3 648</b>
Health	2 985	2 615	2 632	1 099	757	9 088
Population and reproductive health	84	119	127	226	55	<b>611</b>
Water and sanitation	199	2 243	3 725	6 214	4 257	<b>16 638</b>
Government and civil society	1 092	421	1 432	1 621	1 076	<b>5 642</b>
Conflict prevention and resolution	50	1 026	1 556	558	1 027	<b>4 216</b>
Other social infrastructure/services	17	17	42	112	257	<b>444</b>
Communication	0	55	0	0	0	<b>55</b>
Energy generation and supply	51	108	20	0	0	<b>179</b>
Agriculture	0	122	119	207	276	<b>724</b>
Forestry	0	0	0	980	2 129	<b>3 109</b>
Industry	0	0	6	7	0	<b>13</b>
Trade policy, regulations, etc.	0	0	50	76	64	<b>189</b>
General environmental protection	840	1 084	1 074	1 371	1 429	<b>5 798</b>
Other multisector	0	432	177	213	373	<b>1 195</b>
Humanitarian aid	0	0	179	644	814	<b>1 638</b>
Administrative costs of donors	0	570	656	746	871	<b>2 843</b>
Refugees in donor countries	0	95	9	0	0	<b>104</b>
Unallocated/unspecified	0	8	27	113	151	<b>299</b>
<b>Total</b>	<b>5 330</b>	<b>8 993</b>	<b>11 941</b>	<b>14 324</b>	<b>16 934</b>	<b>57 521</b>

Source: MFA 2011.

## Content of the country programme

- **The peace process and good governance.** Finnish efforts join with those of other donors in actions directed to calming conflict, building negotiated agreements on the ground-rules of governance, and promoting mutual respect and reducing oppression, exploitation and suffering. These efforts have taken the form of: (a) supporting the government's Nepal Peace Trust Fund (NPTF), which provides resources for managing camps, reintegrating former combatants, rehabilitating displaced people, organising elections, strengthening the rule of law, and supporting the peace process; (b) supporting constitution building, mainly through the International Institute for Democracy and Electoral Assistance (International IDEA), which promotes the flow of knowledge into and among the factions that are trying to hammer out a viable constitution; (c) supporting the OHCHR, which addresses discrimination and human rights, the strengthening of human rights institutions and civil society, and accountability, impunity and the rule of law; (d) supporting the National Human Rights Commission (NHRC), which investigates and seeks to repair human rights violations of all kinds; and (e) participating in the Utstein Group, which promotes the mainstreaming of a peace-building and peace-sensitive approach in all bilateral ODA and non-governmental organisation (NGO) interventions. This is all supported by complementary investment through Finnish NGOs and their Nepalese counterparts, importantly including the grants made to local groups using the Local Cooperation Fund (LCF) modality managed by the embassy.
- **Education.** Finland has supported Phase II of Nepal's sector-wide Basic and Primary Education Programme (BPEP), its Education for All (EfA) initiative, and now the School Sector Reform Programme (SSRP), within which a variety of themes including technical education and vocational training (TEVT) are being prioritised through Finnish efforts.
- **Mapping national resources.** Finland has supported the development of improved maps and spatial data in Nepal, including topographic maps for the whole country and remote sensing of the national Forest Resource Assessment (FRA) sample plots.
- **Environment.** Finland has strengthened environmental administration and management in highly-polluted industrial corridors, and is undertaking a solid waste management project in south-eastern Nepal.
- **Forestry.** Finland is implementing the FRA, and also a leasehold forestry project. Support to a Multi-Stakeholder Forestry Programme (MSFP) is currently being considered.
- **WASH.** Two bilateral projects in the western and far-western regions are helping to organise communities to achieve the delivery of safe and reliable water supplies, and to promote improved sanitation and hygiene. These projects work in the poorest parts of Nepal and have broadened their scope to livelihoods as well as gender and social exclusion.
- **Climate change mitigation.** By supporting the FRA and institution building, Finland is helping to create a capacity for climate change mitigation and funding in the forest sector.



- **Climate change adaptation.** Finland is supporting Nepal and nearby countries in developing early warning systems for weather-related disasters such as floods and glacial lake outbursts, to which Nepal is becoming increasingly vulnerable with climate change.
- **Land administration.** The country programme is supporting development of an open-access land administration system, as a contribution to resolving issues of inequitable land distribution and unclear tenure.
- **Trade and investment.** Finnish institutions encourage, enable and support private entrepreneurs in Nepal and Finland to establish partnerships and to strengthen the trade between private companies in the countries, while the country programme supports government and the private sector in their efforts to develop the export sector, and also collaborates with the World Bank's Information for Development Programme on business incubation.

## 3.2 Peace-building, governance and human rights

### Strategy

Lasting peace in Nepal is not possible without improving the lives and livelihoods of vulnerable Nepalis, which is hard to do in conditions of conflict. Because building peace needs coordinated, flexible, responsive and multi-donor support, there is a Finnish strategy to participate in well-considered multi-actor approaches rather than on fragmentary activities (EFK 2008b). This complements and responds to other co-ordination arrangements among donors in this area, especially including the leadership role of the EU Delegation to which EU Member States are particularly responsive. All of the interventions described below are guided by this strategy.

### Guidelines for multi-donor activity

Adopted first in 2003, the Basic Operating Guidelines (BOGs) are a key mechanism that the UN agencies, bilateral donors and international NGOs use for maintaining operational space in which to work during and after the conflict without military, paramilitary or political interference. They were designed to protect people affected by the conflict as well as the staff of aid agencies, are based on internationally-established humanitarian principles and legal standards, and have been accepted by all parties to the conflict. They have served well, and have only had to be adjusted once through the adoption of an annex on the 'Promotion of Diversity and Inclusion in Development Activities'. A BOGs Secretariat was established and held its first Annual General Meeting in October 2010. Finland participated and made a preliminary commitment to contribute US\$6,500 to help meet the costs of training sessions and town-hall meetings in the districts, and a further US\$4,000 for translating and printing BOGs materials in local languages, while also agreeing to represent the Secretariat in Nepal's Far-Western region (EFK 2010b). The Secretariat continues to maintain its role in one of the most important sources of security-related information for the embassy and Finnish-supported programmes in Nepal (EFK 2011a).



## **The Nepal Peace Trust Fund**

The NPTF is a government-owned programme established in early 2007 to implement the CPA, and its second three-year phase is now being implemented. The Ministry of Peace and Reconstruction (MoPR) has overall responsibility, but the projects it financed during the first phase were implemented by various government agencies, including the Ministry of Physical Planning and Works, the Ministry of Health and Population, the Department of Urban Development and Building Construction, the Department of Roads, district administration offices, the Cantonment Management Central Coordinator's Office, and the national Election Commission. The NPTF has financed projects on rehabilitating people affected by the conflict, including Maoist ex-combatants, on the election of the Constituent Assembly and other entities, and on managing cantonments, removing land mines, and reconstructing war-damaged public infrastructure.

Although observers note its cumbersome procedures and slow response to those in immediate need, the NPTF has so far disbursed more than US\$100 million, about two-thirds from government and the rest from Denmark, Norway, Switzerland, the UK, and Finland (which has contributed €6.5 million). Germany has recently begun funding the NPTF, and the EC is planning long-term support. The NPTF Donors Group meets biannually, in April to review the workplan and budget for the next fiscal year, and in November to review performance in the previous fiscal year. Between these meetings, donors meet with MoPR every two months to review progress and issues arising. The NPTF plans to expand its range of activities and include non-state actors as implementing agencies, with a view to strengthening local peace committees and supporting transitional justice through commissions on truth and reconciliation and missing persons once these are established. The NPTF is not immune to corruption or political interference, but it does carry out field inspections to curb malfeasance, and instances of very high-level corruption have been discussed in the NPTF Donors Group monitoring meetings.

## **Support for constitution building**

There is a diverse constituency of international support for constitution building in Nepal, with Switzerland, Canada, the USA, Denmark and Germany all involved in various ways (EFK 2008c). Finland and Norway have given support through a €0.19 million grant to International IDEA. The role of the latter is to facilitate expert exchange visits among Finland, Norway and Nepal, thus supporting the drafting of a new constitution, and to strengthen the Constituent Assembly's public information centres throughout Nepal. It also advises on best practices and offers space for dialogue among political parties in pursuit of consensus on the constitution. These services are vitally important because up to 27 political parties are involved in formulating the new constitution, with 601 delegates considering issues such as the precise nature of the federal system that will be created (e.g. whether it should be based on administrative units or ethnic homelands), measures to protect the rights of minorities, citizenship issues, and the choice of official languages. In all this, Finland's approach is not to provide a blueprint for the new constitution, but rather to offer neutral advice and a framework for constitutional development.

### **Office of the High Commissioner for Human Rights**

The OHCHR in Nepal has had an extremely important role in ending the conflict, and has received funding and a Junior Professional Officer secondment from Finland since it was opened in 2005, with an additional €0.5 million committed in 2009. It is based in Kathmandu and it has six other offices in Nepal, which address issues concerning: discrimination and economic, social and cultural rights; the strengthening of human rights institutions and civil society; and accountability, impunity and the rule of law. In September 2010, for example, the OHCHR released a report on alleged and uninvestigated extra-judicial killings by the security forces in the Terai. One of its other key roles is to support capacity building at the NHRC.

### **The National Human Rights Commission**

The NHRC was established on 26 May 2000 under the 1997 Human Rights Commission Act. The 2007 Interim Constitution of Nepal provided for its continuation, thus elevating its status to that of a Constitutional Body (NHRC & OHCHR-Nepal 2011). Finland granted the NHRC US\$0.156 million in 2001 and US\$0.189 million in 2005 (EFK 2008c), and contributed €0.4 million to an NHRC capacity-building project administered by United Nations Development Programme (UNDP) in 2009-2001, which is co-financed by donors that include the UK, Canada, Norway, Switzerland, the USA, Denmark and the United Nations Children's Fund (UNICEF). In January 2008 the NHRC asked Finland, through the OHCHR and on behalf of relevant ministries, to provide forensic expertise in examining a suspected mass grave of Maoist activists who had disappeared from detention in the Royal Army Barracks in Mahrajunj, Kathmandu. In response, Finland sent two experts to work with national experts on the investigation, a visit that was repeated in 2010.

### **UNSCR 1325 and 1820 on Women, Peace and Security**

Many women were victims of conflict-related sexual violence, and the survivors are often damaged in mind, body and social status. With a view to addressing this post-conflict problem, over 3,000 women were consulted in a process to develop a National Action Plan (NAP) on United Nations Security Council Resolutions (UNSCRs) 1325 of 2000 and 1820 of 2008 on Women, Peace and Security (MoPR 2011). The NAP was officially endorsed on 1 February 2011, making Nepal the first country in South Asia to have such a plan. Staff of the Finnish Embassy supported development of the NAP through its membership of the Peace Support Working Group, which also includes Australia, Canada, Denmark, the EC, France, Germany, Japan, Norway, Switzerland, the UK and the USA, as well as the World Bank and Asian Development Bank (ADB), International IDEA and several UN entities. Finland now intends to allocate significant financial support for implementation of UNSCR 1325 through the UN.

### **Other support for peace-building and human rights**

Finland contributed to UNMIN at the beginning of the peace process and has since participated actively in political dialogue as well as both the Utstein Group and the EU's group on Human Rights Defenders in Nepal (which it chaired in 2011). In Jan-

uary 2011 the Utstein Group, which includes European development ministers and others, released the Nepal Peace and Development Strategy 2010-2015. This calls for a peace-building and peace-sensitive approach, which is being followed in all Finnish bilateral projects, as well as projects that are implemented by Finnish NGOs and Nepalese NGOs under the LCF modality and other civil society organisation (CSO) support arrangements.

### **3.3 Education**

#### **Education as a priority**

Education, particularly in schools, is among the government's top priorities and has attracted much donor support. Finland's engagement with the sector was led by Finnish NGOs, and their work informed larger-scale ODA investments through government programmes, including Finland since 1999. Achievements in the sector are significant, and in 2010 it was estimated that almost 95% of Nepalese children of primary school age (grades 1-5) were going to school, up from 81% in 2001. In the case of basic education (grades 1-8) and secondary education (grades 9-12), 85 and 47% respectively of children attend school, and the enrolment of girls has increased partly as a result of improved sanitation in schools.

On the other hand, high repetition rates for grade 1 (at 23%), low persistence rates up to grade 5 (at 81%), and low internal efficiency all continue as challenges, as do teacher transfers, classroom teaching-learning processes, the distribution of textbooks, monitoring of educational quality, and service delivery in general. While statutes give students of grades 1-4 the right to education in their mother tongue, far too few resources are allocated to train teachers and provide reading material, there is no policy to recruit suitable teachers, and it is anyway hard to implement since students of a variety of linguistic backgrounds commonly study in a single classroom. Provision of school meals has improved with UN help but remains patchy, and while there have been improvements in transparency, financial control systems, and planning and administrative arrangements, remaining problems include deficient systems for paying and deploying teachers and for maintaining professional standards. The World Bank has however started to ensure that teachers are at least paid on time.

The Maoists also saw schools as a priority, though mainly as a vehicle for spreading their political message and many teachers became heavily politicised as a result. This could be seen as a continuation of a system whereby many teachers depend more on political patronage than on their line managers for securing attractive postings and career advancement. In any case, schools generally continued to operate in remote areas throughout the conflict, one of the few government services to do so.

#### **The Basic and Primary Education Programme**

The multi-donor BPEP I (1992-1998) aimed to improve access to primary education as well as its quality and management efficiency (Maslak 2002). Its successor BPEP

II (1999-2004) was a national SWAp that established a unified financing mechanism to channel donor support to an agreed core investment programme, while using a single set of monitoring, reporting, financial tracking instruments and procurement procedures (World Bank 2009). Its funding over five years was for US\$88.5 million, contributed by the International Development Association, Denmark, Norway, the EC and Finland (at 6% of the total, matching the government's own contribution of US\$5 million).

### **Education for All (EfA)**

The EfA SWAp (2004-2009) covered primary education, adult literacy and early childhood development, for which there were two categories of donor: pooled (which included Finland) and unpooled. Its funding over five years was for US\$629 million (World Bank 2011), contributed by the International Development Association, the UK, Denmark, Norway and Finland (at 2% of the total), all now dwarfed by government's contribution of 82% (at least US\$110 million of it borrowed). A review of the EfA commissioned by Finland in 2006 examined the programme in relation to the conflict and the political crisis in the country, and considered factors related to social, economic and political exclusion and to security (i.e. the immediate effects of violence). It focused more on the impact of education on the conflict than the reverse. It concluded that EfA targetted issues of exclusion and was therefore a highly appropriate response to conflict, being among the most suitable of instruments available to donors and reflecting key principles for working in fragile states (OECD/DAC 2007). It therefore recommended that funding be continued. While there was discussion on whether it was possible during an insurgency to support basic education meaningfully, the review strongly confirmed the importance of basic education, particularly to prevent the conflict from interrupting another generation's development.

### **The School Sector Reform Programme**

Finland is one of a number of donors contributing to a pool of funding for the SSRP (2009-2014), to supplement majority government financing and a contribution from the international Education for All Fast Track Initiative. The other pooling donors are the ADB, Australia, Denmark, the UK, the EC, Norway, UNICEF and the World Bank, and there are also bilateral contributions from Japan, UNESCO, the USA, the World Food Programme (WFP) and various international NGOs. Participation of the latter is assured through representatives of the Association of International NGOs in Nepal. The Finnish National Board of Education has also been commissioned to participate in donor meetings. There are also non-pooling donors which participate in meetings and joint review missions with the government.

Nine thematic working groups comprising government and donor representatives have been formed to advance the various specific aims of the SSRP. Continuing its practice since the EfA, Finland has been an active partner in these arrangements, and has assumed in its turn the annually-rotating role of focal point, which takes responsibility for coordination among the working groups. There is also an Education Development Partners' Group (EDPG), which gives donors a common voice in negotiat-

ing with government, and allows them to share or allocate responsibility and support for studies and evaluations. This has been of great help to donors in responding to governance and accountability issues, for example in formulating responses to irregularities, strengthening the decentralised management of community schools and their teachers, and addressing fiduciary risks and improving financial management.

The SSRP has a total budget of US\$2.6 billion (€1.8 billion) over five years, and in 2012 donor funding will be up to about US\$171.5 million (€118 million) or 22.6% of the annual budget (the rest being government funds). The total Finnish commitment is €16 million, with €4.7 million allocated in 2012. There is special Finnish interest in funding the development of the 'soft skills' component of TEVT for employment promotion. Another priority is to promote educational assessment and the development of a competency-based curriculum that emphasises relevance, high-quality interactive learning and locally-appropriate content. In 2010 Finland provided technical assistance to help build capacity for assessing students' learning achievements in the Ministry of Education. This was crucial in establishing a credible benchmark of the quality of school education, a metric on which the SSRP is now very keen.

The SSRP has operated since July 2009 and has a time-bound checklist of policy reforms on matters such as school restructuring, entitlement, quality improvement, social inclusion, assessment, the curriculum, teacher training, capacity building, governance, and financing. It also has an action plan for tasks that target factors such as the number, distribution and management of teachers, the availability and quality of textbooks, the inclusiveness of educational access, the distribution of funds to schools, financial management, and monitoring and reporting. The SSRP focuses on state schools, and has so far achieved the recruitment of 10,000 new teachers, and the awarding of grants to half of all girls and most marginalised and disabled students. Other achievements include the updating of school curricula, the introduction of a competency-based system to guide children's progress, and a law requiring 30% of primary school teachers to be women and every school to have at least one female teacher. Basic education is now free and there are moves to make it compulsory, while there is pressure to provide free secondary education.

Plans exist for the SSRP to include soft skills development. The grade 9 curriculum will be revised to respond to the needs of working life, and Finland has agreed to allocate funds for developing working life skills. Donors are however resisting the introduction of a full-scale vocational stream in addition to the academic stream at secondary level, and apprenticeships, vocational training, and schools specialising in commerce and agriculture are all being considered instead. The Finnish Embassy has one international technical assistance expert in education and one national expert who supports monitoring, and the MFA has signed an agreement with the Ministry of Education to support curriculum development, sample-based assessment, and soft skills development. Sample-based learning achievement tests will be administered at different grades with MFA support, though whether the government will require private schools to take the same tests is as yet unclear.

There are major reforms in the pipeline that will restructure school education into basic and secondary, while boosting the quality of education and trying to reach out-of-school children, but there remains a need to develop career structures for professional teachers and political interference in teacher management and accountability is a further concern. Corruption is also a problem in the sector, especially around payments for new school buildings and teachers' salaries where no school or teachers exist (Trues 2011). There were press reports on corruption in the procurement of textbooks during 2011, and the government is evaluating the extent of such irregularities. Sometimes at the request of donors, the government also periodically assesses the eligibility of expenses and in 2010 reimbursed disallowed claims to donors, which is expected to happen again in 2011.

### **3.4 Mapping national resources**

Finnish support has been made available from various budgets for mapping activities in Nepal, complementing the country programme by adding a consistent theme of technical assistance and capacity building. Examples include the following.

- In 1992-1998, two bilateral projects, implemented by Finnmap (FM-International Oy) and the Survey Department of Nepal, produced 1:25,000 and 1:50,000 topographic maps of eastern and western Nepal.
- In 1998-2003, Finnmap provided technical support to the Survey Department and the Central Bureau of Statistics with funding from Finland, Denmark and the EC. There were two main aims, the first being to provide maps for use in the 1991 census, and the second to maintain accurate knowledge of the demographic and socio-economic profile of the country based on that census. The Mapping Component also produced a digital database of all populated areas and up-to-date digital orthophotos that covered the most densely populated areas of Nepal.
- In 2004-2005, Finnmap provided technical support to the Department of Archaeology and UNESCO with funding from Finland and UNESCO's Kathmandu office. The digital mapping work contributed to piloting the Nepal Antiquities Information System, for the protection of archaeological heritage sites and the surveillance of land use around them.
- One component of the bilateral Forest Resource Assessment (see Section 3.6) is using mapped data from previous projects and other donors, as well as recent satellite images, to produce a consolidated forest cover map for Nepal (EFK 2010b). There is also collaboration between Finnmap and the World Wide Fund for Nature (WWF) in acquiring and using laser-based Light Detection and Ranging (LiDAR) data and aerial photos to produce one-metre resolution colour orthophotos for 1,125 sq km of FRA sample plots, a data resource that will greatly clarify above-ground biomass and therefore the carbon content of vegetation.



## 3.5 Environment

### Strengthening environmental management

The Strengthening of Environmental Administration and Management at the Local Level Project (SEAM-Nepal) began during the civil conflict in 2002, continued through its climax and conclusion, and was renewed in 2008 when a second phase began. It focuses on the industrial corridor between Biratnagar and Dharan in south-eastern Nepal, one of the most polluted areas in the country, and aims to help local authorities and industries in six districts to improve their capacity for environmental planning, management and monitoring. It has themes that integrate gender, social inclusion and poverty issues, and is seen officially by Finland both as a model for other thematic and regional programmes and as an experiment in support of Nepal's decentralisation (MFA 2009a). Highlights of the project's mid-term review (HVC 2010) included the following points.

- **Participation and ownership.** SEAM-Nepal has achieved effective participation and ownership at all levels, including the DDCs, municipalities, VDCs, communities, schools, industrial associations, industries and their staff, and also at the central level. These stakeholders have become active partners after awareness raising and capacity building, they set their priorities within the project framework and participate in decision making, and there are strong signs of ownership such as the partial payment of the salaries of Environmental Officers by DDCs, delegation of power to issue Pollution Control Certificates to DDCs, and budget allocations to the project by local trade associations.
- **Gender equity and social inclusion (GESI).** A GESI strategy has been formulated and used in such ways as: promoting small and traditional cottage industries that involve women and other disadvantaged groups; offering financial incentives to encourage and enable the poorest to participate in meetings, training opportunities and other activities; using positive discrimination to promote inclusive participation; and developing a communication strategy to mobilise empowerment of women and other disadvantaged groups.
- **Relevance.** The project is consistent with Nepalese policies and priorities, but the environment had not so far been accorded high priority at the central level because of the unstable political situation. There is, however, increasing public pressure for improved environmental management against pollution, and the project's support has been important in keeping the local administration operational during difficult times.
- **Effectiveness.** The project has too many indicators to allow meaningful monitoring and management, and the achievability of quantitative targets varied among the three components, with only one of them being likely to be achieved (suggesting either that efficiency was low or that the targets were unrealistic), but the project has nevertheless been making progress and having an impact on public awareness, capacity of local institutions, pollution control, public health, occupational health and safety, and environmental monitoring.
- **Efficiency.** The first phase of SEAM-Nepal gave the impression of higher efficiency than the second, in that it created 100 different environmental projects,

five eco-villages, 57 school programmes, 51 biogas systems and about 600 toilets, and made assessments for cleaner production in 25 industries resulting in most recommendations being implemented. Reduced efficiency in the second phase was attributed to the expansion of the project area into less industrialised and polluted locations where opportunities to make progress were more diffuse and logistical challenges were greater, as well as a higher number of activities being attempted and continued political instability and unpredictability in the business environment.

- **Sustainability.** The project has been very active in raising environmental awareness among stakeholders, and the impact of this is likely to be sustainable. Local government units with environmental responsibilities have received substantial capacity-building support but their memberships are vulnerable to staff rotation, especially among senior district and VDC staff although this is less of a problem among municipalities where institutional strengthening is likely to be more sustainable. Model environmental projects in villages and schools, environmental improvements in industries, and an environmental laboratory in Biratnagar were all considered to have good sustainability.
- **Impact.** The project's impact was being undermined by the fact that the resources of the second phase were thinly spread over a large area and many activities. The most important impact has been raised environmental awareness among a wide variety of stakeholders, which was thought likely to persist and continue to influence decisions in both the public and the private sectors. Although there was a short-term institutional impact on local institutions, the sustainability of this would depend on how motivated the institutions remain after support is phased out, and if they are involved in meaningful environmental administration and provided with adequate powers of enforcement. The project has also achieved health impacts resulting from a cleaner environment, by reducing open defecation, and by introducing improved cooking stoves that produce less smoke, although evidence of replication is sparse. There has also been a positive impact on occupational health and environmental monitoring, and the project was assessed as having no substantial negative impacts.

This rather positive review led to a number of recommendations, the most significant being that the project should be extended in a third five-year phase, rather than being completed by mid 2011 as envisioned in the agreed minutes of the 2010 country consultations (MFA 2010). The rationale for this was that the second phase had not been designed to support a phasing-out process, that the project had recently expanded to new areas, that many important processes were still immature, and that stakeholders and beneficiaries had not yet become able to function without project support. On the other hand, there should be no further extension of coverage or activities, the project should focus on those activities that yield tangible environmental gains, especially in the municipalities where sustainability is surer, and it should monitor their results and impacts rather than the activities themselves. The review also noted that the project should ideally cover only one state in the new federal system, so its geographical coverage and institutional arrangements may need to be reconsidered once



that system is introduced. Combined with the agreement between Finland and Nepal that the project remained relevant (MFA 2010), these proposals led to the design and evaluation of a 2012-2014 withdrawal phase with an additional budget of €3 million (EFK 2010b). Not all observers are as content with SEAM-Nepal as were the 2009 reviewers, however, and some tend to see the project as being implemented in near-isolation from Nepal's political and administrative circumstances, and note the distraction of Nepal's central authorities from environmental matters. It can be observed, however, that environmental projects of this sort are often appreciated more by local authorities and the local public, who are most affected by industrial pollution, than by national ones in countries with larger-scale issues to confront.

### **Managing solid wastes**

The Regional Solid Waste Management (SWM) Project (2010-2014) was formulated under the SEAM-Nepal project, with a Finnish contribution to the budget of €4.4 million. It aims to help construct a sanitary landfill to international standards, and also to assist in developing a sustainable regional solid waste collection and management system in the Morang-Sunsari industrial corridor in south-eastern Nepal. The project is currently preparing an area-based strategy for municipal waste, while pilot projects will be designed for each participating municipality to demonstrate key elements of the future regional SWM system, including composting, anaerobic digestion, source separation, efficient waste fee collection, and employment creation from recycling. The project suffered from delayed approval of the 2010/11 Government budget (since a large part of its budget comes from government), and was also delayed by slow progress in purchasing land and the time needed to complete an Environmental Impact Assessment or EIA (EFK 2010b). The delays created a need for a one-year extension, and an anticipated cost increase due to price inflation at a rate of about 12% annually for construction materials.

Meanwhile, the project's Inception Report was approved in February 2011, and over the next few months 17 hectares of land were purchased and surveyed, while the process of selecting EIA consultants began (EFK 2011a). Strategies on GESI and communication were also finalised, and cooperation arrangements were made with a UNDP SWM project. Discussions have also been held regarding possible cooperation with relevant initiatives of Germany, the ADB, the World Bank and the United Nations Human Settlements Programme. Nevertheless, observers note that delays in the project could have been predicted by a more effective risk analysis, and that the process of preparing the project could have more clearly defined the roles of various stakeholders. They also question whether the project is even implementable under prevailing conditions, and an independent team was due to review the situation in December 2011.

## 3.6 Forestry

### Background

Finnish support to forestry in Nepal began in the early 1980s, leading to the preparation of a Forest Sector Masterplan for 1989-2011 and a national forest inventory (Punkari, Sharma, Karki, Toivonen & Nybergh 1999). The masterplan, which was drawn up by the Ministry of Forests and Soil Conservation (MFSC), gave priority to meeting the needs of people for fuelwood, timber, fodder and other forest products, ahead of conservation, commercial and fiscal interests. It aimed to promote community participation, and to develop legal and organisational frameworks for this. It thus contributed to formulation of the Forest Act of 1993, which authorised the transfer to local user groups of the ownership of timber and non-timber products from community forests. This law created a solid foundation for community-oriented forest management, but conflicted with the Finnish approach to forestry prevailing at the time, which was oriented to private and commercial forest management. This tension came to a head with public and political resistance to Finland's proposed Bara Management Plan, the goal of which stressed commercial rather than community forestry in the sal (*Shorea robusta*) forests of the Terai (Koponen 2011; Sharma 2011). Although opinions still differ strongly on the justifications and merits of different points of view, the result at the time was a polarised debate that led to a breakdown in dialogue and the withdrawal of Finland from the forest sector in 1999 (Koponen, Suoheimo, Rugumamu, Sharma & Kanner 2011).

### Finland's re-engagement with the forestry sector

Finland's 2004 development policy promoted forestry and the 2007 policy further encouraged environmental sustainability as a key criterion for development cooperation. The former had little influence in Finnish programming in Nepal, owing to the suspension of new initiatives during the later stages of the civil war (Section 3.1). The 2007 policy, however, amplified by the strong personal interest of the Minister for Foreign Trade and Development, led to a decision by the MFA to re-engage with the forest sector in Nepal, and it was agreed with government to do so in the country consultations of October 2007. A new 'natural resources' cooperation sector was agreed, covering WASH, environment and forestry, and in January 2008 an identification mission was deployed to assess options and identify concepts for project formulation in the forestry sector, including related climate change issues (Forestry Nepal 2011). Options were further discussed and priorities agreed with the embassy and government during the minister's visit to Nepal in February 2009. An early commitment was to begin supporting the existing Leasehold Forest and Livestock Development Programme of the International Fund for Agricultural Development. While exploring other options, and partly because of its earlier involvement with forest inventory work, Finland also began supporting the FRA (MFA 2009b).

### The Forest Resource Assessment and IRCFRIT Project

Both the FRA (2010-2014) and the Improving Research Capacity of Forest Resource Information Technology (IRCFRIT) Project (2010-2012) are under the Department

of Forest Research and Survey (DFRS) of the MFSC. Key objectives of the FRA include institutional capacity building, maintaining forestry sector information systems, collecting data on all forest-based resources, and sharing information among forestry organisations. The need is for accurate forest maps and fresh data on forests, biomass and soils, to which the FRA is designed to contribute through national-level data collection using remote sensing technology and ground-based sampling. This involves measurements that go beyond timber stock, and include site productivity and potential, non-timber forest products, biodiversity and forest carbon. The latter is of growing importance as it creates opportunities to limit the release of greenhouse gases (GHGs) by reducing emissions from deforestation and forest degradation (REDD). The IRCFRIT Project is relevant here, as it is designed to improve national capacity to collect and manage large-scale forest inventory data to support environmental monitoring and reporting on forest resources, and the collection of statistics related to carbon fluxes. It is a €0.5 million Institutional Cooperation Instrument (ICI) project between the Finnish Forest Research Institute, the DFRS, two higher-education institutions in Nepal, and two similar institutions in Vietnam. It aims to build the capacity of partner agencies to improve forest governance, to reduce GHG emissions through REDD, and to enhance resilience to climate change, which are major issues in both Nepal and Vietnam. It should also be noted that a World Bank-supported cell in the MFSC that focuses on REDD plus sustainability safeguards (REDD+) may in future come under the auspices of the FRA, which would further enhance the influence of Finnish support in the forest sector.

Meanwhile, the FRA is starting to provide hard data on the current state of Nepal's forests, including trends in their area of coverage and composition. The results of the FRA will provide an evidence base for policy, legislation and regulation at the national level. Thus, Finnish support is helping to build capacity to manage information that will shape Nepal's ability to manage forests sustainably and to participate in climate change mitigation and adaptation. There is, however, the unresolved issue of defining the territorial units within which forests will be managed, since these are subject to constitutional definition. It is assumed that these will take the form of provinces, which will require forest data disaggregated to their level, but their number and borders are presently unknown. Since there are few foresters in Nepal who are trained to understand or use the data generated by the FRA, these will be either thinly or patchily spread amongst the new provinces. This implies a need for province-level interpretation of FRA data, perhaps with additional surveys to ensure that each province is fully covered, and for the presentation of FRA data in ways that allow non-technical investors and administrators, as well as communities, to understand the resources and their potential

### **Participatory forest management**

There is a long tradition of community-based forest management in Nepal, with indigenous codes of practice existing throughout the hills for centuries, although modern legal arrangements only date from the late 1970s (Stenbäck *et al* 2002). By the late 1980s it had been decided that community forestry was to be the priority for the

forestry sector in Nepal, and donors focused their support on it thereafter. It is now clear that this orientation has served Nepal well, and about 1.35 million ha (or 25%) of national forests have been handed over to local communities to be managed by local user groups. Although ownership of the land has been retained by the state, communities are allowed to collect revenue for themselves in perpetuity. More than 15,000 community forest user groups are now active across the country, and it is reported that they collect twice as much revenue as the government collects from state forests (Koponen 2011). Moreover, community forestry may well have played a role in the cessation of net deforestation in Nepal since 2005, which is shown by an indicator under MDG Goal 7 in Table 4, since improvements in forest condition have been documented in various locations that have been under community management. The MFSC has taken this into account in developing its community forestry guidelines, and in its continuing efforts to support ‘green economy’ forest-based enterprises.

### **The Multi-Stakeholder Forestry Programme (MSFP)**

Finland’s participation in the MSFP has yet to be confirmed, but the country programme has been expending resources in its formulation, Finland is considering becoming a major donor to it, and the MSFP has the potential to be extremely influential in the forest sector in Nepal. It is therefore necessary to address it briefly here. Its origins lie in the work of two of the most influential donors in participatory forestry, which ended their bilateral programmes in July 2011: the Community Forestry Project of the Swiss Agency for Development and Cooperation (SDC) after 25 years in three mid-hills districts, and the Livelihoods and Forestry Project of the UK’s Department for International Development (DFID) after 30 years in 15 districts. Experience from these projects showed that strong multi-stakeholder coordination mechanisms at various levels, and empowered and democratically-governed community groups, are critical for achieving improved forest management and impacts on poor people’s livelihoods. In February 2009, SDC and DFID began working with Finland and the MFSC on the design of the MSFP, aiming to ensure that Nepal’s forests are used in ways that contribute inclusive economic benefits to reduce poverty, while also mitigating climate change causes and impacts (EFK 2011a). As of August 2011, the design called for focused activities in 25 districts, using a programme approach that would respond to the following needs and insights (DFID, SDC, GoF & MFSC 2011):

- **The need for national coverage.** Existing programmes have proved the benefit of community forestry in limited areas, but the need to scale up is considered an urgent priority.
- **The need for effective linkages with other organisations.** Because the health of Nepal’s forests is related to conditions in other sectors, one pillar of the present Forest Sector Development Policy is increased integration and interaction with other sectors and processes, such as rural development, national land allocation, and agricultural and energy policies. For example, ineffective agriculture and livestock farming techniques lead to deforestation because additional land is needed to increase production, and because insecure land tenure prevents farmers from investing in forests. The forest sector also requires closer linkages with national decision-makers, such as the National Planning Commis-

sion and the Ministry of Finance, to capitalise on the potential role of forests in generating sustainable revenues.

- **The need for increased leverage in forestry sector reform and control of corruption.** Bilateral projects have often failed to deal effectively with these issues, but evidence is mounting that SWAPs in other sectors such as education have allowed donors to coordinate efforts and improve performance of government institutions and the control of official corruption.
- **The need for a harmonised approach,** to reduce duplication and focus on areas where support is needed most.
- **The need for increased stakeholder involvement,** to allow the development of a cohesive strategy with broad ownership in order to maximise returns from more intense but sustainable forest management.

The ambitions of the MSFP are rational, since most Nepalis depend on forests in one way or another, their population is growing rapidly, and the forests are under increasing pressure from opportunistic exploitation which might be relieved through better-informed and more purposive management. There is also the need for a mechanism through which to strengthen the MFSC as a forestry institution able to advise and supervise forest managers. In doing these things, however, the strengths of community forestry in terms of equity and environmental benefits will need to be preserved and advanced. The risk of criminality and corruption is also a real one in Nepal, but the prevailing view is that this risk can be off-set if the scale of the MSFP is large enough to provide forest stakeholders with sufficient leverage. The budget proposed for the MSFP is therefore large, at about €120 million. It has been proposed that this would be shared among Finland (€40 million), Switzerland (€33 million equivalent) and the UK (€47 million equivalent), but this would involve an exceptionally large investment for Finland, which rarely spends on this scale or takes on such a large share of a multi-donor commitment. Observers emphasise, however, that any decisions would necessarily be subject to other factors. One is that an independent review would be needed of the Forest Sector Masterplan for 1989-2011, and also the preparation of a replacement for it, i.e. the National Forestry Programme for 2011-2021. It is not envisioned that the MSFP will create any innovations before the latter is agreed, which will require wide participation at all stages. Other factors include the flow of interpreted data from the FRA, and the constitutional definition of provinces. The role of the MSFP will emerge more clearly as these various needs are met, but meanwhile the MSFP appears to be entering a start-up phase designed to maintain continuity of forestry support at least in the districts where the Swiss and British projects had operated.

### **3.7 Water supply, sanitation and hygiene**

#### **Institutional background**

The Nepal Rural Water and Sanitation Services Sector Strategy and its Action Plan were completed in November 2003 with the support of the ADB. The purpose of the Strategy was to guide the government, donor agencies, NGOs and the private

sector to prioritise investment decisions according to a commonly-agreed approach. This however was not implemented and the WASH sector continued to be splintered among competing ministries, banks, bilateral projects and NGOs with their own modalities and channels for funding. The Ministry of Physical Planning and Works (MPPW) has the lead role, but both it and the MLD have a large number of rural water and sanitation projects. Planning is founded on the Three Year Interim Plan, and the government takes the lead in sector-wide coordination and programming. In recent years, however, communication in the sector has been described as ineffective, with little sharing of information (EFK 2008b). The bilateral Finnish WASH sector projects have been steadily contributing to the gradual resolution of this situation.

### **The Rural Water Supply and Sanitation Project, Phases I-III**

Finnish assistance to Nepal in the WASH sector began with a mission requested by government in 1988 to formulate a long-term cooperation programme focused on drinking water. As a result, the Rural Water Supply and Sanitation Project (RWSSP) began in 1990. By the end of Phase I in 1996, it had introduced 110 drinking water and sanitation schemes in six districts of the Lumbini Zone of Western Nepal, serving an estimated 237,000 people in 54 VDCs. Phase II was implemented from 1996 to 1999 in the same districts. Its immediate aims were: (a) to strengthen the capability of the district-level and VDC decision-makers to plan for, coordinate, monitor and evaluate water supply and sanitation issues in their areas; (b) to strengthen the capacity of the sector agencies, and private-sector actors, to support water user groups in water supply and sanitation development; and (c) to complete the Phase I activities.

In trying to decentralise rural water supply and administration, funds were channelled through the DDCs and LDOs. A 'step-by-step' approach was used, in which beneficiaries participated in each step together with support organisations. Gender-related content was incorporated in the training of groups such as support organisations, water user committees, and women community health volunteers. Most of the baseline questionnaires, monitoring and reporting formats of different training events were subsequently disaggregated to account for gender as well. By the end of Phase II, water supply schemes for more than 100,000 people had been completed, with 68 gravity flow schemes for over 39,000 people, 27 shallow tube wells and dug wells for more than 50,000 people, and 18 rainwater schemes for nearly 13,000 people along with sanitation facilities for more than 18,000.

Key differences between Phase I and Phase II of the RWSSP included the establishment of a district water supply and sanitation fund, the channelling of funds through the accounts of water user committees, the size and composition of the budget, and the involvement of support organisations. Also distinctive in Phase II, in the context of the wider domestic water sector in Nepal, were elements of decentralisation, private-sector mobilisation, and the involvement of a new set of partners. The partner in Phase I had been the Ministry of Housing and Physical Planning at the national level and the District Water Supply Officer at the district level, but in Phase II it was the Ministry of Local Development (MLD) nationally and the DDC and the LDO



in the districts. Phase II transitioned into Phase III (1999-2005), which incorporated many of the same features in six or more district-based projects. Activities were integrated into existing organisations, but separate district support units were abolished and technical assistance was given directly to the DDCs. The latter were now expected to contribute at least 8% of their own revenues to water supply and sanitation measures. The MLD was still the main partner, thus reinforcing continued support to an on-going decentralisation process. The overall objective was in line with the government's ninth development plan (1998-2003), and Phase III improved water supplies for an estimated 216,000 people and sanitation for about 52,000.

Local resource mobilisation, capacity building, and participatory and gender-sensitive approaches continued to be the main strategies of the programme. A self-reliant funding scheme was introduced in areas where villagers were willing and able to contribute more to water supply and sanitation. In such areas the central government did not contribute at all, and DDC and Finnish contributions were limited to 25% of financing plus technical support. The allocation of funds and responsibilities to the district-based projects at local level was intended to lead to increased sustainability of water supply and sanitation.

The main strategy developments in Phase III were: (a) adoption of a holistic programme approach; (b) involvement of all ethnic groups/castes and particularly women in scheme identification and planning; (c) enhanced financial contributions from the beneficiaries; and (d) more efficient targeting to the most disadvantaged groups. These approaches enabled different methods to be used in the Hill and Terai districts. Access to water (through gravity schemes and rain-water harvesting) remained the main focus of support in hill districts, whilst environmental health and sanitation were the main focus in the Terai districts (Stenbäck *et al* 2002). In summary, in Phase I an impressive extension of water coverage was achieved using contractors to construct wells, while Phases II and III had greater user participation and achieved more community mobilisation, local ownership and the building of local capacity to plan and manage the schemes. Shifting the responsibility for planning and management to the local level slowed implementation, and in some cases the release of funds to user groups by the DDC, but communities were able to raise money to a greater extent than anticipated, and this led to greater local self-reliance in Phase III.

### **The RWSSP in Western Nepal**

Stenbäck *et al* (2002) concluded that the RWSSP had been successful, was recognised as such by government as well as other donors and stakeholders, and recommended its continuation and replication. They noted its grounding in community participation, and summarised its most important features as being: (a) a step-by-step approach; (b) supportive government decentralisation policies; (c) promotion of financial self-sufficiency; (d) integration of health and education issues with water and sanitation; (e) incorporation of women as active participants; (f) the use of diversified strategies to allow adaptation to local conditions and (g) active targeting of disadvantaged castes and ethnic groups. Responding to these recommendations, a new RWSSP for West-

ern Nepal (RWSSP-WN) was formulated following Phase III of the RWSSP itself. There was however a gap from 2005 to 2008 between these projects, due to Finland and other donors freezing aid following King Gyanendra's decision to seize power in 2005. The security situation in western Nepal was also particularly dangerous at that time, as the war moved towards its climax. The RWSSP-WN (2008-2012) therefore only began once the King had been deposed and the armed conflict had been brought fully to an end. The RWSSP-WN has since established itself at the forefront of promoting a comprehensive WASH package in Nepal. The number and use of toilets has increased greatly and many villages have been declared 'open defecation free', a trend encouraged by the authorities in at least one VDC (Rupal, Dadeldhura District) in the far western region, which refuses to recommend anyone for citizenship or school admission if they live in a house without a toilet (Paneru 2011a). Meanwhile, the districts replicating the project's approach without project funding have multiplied, and the project has built significant capacity among stakeholders at the District, VDC and community levels (HVC 2011).

### **Arsenic in ground water**

Naturally-occurring arsenic contamination of ground water is a serious health issue in the Terai, where most people depend on tube wells and where half a million people have been exposed to arsenic levels in drinking water greater than Nepal's standard of 50 parts arsenic per billion (ppb), and 3.5 million more to concentrations greater than the WHO guideline value of 10 ppb (Pokhrel, Bhandari & Viraraghavan 2009). Sustained exposure to high concentrations of arsenic in drinking water causes chronic damage to the human body, including changes to skin colour and texture, and an increased chance of cancer in the skin, lung, kidney, bladder and lymphatic system. The first evidence was reported in 1999 by the Department of Water Supply and Sewerage and WHO, and over the next few years they and others became active in arsenic testing and mitigation. The RWSSP-WN has therefore been supporting efforts to assess the problem of arsenic in ground water by testing wells and trying to locate safer supplies. The project has plans to assist 10,000 people with arsenic mitigation measures.

### **The Rural Village Water Resources Management Project (RVWRMP), Phases I and II**

The RVWRMP (Phase I in 2006-2010, Phase II in 2010–2015) focuses on some of the poorest parts of Nepal, ten mountainous districts in the Mid- and Far-Western development regions, with a total population of around 1.5 million. This is an area with better road access to the Indian cities of Delhi and Lucknow than it has to Kathmandu. The completion of a bridge across the Karnali River in 1993 made it more accessible, but even now the region is two days' drive from Kathmandu and several mountain districts can only be reached after several additional days of walking. The government is barely present in the remotest areas: schools have no teachers, health posts have no medicines, and VDC secretaries live in district headquarters. Malnutrition is common, particularly among children, and water-borne diseases are frequent. Men migrate to India in search of work for an average of eight months each year, and return with their meagre savings and, often, sexually-transmitted diseases. Deliv-



ery of development services is minimal, and there is pervasive corruption and discrimination based on caste and gender. Girls are often denied education and married off as children, while women are commonly barred from their homes while menstruating and generally denied the right to participate in development processes of all kinds. The overall position of some of these districts was described as “pathetic” by Hachhethu (2009, 13), who also noted that districts across the western and far-western regions typically rank in the lowest positions according to national HDI. The difficulties of working in the area are illustrated by ADB’s withdrawal of funding in March 2011 from community drinking-water projects in the far western region, citing slow progress and a lack of transparency in the operation (Paneru 2011b).

The original RVWRMP document reflected the Local Self-Governance Act of 1999, which emphasised decentralisation and the key role of the locally elected VDCs and DDCs. Like the RWSSP-WN, the project was delayed when King Gyandendra usurped power and all new projects were frozen, and the project agreement was only signed in September 2006, five years after preparations had started. Its aim is to provide for rational, equitable and sustainable use of water at the village level, thereby improving health, housing and environmental conditions, particularly those regarding water and waste, as well as increasing rural livelihoods opportunities. Comprehensive water-use master plans would be developed, while institutional capacity for water use management was to be improved. Environment was treated as a cross-cutting issue and environmentally-sensitive conditions were to be taken into consideration in the preparation of water-use master plans, while the role of women and the equal representation of men and women were emphasised. Democracy and good governance, in contrast, were mentioned only in passing. No details were provided in the document, however, concerning human or financial resources to be allocated to any of these three cross-cutting issues, making their implementation problematic.

### **Gender and social inclusion**

Government adopted its Local Infrastructure Development Policy in 2004, calling for development to be at the initiative and with the participation of local people, and for priority to be given to inclusive access to services, opportunities and resources for women, disabled, backward, oppressed, and low caste people. Also in 2004, the Rural Water Supply and Sanitation Sector policy, strategy and action plan similarly stressed the importance of gender and social inclusion in project implementation, and provided for enhanced participation by women and disadvantaged groups. Since discrimination and exclusion are prominent features in the RVWRMP project area, a GESI strategy was developed for the project during its inception phase, with the active involvement of an adviser from the Finnish Embassy. The strategy cross-cuts all project activities, including the recruitment of project staff, and the project budget was later revised to allocate resources to its implementation.

While the RWSSP focused its gender approach on integrating women into project work, the RVWRMP takes a much wider approach. Its GESI strategy notes that, beyond project-level interventions, it cannot seek social change in project communities

without also addressing these issues internally. It reports on the actual situation in the project area and identifies the practices, values and norms used to justify and rationalise discriminatory practices. While the degree and forms of discrimination vary among communities, the practices are always based on a mixture of faith, fatalism and fear that is maintained by traditional beliefs (Annex 4). Eradicating this, the strategy concludes, will require a process of social mobilisation, sensitisation and confidence-building that will take a good deal of time and, in some cases, generations.

In line with the rights-based approach, project personnel see the process of integrating cross-cutting issues and applying the GESI strategy as being just as important as the end results foreseen in the original project document. The project has therefore developed a comprehensive and participatory monitoring system that functions at all levels, one aim being to provide disaggregated data on the extent to which women and marginalised ethnic groups are involved in project activities and decisions. It also seeks to identify barriers to resources, motivations and experiences, and ways to reduce or remove these barriers. The participatory process used by the project has already sensitised stakeholders widely. Central and local government officials reportedly see the project as a good example of how to put into effect the principle of inclusion that is expressed in government policies. With MLD support, a large World Bank programme was recently prepared basing its implementation design on RVWRMP practices.

### **Remaining challenges**

Despite its progress, Phase II of the RVWRMP faces some serious challenges, including:

- the absence of locally-accountable officials with a long-term vision at the district level, since they are instead centrally appointed, are responsible for many projects, and frequently changed (this was not the case in Phase I, when locally-respected leaders were elected for the project to work with);
- corruption among local officials and user groups, which tends to occur around the award of contracts, and is expected by many local people who can resent efforts to tackle it;
- sustainability of water installations, because landslides and floods often damage them, and because water tariff systems are seldom sustained or sufficient to meet maintenance needs; and
- a tendency for the mostly-male DDCs to prioritise roads rather than water, which they consider to be the domain of rural women.

### **WASH for All**

The WASH sector has long been fragmented among different government institutions, and donor coordination has not been as effective as it should have been. It is considered possible, however, that Nepal is now reaching a stage at which a WASH SWAp may be viable, and in March 2011 Finland agreed to contribute €9.8 million in 2011-2015 to allow UNICEF to undertake a feasibility study and pilot programme in this area, known as WASH for All. The rationale for this partnership is that UNICEF

has had a strong presence in Nepal for many years, and has a track record in policy dialogue, building capacity on emergency preparedness and response, and in developing innovative approaches that target children as agents of change. In May 2011, a Joint Sector Review organised by MPPW and an independent sector assessment commissioned by UNICEF, Finland, the World Bank and ADB both recommended heightened attention to sectoral coordination, institutional capacity building, water quality, gender and social inclusion, WASH in emergencies, and monitoring/evaluation. It also concluded that the water decentralisation model set up through Finland's bilateral projects would be suitable for scaling up in a WASH SWAp. These were adopted by WASH for All as its own design constraints, and the feasibility study is now underway. Observers nevertheless consider it possible that UNICEF's chief interest in sanitation, combined with institutional difficulties in the water sector, may result in the anticipated WASH SWAp becoming a 'sanitation' SWAp instead.

### **3.8 Climate change adaptation**

#### **Weather and natural disasters**

The 'Finnish-Nepalese Project for Improved Capability of the Government of Nepal to respond to the increased risks related to weather related natural disasters caused by climate change' (2010-2012) is a regionally-funded €0.5 million ICI project between the Department of Hydrology and Meteorology of the Ministry of Environment in Nepal and the Finnish Meteorological Institute. Its rationale is that early warning can save lives, for example in preparing for floods and acting against mosquitoes that transmit dengue fever and malaria (*Aedes* and *Anopheles* spp. respectively), which are increasing their range with global warming. Technologies to support early warning exist but may not be available where they are needed, and communication channels to communities are often non-existent. Relieving such constraints can have very high rates of return on investment, and the project is designed to mediate such investments. It aims to address strategic needs identified by the Department, so it will introduce new technology and data management systems to help it anticipate and mitigate damage caused by climate change. It will also promote links with stakeholders such as the World Meteorological Organisation (WMO), UNDP and DFID, and especially links with a regional project on flood information systems in the Hindu Kush-Himalayan region (HKH).

#### **Regional flood information system**

The project to establish a Regional Flood Information System in the HKH region (2009-2012) is part of the WMO's World Hydrological Cycle Observing System. Here, using regional funding through the ICI modality, Finland is supporting the International Centre for Integrated Mountain Development (ICIMOD) in close collaboration with the WMO and regional partner countries (Bangladesh, Bhutan, China, Nepal and Pakistan) to build upon the results of a preliminary phase in 2001-2005. The ultimate aim is to minimise loss of lives and livelihoods by reducing flood vulnerability in the HKH region, with specific reference to the Ganges-Brahmaputra-Meghna and Indus river basins. It seeks to develop and strengthen a regional framework for cooperation

on sharing flood data and information between and amongst participating member countries through a common platform to be facilitated by ICIMOD. A regional and national flood information system is being established to share near real-time data and improve the lead time for taking risk reduction measures. The project will include the enhancement of the technical capacity of partner organisations in flood forecasting and communication aspects and will also support the procurement of equipment to allow rainfall and flow measurements in selected sites (ICIMOD 2010).

### **3.9 Land administration**

Implemented by the Food and Agriculture Organisation of the United Nations (FAO), and supported by Finland through the multi-regional framework in such a way as to complement the country programme, the Development and Piloting of an Open Source Cadastre and Registration (OSCAR) project aims to devise sustainable land administration systems in the pilot countries of Ghana, Nepal and Samoa. This is being done through the development of software and training modules which will then be freely available online. The idea is to offer an alternative to current proprietary software options for land administration by developing a fully functional OSCAR shell, an active user/developer community for it, and an institutional structure to support and maintain OSCAR applications in the target countries. The project will eventually provide an up-to-date cadastral data sharing and information system and database networking throughout each country, to support 'e-governance', good governance and transparency. In Nepal, the main partners are the Ministry of Land Reform and Management of Land Administration and the Land Management Training Centre. Prototypes have been developed and tested, and Chitwan and Lalitpur districts have been selected as pilots.

### **3.10 Trade and investment**

#### **Agreement for Promotion and Protection of Investments**

Foreign direct investment requires there to be satisfactory rule of law covering ownership rights, taxation, and the enforcement of contracts. Nepal's trade performance has been disappointing due to the political and security situation (EFK 2009a), and is among the priorities of the Nepal Development Forum which Nepal now leads. A comprehensive agreement was signed between Finland and Nepal in February 2009, during the visit to Nepal by the Minister for Foreign Trade and Development.

#### **The Nepal Trade Integration Strategy (NTIS)**

Finland and UNDP signed an agreement on supporting the NTIS in September 2009, by which Finland would contribute US\$45,000 or nearly 17% of the total budget. These funds are earmarked for implementation of Chapter 3 of the NTIS, which concerns market entry challenges in India and China. Finland's participation is in line with its Aid for Trade Action Plan 2008-2011.

### **The Information for Development Programme (infoDev)**

The purpose of infoDev, a programme of the World Bank and International Finance Corporation, is to create sustainable businesses in the knowledge economy. Funds allocated from the regional framework in 2010-2012 for Nepal, Cambodia and Vietnam are €3.4 million, with about 6% for Nepal where Finnish support is focused on business incubation for small enterprises using mobile telephony in agriculture, based on a partnership with Nokia (EFK 2010a; 2011a).

### **Finnpartnership**

Finnpartnership supports partnerships between companies in Finland and in developing countries. It is funded by the MFA and managed by Finnfund, and the latter has undertaken some preliminary work in Nepal, assessing the information and communication technology (ICT) and clean technology sectors (EFK 2008a), while also supporting work to promote Finnish business awareness on caste equity issues (IDSN 2008).

## **3.11 Non-governmental participation**

### **Complementarity with the country programme**

Finnish government funding to NGOs began in 1974 and has continued ever since, and the MFA funding programme accounted for around 12% of total Finnish ODA funds in 2009. The NGOs obtain funding by making proposals in line with Finnish development policy, and choosing their national partners and targets accordingly. There are three main windows for funding under this arrangement: grants to the three Development Foundations, Abilis (for disabled people), Kios (for human rights), and Siemenpuu (for the environment); grants under the Partnership Agreement Scheme to 11 large Finnish Partnership Organisations; and grants to small and medium-sized organisations. Nepal has long attracted Finnish NGOs, and has grown to become their biggest cooperation partner. Preference for MFA funding is given to projects that are outside the Kathmandu Valley and that focus on remote rural areas where the poorest people live, and NGOs are encouraged to align their work with local policies and to strengthen Nepali civil society. The NGOs work especially well at the village level, complementing bilateral relations by reaching groups and areas that would otherwise be left out.

In 2010, one-third of Finland's cooperation budget in Nepal, or about €5.7 million, was spent through 21 Finnish NGOs or foundations, working with local partners on more than 50 projects with a total budget of at least €11.2 million (EFK 2010a). The project themes were very diverse and included health (including mental and reproductive health, and family planning), education (including vocational training, teacher training, bilingual literacy and environmental education), human rights (including those of disabled people, women and children, and those related to trade unionism, child labour and land tenure), as well as civil society strengthening, forestry, tourism, veterinary services, food security and disaster preparedness. The NGO support budget declined somewhat to €5.5 million in 2011, but maintained the central feature of ensuring strong NGO complementarity with the country programme.

## Promoting democracy

Political Parties of Finland for Democracy (DEMO Finland) has had a particularly relevant role in Nepal. It brings together political parties represented in the Finnish Parliament (i.e. the Centre Party of Finland, National Coalition Party, Finnish Social Democratic Party, Left Alliance, Greens, Swedish People's Party in Finland, Christian Democrats and the True Finns). While also enhancing parliamentarians' understanding and interest in development issue, its purpose is to advance pluralistic democracy and multi-party systems in Nepal and Tanzania, where DEMO has established offices and in Nepal counterparts among the youth wings of 15 political parties. DEMO has operated in Nepal since 2006, and it has made considerable progress in engaging effectively with political parties through conferences, study tours, and numerous district-level workshops involving a cross-party youth platform. An evaluation of its work (Hällhag & Sjöberg 2009, 41) found in Nepal that "the political culture is hierarchical and even militaristic. To bind leaders into civil politics is thus crucial. In this respect DEMO's programme becomes one of the least costly peacekeeping efforts one can imagine". It also observed that "the immediate impact [of DEMO] is very positive and can have lasting effect in defusing political violence and promoting a more democratic culture" (Hällhag & Sjöberg 2009, 43).

## Funding for local development cooperation

Finnish embassies each control an LCF with which to make grants to local groups that contribute to the aims of development cooperation. The LCF is often used to support local NGOs and CSOs that are working on the cross-cutting themes or other areas that are considered important but are not otherwise specifically covered in bilateral programmes (Poutiainen, Mäkelä, Thurland & Virtanen 2008). In Nepal, the available LCF funding was €500,000 annually in 2005-2007 (Table 7), and this provision has continued since. Particular attention is paid to projects that strengthen civil society, that increase social and gender equity, that improve transparency, and that

**Table 7** Use of the LCF modality in Nepal, 2004-2007.

Feature/year	2004	2005	2006	2007
LCF funds available (€)	297 888	500 000	500 000	500 000
Number of projects	14	23	31	21
Total spent on projects (€)	161 487	465 977	421 601	379 734
Funding range per project (€)	1 103-30 503	1 043-128 797	3 116-49 945	389-50 027
<b>Average spent per project (€)</b>	<b>11 113</b>	<b>20 260</b>	<b>13 600</b>	<b>18 082</b>

Source: Poutiainen *et al* 2008.

help maintain local cultural identity. There is also a special emphasis on districts with a low National HDI, and on marginalised and excluded groups (EFK 2011b). In practice, the themes of peace-building and conflict transformation have tended to predominate in recent years. Current projects supported by LCF grants are listed in Table 8.

**Table 8** Projects supported under the LCF modality in Nepal, 2011.

Implementing CSO	Project	Duration	Location
Alliance for Peace (with Danida and ActionAid Nepal)	Strategic Framework and Operational Plan 2009-2013	2009-2012	Dolakha, Bara, Bardiya, Rukum, Rolpa, Sunsari, Kailali and Rupendehi
A School for Community	Shikharapur Skill Development Centre	2009-2012	Kathmandu and Makawanpur
Jagaran Media Centre	Media for Dalit and Social Inclusion	2010-2012	National level, Doti, Surkhet, Baglung, Dolakha, Ilam and Kathmandu
Development Centre Nepal	Promotion of Rural Livelihood and Clean Energy through Production of Jatropha Biodiesel	2010-2013	Chitwan, Gorkha, Tanahun, Kaski and Makawanpur
Sustainable Development and Research Centre	Farming, Processing and Marketing of Medicinal and Aromatic Plants (MAPs) for Sustainable Livelihoods	2010-2012	Kanchanpur
Samjhauta Nepal	Promoting Sustainable Peace Through Community Economic and Cultural Inclusion in Mahottari District	2010-2011	Mahottari
Institute of Human Rights Communication Nepal	Ensuring the Human Rights of Children and Women	2011-2014	Siraha, Sindhuli, Ramechhap and Dolakha
Himal Association	Travelling Kathmandu International Mountain Film Festival	2011	Dadeldhura, Doti, Kailali, Myagdi, Arghakhanchi, Nawalparasi, Panchthar, Ilam
Goreto Nepal	Quality Education Initiatives through Critical Thinking Methodology	2011-2014	Sindupalchowk

Source: EFK 2011b.



## 3.12 Roles of the embassy

### Decentralisation and reporting

As detailed by Caldecott, van Sluijs, Aguilar & Lounela (2012), a decentralisation pilot was introduced by the Americas and Asia Department (ASA) of MFA to parts of the Finnish embassy network in 2005, with the aim of creating a more synergistic relationship between the embassies and headquarters, through division of labour, the establishment of country teams at headquarters, and the placing of responsibilities for programming closer to the locations where implementation would be undertaken. Such agreements have since been developed with a number of embassies, and typically cover the allocation of responsibilities for country programming, financial planning and monitoring, other monitoring and reporting, identification and planning of interventions, procurement of short-term missions, contracting of consultants, bilateral and multilateral agreements, the financial management of interventions, the Quality Group process at headquarters, and quality assurance, practical measures and special needs.

Based on interviews and observations, it is understood that arrangements similar to these have been made between ASA and the Kathmandu embassy, and that many points of agreement (e.g. on the non-delegation of financing decisions, the joint nature of programming, and the embassy lead on identifying potential interventions) are now standard operating procedures within the MFA-embassy network. Associated with the decentralisation pilot there was an initiative to require comprehensive reporting by the affected embassies at six-monthly intervals. This applied to the Kathmandu embassy when the pilot was extended to it in 2008, and the reporting format that had been employed since 2005 by the Hanoi embassy was used as a model. These reports describe the political and economic situation of the country, attitudes and activities within the donor community, and the various sectoral, cross-sectoral and thematic activities contained within the country programme, along with explanatory and analytical annexes, issues arising, and actions planned or events, meetings and visits anticipated during the next reporting period. It is hard to over-state the utility of these reports, for incoming personnel as well as for evaluators, in presenting a time-line of events and actions that summarise the historical development and current status of large parts of the country programme, including some of the key influences that have shaped it.

### Programming and added value

Key aspects of country programming during most of the period of this evaluation has been a joint responsibility of the embassy and ASA, with the embassy taking additional lead responsibilities in identifying interventions, in liaising with government and other donors, and in monitoring and reporting. In 2007-8 there was the trial of a programming process based on a Country Assistance Plan that was elaborated jointly by ASA and the embassy (MFA & KAT 2008). Before this, particularly close relations with government had been developed by the then Chargé d'Affaires, which facilitated the continuation, re-starting and initiation of Finnish-supported activities in the



WASH, climate change, education and peace-building sectors. Planning for the 2007 bilateral consultations started immediately after the CPA was signed, aiming for late 2007 when a new development policy would be in hand. The 2007 policy guided dialogue in the direction of environmentally sustainable development, and therefore to the water, forestry and climate change sectors.

The Chargé d’Affaires was killed in a helicopter accident in 2006, however, and the 2007 bilateral discussions were led by the Under-Secretary of State for Finland (rather than the new Minister for Foreign Trade and Development, who first visited Nepal in February 2009) and the Secretary of the Ministry of Finance for Nepal. The new Chargé d’Affaires maintained and further developed close working relations with the line ministries and particularly with the Ministry of Finance. There was a high degree of continuity in the Finnish efforts, in line with the government’s three-year interim plans, especially in peace-building, governance, human rights and education (although the focus on TEVT represented a compromise between the views of embassy and minister). There was also the addition of forest inventory work at the minister’s strong encouragement, although the Nepal side was compliant with this, as it was with the continuation of the environment projects that were less clearly based on central government priorities.

The whole current programme was ratified at the November 2010 country consultations, which agreed that cooperation in forestry and education would continue while cooperation in the WASH and environment sectors would eventually be phased out, but that everything would meanwhile continue to grow as planned without major changes in content. Observers attribute the smooth dialogue to the fact that the embassy was so close to the Ministry of Finance and several line ministries, including forestry, as a result of frequent joint problem solving, and also that the two sides’ views were very similar. The history of the country programme is therefore one of healthy dialogue, agreement and occasional compromise among the various parties, mediated by an effective embassy staff enjoying close relations with government stakeholders (Section 4.12).

## 4 APPLYING THE EVALUATION CRITERIA

### 4.1 Relevance

**The peace process and good governance.** The absence of widespread political violence is a pre-condition for overcoming all other development challenges. Lasting peace cannot be achieved, however, without also promoting good governance (in our definition: *stable, lawful and effective governance maintained by accountability to an informed electorate*), since this is a precondition for sustainably reducing corruption and inequality, which are among the root causes of conflict. Recognising this, and also that Finnish

resources alone are insufficient to the task, Finnish efforts join with those of other donors in actions directed to calming conflict (i.e. creating the space for dialogue, negotiation and compromise), building negotiated agreements on the ground-rules of governance (i.e. creating an agreed constitution), and promoting mutual respect and reducing oppression, exploitation and suffering (i.e. protecting human rights). These efforts have taken the form of: (a) supporting the NPTF, which provides resources for managing camps, reintegrating former combatants, rehabilitating displaced people, organising elections, strengthening the rule of law, and supporting the peace process; (b) supporting constitution building, mainly through International IDEA, which promotes the flow of knowledge into and among the factions that are trying to hammer out a viable constitution; (c) supporting the OHCHR, which addresses discrimination and human rights, the strengthening of human rights institutions and civil society, and accountability, impunity and the rule of law; (d) supporting the NHRC, which investigates and seeks to repair human rights violations of all kinds; and (e) participating in the Utstein Group, which promotes the mainstreaming of a peace-building and peace-sensitive approach in all bilateral ODA and NGO interventions. This is all supported by complementary investment through Finnish NGOs and their Nepalese counterparts, with particular attention to poor districts, marginalised and excluded groups, and the themes of peace-building and conflict transformation.

- **Country programme score:** ‘a’.

**Education.** If an informed electorate is necessary to the establishment and maintenance of good governance, then education is highly relevant in a country that is struggling to achieve it. Moreover, a lack of education, particularly among girls and the socially disadvantaged, is a major cause of continued inequalities based on gender, caste and ethnicity, so inclusive education is a key to achieving more broad-based development and social harmony in Nepal. It also yields multiple additional benefits in the areas of health, family size, mobilisation to protect human rights and the making of informed choices in elections, while also opening new opportunities to people who depend on farming in fragile environments. Finland has supported Nepal’s education SWAps since 1999, and these investments are fully relevant to the priorities of the Nepalese and Finnish governments, and to the strategic needs of the Nepali people.

- **Country programme score:** ‘a’.

**Mapping national resources.** Finland has supported the development of improved maps and spatial data in Nepal, including topographic maps for the whole country and remote sensing of the national FRA sample plots, thereby meeting strategic needs and providing a much improved basis for development planning by many development agencies.

- **Country programme score:** ‘a’.

**Environment.** Finland has strengthened environmental administration and management in highly-polluted industrial corridors, and is undertaking a much-needed solid waste management project in south-eastern Nepal. Whilst necessary this work has not received high government priority in the post-conflict circumstances of Nepal.

- **Country programme score:** ‘b’.

**Forestry.** Finland is implementing an FRA that will provide policy makers with reliable information and provide the basis for a National Forestry Programme, and is also supporting a leasehold forestry project that will benefit some of the poorest people in the country.

- **Country programme score:** ‘a’.

**WASH.** Reliable water supplies are critical resources for any kind of development, and are rendered vulnerable by poor management of farms, forests and other catchment ecosystems, and potentially by climate change. Catchment management, climate proofing and the exploration of payment for ecosystem services arrangements are all absent from Finnish assistance in the water sector, which undermines its relevance given Nepal’s circumstances, and greater strategic ambition in these areas would be appropriate. However, the actual delivery of safe water to communities, and the organising of communities to manage this, helps meet short-term needs for direct water supplies, while the promotion of improved sanitation and hygiene helps reduce mortality and morbidity from water-borne and fly-borne diseases, which are high in Nepal. Finland is supporting Nepal in tackling these issues through low-cost infrastructure and behavioural change, and the projects concerned both work in the poorest parts of Nepal and have broadened their scope to livelihoods as well as gender inequity and social exclusion where the need is greatest. On the other hand, selective targeting on the poorest communities and households within districts makes it hard for the projects to achieve district-wide impacts through district-level planning.

- **Country programme score:** ‘b/c’ (‘b’ for tactical relevance, ‘c’ for strategic relevance).

**Climate change mitigation.** By supporting the FRA and through IRCFRIT, Finland is helping to create a capacity for REDD+ compliance and funding, which has the potential to contribute to mitigation efforts and revenue generation provided donor and investor resources are mobilised in line with government interests and international mitigation and carbon financing measures.

- **Country programme score:** ‘a’.

**Climate change adaptation.** Finland is supporting Nepal and nearby countries in developing early warning systems for weather-related disasters such as floods and glacial lake outbursts, to which Nepal is increasingly vulnerable with climate change. Within Nepal, there is investment in building capacity to anticipate climate change impacts and communicate with vulnerable communities.

- **Country programme score:** ‘a’.

**Land administration.** Inequitable land distribution and unclear tenure is a serious source of conflict and unsustainability in Nepal, so Finland’s support for developing an open-access land administration system is potentially relevant, although it addresses only some of the constraints to improving governance and transparency in land administration. Digitising poorly-surveyed and poorly-mapped land records may have

the effect of perpetuating past injustices, and resolving conflicting claims may well be a significant challenge.

- **Country programme score:** ‘b/c’.

**Trade and investment.** Finnish institutions encourage and enable private entrepreneurs in Nepal to enter the Indian and Chinese markets, facilitate the introduction of mobile phone technologies that provide key information to farmers, and establish nurturing partnerships between Nepali and Finnish businesses.

- **Country programme score:** ‘a’.

## 4.2 Efficiency

Finland maintained its field presence throughout the armed conflict and so avoided the costs of closing down and restarting projects. New interventions were however frozen in 2005 until after the CPA had been signed and peace was on the way to being restored, which had the effect of avoiding exposure of valuable resources to dangerous and uncertain conditions, again with efficiency gains. In common with other donors Finland has favoured SWAPs to gain the benefits of government ownership, the potential leverage available from collaborating with like-minded donors on sector reform, donor harmonisation, unified monitoring and reporting systems, and greater efficiency in service delivery. The Finnish strategy, visible most clearly in the PGHR and education sectors, has been to deploy funding to obtain access to forums where Finnish influence, knowledge and added value can do most good at least cost. Great care has been taken in monitoring implementation and safeguarding Finnish investments from corruption in service delivery. Finally there are signs of agility in applying Finnish added value through relatively low-cost technical inputs, targeted partnership-building and strategic investment to create capabilities and open doors in diverse areas, with the country programme therefore acting as a ‘seed bed’ for facilitating the engagement of Finnish actors, which can then apply their own abilities and investments to particular enterprises, while also bringing benefits to Nepal.

- **Country programme score:** ‘a’.

## 4.3 Strategic effectiveness

To obtain good governance, which is a precondition for sustainably reducing corruption and increasing all forms of social and financial investment, Finnish actions are directed correctly to calming conflict and building negotiated agreements on the ground-rules of governance. In this enterprise, some criteria are absolute (e.g. the absence of widespread political violence), while others are not (e.g. the details of how the state is organised and accountability achieved, as long as they are agreed and viable arrangements). This distinction is reflected in the Finnish approach, which is firm on peace-building, but non-prescriptive on constitution-building. Other items are essential to the sustainability of good governance (e.g. measures to prevent gross injustice and inequality, and to promote effective education), and yet others are necessary

if prosperity is to be achieved (e.g. a population with the skills to invest productively). Again, Finland is directing its resources correctly, with human rights being strongly promoted, education as a major theme of the country programme, and TEVT for employment promotion being a key theme of its engagement in education. These qualities of excellence in the PGHR and education sectors, and in the 'seed bed' role of embassy activities, contribute to the strategic effectiveness of the programme as a whole. Other nationwide results, in terms of capacity building or replication of measures by other donors, are being obtained or can reasonably be expected in a range of other sectors, potentially including forestry, WASH, resource mapping, and climate change mitigation and adaptation.

- **Country programme score:** 'a'.

#### 4.4 Impact

Although impact is hard to attribute to individual participants in multi-actor interventions, very important impacts at national level will flow from investments in the PGHR and education sectors. Significant impacts on health, livelihoods and equity at community and to some extent district level are being achieved by the bilateral WASH projects, which have established best practices that are being used by government and other donors, so are also having an impact at national level. Finnish support to the FRA and other inventory, survey, mapping and capacity-building activities in forestry and land use help create opportunities for impact if they are used by other actors in applying forest management systems, in developing REDD activities, in effective planning and in controlling corruption. Climate change early warning systems can have important impacts if information is disseminated and used effectively. Meanwhile, the environment projects are likely to have substantial impacts, owing to the long-term health benefits of avoided pollution.

- **Country programme score:** 'a'.

#### 4.5 Sustainability

Results flowing from investments in the PGHR and education sectors, and in mapping national resources and building capacity for climate change mitigation and adaptation are all in line with government priorities, are largely implemented through national institutions and are likely to be institutionally sustainable. Elements of the WASH projects have sustainability through community-level behavioural change (e.g. on open defecation) and organisational change (e.g. on user groups and cost recovery), although a lack of locally-accountable district officials, corruption, and politicisation of the civil service do pose risks to sustainability that are very hard to control. That the projects do not address the large-scale integrity of the catchments on which they depend for water supplies, and are vulnerable to climate change, are issues of environmental sustainability.

- **Country programme score:** 'b/c' for institutional sustainability; 'c/d' for environmental sustainability (overall 'c').

## 4.6 Coordination

Because so much development cooperation in Nepal has a multi-donor aspect and is in line with plans developed by the ministries concerned, both donor-donor and donor-government coordination systems are important and prominent. Aside from day-to-day informal dialogue and joint problem solving, which is characteristic of relations between the Finnish Embassy, government and other donors, there are a number of formal coordination arrangements. These include the high-level Utstein Group which focuses on the peace-building agenda, supplemented by a joint programme on the peace process through the NPTE. There are also sectoral coordination committees which are often led by relevant ministries. In the education sector there is a multi-donor basket funding arrangement with nine donors jointly making funding decisions and with the Ministry of Education managing overall finances, while among donors there is also the EDPG in which donors share responsibilities and develop common positions. The water sector is more complex as several ministries are involved; here UNICEF manages the financing for what may become a WASH SWAp. It should be noted that SWAps can involve compromise on issues such as tolerance of fiduciary risk. Also that Finnish participation in all relevant coordination mechanisms has contributed to their effectiveness, as well as leveraging considerable Finnish influence over key processes to collective benefit.

- **Country programme score:** ‘a’.

## 4.7 Complementarity

Finnish PGHR interventions are highly complementary to one another, as well as being a good fit with the WASH sector projects (because of their impact on GESI and community solidarity) and in principle also with support to the education sector (because of the need for an educated electorate in sustaining good governance). As a contributor to sectoral basket funding, Finnish interests in education are diverse, but a special interest in TEVT and hence life skills and employability, rather than, say, citizenship skills, means that the chief complementarity is more with economic sustainability than with the governance and rights agenda. Nevertheless, in these areas internal complementarity is high, as is external complementarity since all respond to high government priorities and there is excellent cooperation among donors. The same can be said of the forest inventory, climate change and resource mapping interventions. The MSFP may one day fit into the same cluster, but this will depend on how it develops (i.e. if climate resilience and REDD opportunities are taken fully into account in forest management), and the same can be said of the WASH sector (i.e. if actions on holistic catchment management and climate proofing were to be added). Trade and investment activities are not inherently complementary to any particular theme, and the environment projects stand rather alone without being grounded in government priorities.

- **Country programme score:** ‘a’ for the PGHR, education, forest inventory/mapping and climate change interventions; ‘b/c’ for the others (overall ‘b’).



## 4.8 Compatibility

Finland has sought to meet the priorities of Nepal through frequent dialogue, particularly between the embassy and relevant government ministries, and more formally through high-level country consultations in 2000, 2003, 2007 and 2010. The agreed minutes of each record discussion of Nepal's own priorities, which were based on five-year development plans. The first two bilateral consultations were informed by the 1998 development policy and its 2001 operationalisation plan, but under conditions of civil war affecting much of the country. Phase III of the RWSSP, Phase II of the BPEP, Phase I of SEAM-Nepal and various mapping activities were meanwhile underway, all in line with Finnish policy and the government's eighth and ninth development plans. There was a pause in programming following King Gyanendra's usurpation in 2005 and the terminal climax of the civil conflict, but three-year interim plans were introduced following the CPA in late 2006. The first (2007/8-2009/10) stressed the importance of the peace process and rebuilding infrastructure, while the second (2010/11-2013/14) added job creation and rural development to these priorities. Close dialogue was maintained between the embassy and government before, during and after the 2007 bilateral consultations, allowing a high degree of continuity in Finnish efforts and congruity with government's priorities, especially in PGHR and education, and the whole current programme was ratified at the November 2010 country consultations.

- **Country programme score:** 'a'.

## 4.9 Connectedness

At a country programme level, the target systems are those that define and maintain the country's economic performance and the quality of its prevailing social relationships. These systems in Nepal are vulnerable to political conflict (e.g. between classes, parties, secessionist movements), external interference (e.g. by powerful neighbours advancing their own political, trade, cultural or territorial interests), external economic events (e.g. recession affecting remittance payments) and physical processes (e.g. climate change, extreme weather, seismic shock). Nepal is an ecologically fragile country emerging from a long civil war with deep internal divisions, uncertain political institutions and two populous, competitive and assertive neighbours. It is therefore inherently vulnerable to connectedness issues, but the country programme itself is exemplary in addressing at least some of the root causes of this vulnerability. By targeting the causes of internal conflict (e.g. inequality, exclusion, ignorance, lack of solidarity), promoting dialogue-based rather than violence-based solutions (e.g. through peacebuilding, human rights and constitutional development), and laying the foundations for development and greater economic security (e.g. through efforts on trade and investment, resource inventories, vocational training, land tenure and community-based resource management), the programme is contributing to creating a stronger country that will be more resilient to future shocks beyond its control. Connectedness and

vulnerability issues remain, and there is room for improvement in addressing them (particularly on the climate change side), but many current signs are reasonably positive.

- **Country programme score:** ‘c’.

#### **4.10 Coherence**

Finland’s development community is very diverse and comprises the MFA (with its ‘troika’ of ministers and related portfolios of diplomacy, trade and development), partner country embassies, numerous governmental, non-profit/non-governmental, academic and technical institutions, all funded at least partly by government under various instruments (and sometimes created specifically to access particular instruments), plus for-profit enterprises which accept government contracts or government facilitation of investment opportunities. Whilst the individual entities each have their own specific purposes, the MFA and embassy seem able to maintain good communication with all concerned, and to orchestrate them with a light touch that allows them all, most of the time, to advance their own interests without competing with each other in an unhealthy way, while also advancing the interests of Nepal in line with its own and with Finland’s development priorities. There are also sufficient lines of communication among development actors to ensure coherence within the sectors where Finland is active, but the situation beyond those sectors is unknown. Thus few signs of a lack of coherence are visible.

- **Country programme score:** ‘a’.

#### **4.11 Finnish added value**

The role of FAV in aid effectiveness is currently being evaluated in research using case studies in Nepal, Nicaragua and Tanzania. The mid-term report (Koponen *et al* 2011) notes a general transformation of Finnish aid from technical to more value-based forms of assistance. It also explores the WASH sector projects in Nepal in some detail, observing that in their minimal use of Finnish expertise and equipment, and emphasis on participation and equity, they were almost polar opposites of disastrous water sector interventions in Tanzania two decades before, and were presumably informed by them. They point out, however, that this change did not in itself represent FAV since the later projects respond to prevailing values within the global development community at the time. Pending their full report, it can be said that perennial Finnish concerns include those for gender equality, sexual and reproductive health, accountable and decentralised governance, human rights, equality and democracy, poverty reduction in deprived rural areas, and the empowerment of civil society. These values give rise to special interests that clearly animate the interventions in the PGHR and education sectors, the GESI strategy embedded within the WASH projects, and the NGO portfolio.



More specifically, we observe that in peace-building, Finland's perceived neutrality, and the willingness of its agents to work in remote locations and harsh conditions, is outstanding. Hällhag & Sjöberg (2009, 43) observed, for example, that DEMO Finland in Nepal had "strong added value at a time when no other foreign partners would or could engage directly with political student and youth organisations across the political scale. A Finnish activity was accepted as neutral and inoffensive enough [to allow this]". Caldecott *et al* (2010, 93) also observed that "unobtrusiveness can be an advantage in some circumstances, such as in politically-tense Nepal, where Finland's inoffensive and neutral reputation allowed it to engage with opposed stakeholders in the conflict". There is also a Finnish tendency to work cooperatively, enthusiastically and transparently with others, for example by promoting inclusive consultation and planning, by employing aid modalities that are essentially supportive of civil society, by acting as a moderator between the donor community and government, and by emphasising harmonisation and coordination among donors. All these features are represented within the country programme. It can finally be noted that Finland maintained its field presence throughout the armed conflict when other donors withdrew, and that this is consistent with expectations if it is considered that one aspect of FAV is a cultural feature which may be described as perseverance in the face of adversity (*siksi* in Finnish).

- **Country programme score: 'a'.**

## **4.12 Partner satisfaction**

Congenial working relations between the embassy and government seem to have been the norm in Nepal throughout the evaluation period. Interventions were consistently based on shared development objectives, modified at times by constructive negotiations around differences of emphasis. Although government would prefer greater progress on the Paris Declaration indicators, in particular more programme aid and government control over funding, this dissatisfaction is not with Finland alone but with the whole donor community. The evaluation team did not receive a single negative comment on any aspect of the country programme itself. Rather, observers were more interested in explaining its success, which is attributed (at least in 2006-2011) to the following factors: (a) familiarity and close collaboration with the relatively small number of donors present in the country; (b) an excellent team at the embassy and at the MFA regional/country desks; (c) very good rapport between embassy personnel and the heads of mission representing other donors (especially the World Bank, DFID, ADB, SDC and several UN agencies); (d) counterparts of consistently high quality in government (especially at the Ministry of Finance); (e) a sense of optimism when the conflict came to end, which faded to some extent but was sustained by the thought that peace itself was the most valuable 'peace dividend'; (f) helpful visits to Finland by the ministers of Finance and Education in 2008, the Prime Minister in 2009, and the Foreign Minister and Deputy Prime Minister in 2010; g) the fact that Finland represented the Czech Republic's EU presidency in 2009, which facilitated donor coordination and relations with government; and (h) the fact that from May

2009 for 18 months there was a caretaker government, during which senior officials remained in place, and unlike some donors Finland was willing to deal with the government despite its caretaker status.

Considering the sectoral dimensions of the country programme: (a) in the forest sector, the MFSC is positive over Finland's re-engagement; (b) in the education sector, informants at the ministries of Finance and Education expressed appreciation of Finland's contributions (apparently regarding Finland as having the best education system in the world, and considering Finland's support for TEVT as particularly appropriate); (c) in the WASH sector, Finnish inclinations towards maximum participation and inclusion align well with Nepalese policies, there is wide recognition and respect for Finland's work by other donors, and both the financial management and GESI strategy that were developed by Finnish support have been replicated by other partners; (d) in the environment sector, Finland's work in south-eastern Nepal has been commented on very positively; (e) in the PGHR sector, amongst other positive views it is thought that the extended dialogue, facilitated by International IDEA and the embassy, between the President of the Finnish Supreme Court and the Maoist leadership contributed to the relative independence of Nepal's Constitutional Court.

- **Country programme score:** 'a'.

### **4.13 Programming logic**

All aspects of the country programme in the evaluation period represent rational choices, developed in dialogue with government, designed appropriately and in response to real needs. The Finnish response to issues of PGHR, usually conducted on a joint basis with other donors, has been comprehensive, nuanced and strategically effective. In addressing the sustainability of good governance Finland is directing its resources correctly, with human rights being strongly promoted, education as a major theme of the country programme, and TEVT for employment promotion being a key theme of its engagement in education. In targeting inequality and exclusion, the WASH sector projects and GESI strategy are models that are being copied by other donors elsewhere. Similarly, Finnish engagement with forest inventories, land tenure issues, participatory resource management, trade and investment, and climate change are all based on sound analysis and effective if rather fragmentary action. There is, however, a need for greater strategic ambition in the linked areas of water, forestry and climate change, a subject addressed further in Section 6.4.

- **Country programme score:** 'b'.

### **4.14 Replicability**

Some components of the WASH sector work are already being replicated and a senior government observer noted that the entire scope of the bilateral WASH projects is now replicable with government's own resources. There is some concern about rep-

licability relating to the unsure peace process, ongoing politicisation and low accountability of civil servants, low morale and poor motivation among civil servants at all levels, and rampant malfeasance. All the interventions however appear to be adopting best practices for working in this context, and in trying to improve the operational environment, and so are as replicable as one may reasonably expect. In addition, a key to success in the country programme has been the effort put into building and maintaining very close relations with government, especially the Ministry of Finance, and this is eminently replicable (and should be replicated) to other country programmes.

- **Country programme score:** ‘b’.

## 5 ANSWERING THE RESEARCH QUESTIONS

### 5.1 The evaluation matrix

A number of evaluation questions were posed in the ToR. These were unpacked into research questions in an evaluation matrix in the Inception Report, with the aim of guiding the evaluation towards answers that would meet the MFA's need for clarity on particular issues (Section 1.2). The answers for the Nepal country programme are given in the following sections.

### 5.2 Meeting the priorities of Nepal and Finland

#### **Research question 1.1: How and to what extent did programme activities meet the priorities of Nepal?**

The Nepal country programme has been based on clear shared objectives and sound joint analysis of the context, priorities and risks; it is not compromised by any conflicting strategic objectives on behalf of Finland; and it is delivering useful outcomes that contribute to achieving the MDGs. No undue pressure has been exerted on the national partner, and the programme's Finnish proponents and administrators are seen as working neutrally and transparently to support poor and excluded people. Finland has sought to meet the priorities of Nepal through frequent dialogue, particularly between the embassy, the Ministry of Finance and concerned line ministries, and also more formally through country consultations in 2000, 2003, 2007 and 2010, in which the record shows that Nepal's own development plans were consulted and taken into account. Thus the programme is seen as highly responsive to government plans, both before and after the CPA. Finland has also participated in government-led donor mapping and coordination exercises to make best use of combined resources in implementing these development plans, while cooperating with general donor coordination mechanisms such as the Utstein Group, and sectoral ones like the EDPG. Through its reputation, diplomacy, and (relatively small) contributions to joint funding arrangements, Finland has consistently gained access to key decision-making fo-

rooms where it has catalysed outcomes in support of Nepal's development agenda, especially in the areas of PGHR, education, and WASH. Through its support to the FRA, Finland has also positioned itself to induce further support to livelihoods and climate change responses through investment in the forestry sector, all of them in line with Nepal's priorities. In the education sector, Finland's intellectual support has been appreciated, in part because of Finland's reputation, and partly because of its multiple modes of engagement, in which the focus on TEVT and multilingual education are particularly welcome. In the WASH sector, Finnish inclinations towards maximum participation and inclusion align well with Nepalese policies and have greatly strengthened project effectiveness and sustainability.

### **Research question 1.2: How and to what extent did programme activities meet the priorities of Finland?**

Finnish priorities in the 1998 development policy and 2001 operationalisation plan were ratified in the 2000 and 2003 country consultations and meanwhile translated into continued interventions in the WASH sector (i.e. Phase III of the RWSSP), the education sector (i.e. Phase II of the BPEP) and new investments in environment (i.e. Phase I of SEAM-Nepal) and various mapping activities. A civil war was underway at the time, however, and the King's usurpation of power in 2005 followed by the climax of the conflict, its resolution at the end of 2006, and its aftermath in 2007, all interfered with programming and the start of new initiatives. The 2004 Finnish development policy therefore had little direct influence in Nepal, and it was the 2007 policy that guided the expanding country programme after 2007. Even so, there was much in common between the earlier and later country programmes which reflected the continuity between the 1998 and 2007 development policies.

Finnish priorities in the WASH sector continued to be applied through the early start in 2006 of Phase I of the Rural Village Water Resources Management Project in Far-Western Nepal, and in 2008 a successor project to Phase III of the RWSSP in Western Nepal. In the environment sector, Phase II of SEAM-Nepal was initiated in 2008 and the Regional Solid Waste Management Project in 2010. In the education sector, the nationwide multi-donor SWAp 'Education for All' continued, and by 2009 had given rise to the SSRP. Finnish disengagement from the forest sector in 1999 was not due to a policy shift but to a dispute over a particular proposal. The re-engagement occurred largely due to the personal interest of the Minister for Foreign Trade and Development, in line with the 2007 development policy over the formulation of which he had been quite influential. A new element was climate change, and together with forestry this interest in natural resources was welcomed by the Nepalese government and gave rise to Finnish participation in the FRA, two later forest initiatives, and two climate change adaptation projects. Finally, the traditional cross-cutting issues of Finnish development cooperation were mainstreamed in various important ways (Section 5.4), driven by the particular needs of Nepal in and after 2007 but fully in line with the 1998 and subsequent development policies. These various directions were agreed in the 2007 bilateral consultations, and ratified in the 2010 discussions.

### **Research question 1.3: How and to what extent did policy dialogue help enable development?**

Policy dialogue between Finland and Nepal was routinely sustained in the evaluation period and particularly from the mid-2000s through regular contact, close communication and joint problem solving between the embassy and various ministries, especially including the Ministry of Finance. These interactions were supplemented by formal country consultations in 2000, 2003, 2007 and 2010, the last two of which (respectively held in Kathmandu and Helsinki) were particularly relevant here and were marked by a convergence of views on most issues with observers describing them as constructive and free of discord. Also supportive of policy dialogue were: (a) encounters in third countries in 2008 between the Finance Minister (now Prime Minister) of Nepal, and the Finnish Under-Secretary of State and Minister for Foreign Trade and Development; (b) visits to Finland by Nepal's ministers of finance and education in 2008, by the Prime Minister in 2009, and by the Foreign Minister and Deputy Prime Minister in 2010; and (c) a visit to Nepal by the Finnish Minister for Foreign Trade and Development in February 2009. Dialogue between the two countries was also maintained at other levels through numerous official exchange visits, study tours, trade delegations and evaluations by diverse stakeholders, ranging from professors and MFA advisers to journalists and youth representatives. All of this contributed to building and maintaining very good rapport between Finland and Nepal, which observers list among the main success factors in enabling effective development co-operation. This was further amplified by constructive dialogue between the Finnish Embassy and key donors, especially the World Bank, DFID, ADB, SDC and several UN agencies, but also other members of the Utstein Group in Nepal and the EDPG, and Finnish contributions to support dialogue facilitated by International IDEA and the NPTF.

## **5.3 Modalities and the Paris Declaration**

### **Research question 2.1: How do the various modalities rate in Paris Declaration terms?**

Finland has given General Budget Support (GBS) to only four of its long-term partner countries, and this only since 2001: Mozambique (2003 to date), Nicaragua (2005-2007), Tanzania (2001 to date), and Zambia (2007 to date). These decisions were based on the 2001 operationalisation of the 1998 development policy which, like the 2004 policy (but unlike the 2007 one), was strongly positive about this modality. At the time, however, the civil war and prevailing levels of corruption in Nepal meant that the use of GBS there was never seriously considered by the MFA, and in historical terms the window for it has now effectively closed. Nevertheless, budget support is an attractive prospect for the Government of Nepal, which would certainly prefer as a rule for all donor assistance to be based on sectoral budget support or government-controlled basket funding and directed to implement government plans through SWAPs, with joint monitoring and evaluation of their performance. Such arrangements would, in fact, be wholly in line with the principles of the Paris Declara-

tion, but the donor community, including Finland, continues to resist committing itself to this approach in Nepal, mainly because of serious and widespread corruption in the country and the immature arrangements for controlling it. Nepal, for example, was one of only three countries (alongside Chad and Tanzania) in which the quality of their public financial management systems deteriorated since 2005 (OECD 2011). There is also the feeling, especially among Finnish observers, that country ownership is not synonymous with, and must be larger than, government ownership. Thus a cautious and nuanced approach is being taken by donors, in which managed risks are taken in particular areas and fiduciary risks are avoided entirely in others.

As a result, although there has been some progress towards improved aid effectiveness over the last decade despite the civil conflict and related constraints, specific implementation of the Paris Declaration principles remains weak in Nepal (Ministry of Finance 2010). The most highly-developed SWAPs are in the health sector (in which Finland does not participate), and the education sector, in which Finland does participate and where 95% of donor funding now flows through PFM systems (OECD 2011). Government is strengthening its role in the co-ordination of development assistance, and has now taken over the chair of the Nepal Development Forum from the World Bank. Increased attention is being given to investments with shared responsibility, as indicated by Finland's support to the incipient WASH SWAP (i.e. WASH for All), as well as the pooling of resources through the NPTF and the increasing frequency of multi-donor meetings in which Finland participates that are convened by the Ministry of Finance. The country programme has a strong decentralisation dimension (e.g. the use of district development funds in WASH sector projects) as well as funding complementary involvement of NGO/CSOs. It is therefore relevant that Nepal tends to encourage co-ordination and capacity building with local governments, and also the participation of CSOs in development (OECD 2011). Finally, in addition to increasing the volume of its aid year on year, Finland is increasing aid predictability through multi-year commitments, while also exploring new ways to deliver aid in closer coordination with government and other donors.

## 5.4 The cross-cutting themes

### **Research question 3.1: How and to what extent are the cross-cutting themes mainstreamed in development?**

The cross-cutting themes of Finnish development cooperation are conventionally listed as comprising good governance, democratic accountability, rule of law, human rights, gender equality, HIV and Acquired Immune Deficiency Syndrome (AIDS), and the proper functioning of political parties and parliaments, with environmentally sustainable development as a parallel objective. The CCTs have been mainstreamed in the Nepal country programme in two key ways. First, in the case of gender and social inclusion (an aspect of human rights), they are embedded especially within the WASH sector projects. While the RWSSP has focused on integrating women into project work, the RVWRMP takes a much wider approach. Its GESI strategy calls for



addressing gender and exclusion issues both internally, by monitoring the extent to which women and marginalised groups are involved in project activities and decisions, and by seeking social change in project communities. Having identified the nexus of faith, fate and fear that is the root cause of discrimination, it responds through a participatory process of social mobilisation, sensitisation and confidence-building. This has already raised awareness widely among stakeholders, and both central and local government see the project as a good example of how to put into effect the principles of inclusion that are expressed in their policies.

Meanwhile, in the cases of peace-building, good governance and human rights, these CCTs were mainstreamed as a major focus of the whole country programme, a new dimension driven by the particular needs of Nepal following the CPA. Finland has contributed to these through its support to the NPTF, International IDEA, OHCHR, NHRC and by other means (Section 3.2). Meanwhile, the work of DEMO Finland has contributed to the proper functioning of political parties and parliaments (see Section 3.11), which is also indirectly advanced through Finnish support to inclusive education and for improvements in the lives of the least advantaged in the WASH sector projects, as well as the promotion of democratic participation in school management committees, water user groups and forest user groups.

Finally, there are two sound environmental projects in south-eastern Nepal that focus on pollution and waste control. Their true potential as a starting point for mainstreaming sustainable consumption and production in urban, small or medium-sized enterprise and industrial development has not yet been communicated, however, and government asked in the 2010 bilateral consultations that they be eventually phased out. This could perhaps be corrected through policy dialogue, to bring priorities into line with current thinking at an international level and among partners such as the EU. Aspects of the 'green' environment, however, are embedded in the WASH sector projects and in the forestry and climate change initiatives, although there remains much to be done in terms of uniting them into a programme of environmentally sustainable development.

**Research question 3.2: To what extent has paying attention to cross-cutting issues contributed to achieving the aims of development cooperation?**

Several of the CCTs have not just been mainstreamed, but they have become the mainstream in the sense that making progress on PGHR is seen as a key to development in Nepal, and they have been invested in accordingly through the country programme. Others to do with promoting gender inequity and correcting social exclusion are being advanced within the WASH sector projects and are demonstrating how progress can be made. Their utility as practical demonstrations for groups with similar policies, but a lack of experience in implementing them, largely accounts for the enthusiasm with which these initiatives are responded to by local and central government and other donors. Thus paying attention to the CCTs has been critical to achieving development aims in the country programme.



## 5.5 Translating policies into activities

### Research question 4.1: What processes are used to translate development policy into activity designs?

Finnish policies, plans and actions have followed on from each other through logical procedures without undue delay. For example in 2007 a policy decision was made to re-engage with the forestry sector, in 2008 a mission of experts was fielded to assess opportunities, and by 2009 programmes were being funded. Bilateral country consultations between Finland and Nepal have taken place every 2-3 years (with a gap in 2004-2006 because of political events), providing opportunities to negotiate priorities. When decisions are made to start in a new area, such as climate change and forestry, Finland has generally brought in the required expertise to fully consider the proposal and provide options for those stages of project cycle management. Sometimes when entering a new area Finland has chosen to join in with established multilateral approaches such as the NPTF or education SWAp. In other cases it has set up bilateral projects such as SEAM-Nepal and the WASH sector projects, or else chosen to support the established programmes of international groups such as International IDEA and WWF. Wherever appropriate, Finland has taken an active role in project cycle management through the identification, formulation, monitoring, evaluation and re-design stages. In accordance with the decentralised division of labour between the embassy and the MFA, country programming is done jointly (e.g. through the CAP), while it is the embassy that takes lead responsibility for identifying and planning interventions, contracting consultants to support this, and for routine monitoring and reporting (Section 3.12).

## 5.6 Finnish added value in programming

### Research question 4.2: Is Finnish added value reflected in the selection of modality and activity design?

As noted in Section 4.11, perennial Finnish concerns focus on governance, equity, health, rights, poverty and civil society empowerment. These values give rise to special interests that clearly animate the elements of the country programme that are concerned with PGHR, gender equity and exclusion, water and sanitation in remote areas, and generous support for diverse parts of the NGO/CSO community through the LCF modality locally and through complementary grants managed by MFA headquarters. It can be questioned whether these interests and choices are specifically Finnish in nature, as they are consistent with theories of international best practice in development as they have evolved over the last three decades (Koponen *et al* 2011), but the unique diligence with which they have been put into practice, over sustained periods, in difficult locations, and surrounded by challenging social circumstances, is surely a hallmark of distinctiveness. Even the choice to make repeated interventions in Western Nepal (RWSSP Phases I-III in 1990-2005, and RWSSP-WN 2008 to date) is consistent with a pattern of ultra long-term Finnish commitments seen in other contexts, one that is particularly appropriate to changing ingrained behaviour patterns

(e.g. those that address gender inequity and exclusion), and are likely to be helpful in natural resource management where progress is typically slow and can be frustrating.

There are also technical areas where Finnish actors conceive themselves to have a distinctive ability to contribute, including multilingual and TEVT-oriented education, forest inventory, data management and mapping, ICT, clean technology, water supply, GESI strategies, and facilitation of multi-stakeholder dialogue for appropriate purposes. Since Finland is widely perceived as an unpolluted, well-governed, gender-equitable country with abundant sustainably-managed forests, a high-technology economy, the best education system and highest-quality water supplies in the world, and a record of conflict management through dialogue, this image is plausible to all concerned. It moreover has particular resonance in Nepal where the reverse description might well be applied. It also translates into choices of modalities and activities, for example in the education SWAPs, the Finnish role in facilitating dialogue with multiple governmental and non-governmental stakeholders and forums in the PGHR area, and in the various WASH, forestry inventory, environment and mapping projects. Thus it seems fair to say that FAV has had a strong influence in country programming, and in the selection of modality and activity design.

## **5.7 Strengths and weaknesses of the country programme**

### **Research question 5.1: What are the main strengths and weaknesses in the cooperation programme in Nepal?**

One strength of the country programme is that it is founded on such a close relationship with government. Another is that it is intelligently formulated to maximise Finland's impact, as a relatively small donor, in meeting both Nepal's and Finland's objectives. A third is that a willingness to work in difficult locations has made the programme much more responsive to the realities of Nepal as a whole than would have been the case if it had worked, like many other donors, only around the main urban centres. Finally, there has consistently been flexibility in responding to changing needs and opportunities, combined with both a clear understanding of development needs gained through a long partnership with Nepal, and effective use of leverage gained by working with larger and multiple donors. Besides which, the consistent excellence of Finnish team leaders, other experts, and embassy staff, and the relationships that they maintain, must also have made a contribution to the continuity, direction and impact of the country programme.

The main weaknesses of the country programme lie in the lack of a strategic ambition to address fundamental, long-term environmental constraints to do with sustainability of water supplies and climate proofing of development processes in rural areas, and in a failure to explain to government the strategic relevance and potential of the environmental projects. The sector programmes and projects do have weaknesses, but these are not attributable to the country programme itself, being due to the political and administrative constraints that surround them. A possible concern is that the

rapid increase in the volume of the country programme, while its leaders and managers respond to the long list of development challenges in Nepal (Section 2.2), could lead to further fragmentation. This risk can to some extent be offset through analysis, policy dialogue and actively seeking connections among activities that contribute to a small number of strategic objectives, such as climate change adaptation.

**Research question 5.2: Can strengths and weaknesses in cooperation programmes be traced to strengths and weaknesses in policy or in the mechanisms that translate policy into practice?**

The four key strengths noted previously (i.e. the relationship with government, investment in strategic leverage, willingness to embrace challenges, and flexible response to change) chiefly reflect the personal attributes of the individuals (both Finnish and Nepali) who developed and delivered the country programme. The 1998 and 2007 development policies guided them towards certain kinds of engagement, interaction with the MFA (e.g. through jointly developing the CAP and during the ministerial visit in 2009) modified and added themes to some extent, and dialogue with government ratified the direction of the programme, but personal influences seem to have been decisive. These were impacted by such events as the civil war in 1996-2006, the suspension of democracy in 2002, the royal usurpation in 2005, the CPA in 2006 and political turbulence since, as well as the ongoing constraints of inequality and corruption, but the quality of the programme as much reflects successful adaptation to all these factors as constraint by them. The chief weakness of the country programme might be attributed to a lack of clarity in the influential 2007 Finnish development policy on exactly how in practice to integrate major inter-connected themes (in this case water, ecosystem management, and climate change), though this could perhaps have been corrected by the individuals concerned if they had possessed these particular skills and interests.

**Research question 5.3: Can best practice examples be identified?**

Finnish interventions in PGHR, education, WASH and forestry inventory are best practices in terms of: (a) analysis of need and appropriate targeting; (b) delivery of maximum Finnish influence at least cost; and (c) creation of opportunities for the use of Finnish added value. Another best practice is the process of preparing a specific GESI strategy and its effect of including the CCTs within the RVWRMP and SEAM-Nepal projects, which are rare demonstrations of effective CCT mainstreaming.

**Research question 5.4: Can worst practice examples be identified?**

Nothing that could be described as a worst practice was identified in the Nepal country programme. In view of the key role of individuals in the small country team, however, fatally exposing the Chargé d’Affaires to the inherent risks of helicopter flying in the Himalayas might be cause for some thought and the development of risk-management protocols by the MFA.

### **Research question 5.5: Were development instruments complementary with one another and coherent with policy?**

The various development instruments used in Nepal (i.e. bilateral projects, multi-donor basket funds, SWAps, NGO, LCF and ICI interventions) were employed synergistically, and with good regard for complementarity and policy coherence.

## **6 CONCLUSIONS OF THE EVALUATION**

### **6.1 Putting policy into practice**

The end of the civil war in 2006 created an opportunity to begin planning for a new round of bilateral dialogue in October 2007, by which time the draft development policy was available. The Finnish side was represented by the Under-Secretary of State and the Nepali side by the Secretary of the Ministry of Finance, and it was understood that the meeting was to plan for an expanded country programme, in which at least the well-established water supply project in Western Nepal (which had continued throughout the war) was to continue, and investment in education was particularly requested by government. After the consultations, the CAP was prepared in early 2008 by the embassy and the country team at MFA, coinciding with an effort by the MFA to improve their planning tools and to give a greater role to embassies in agreeing priorities with the relevant geographical department.

After the CAP process, the minister visited Nepal in February 2009. This visit involved intense discussion on Finnish support in the education sector, resulting in a compromise in which Finland would emphasise the TEVT dimension. The minister also strongly encouraged the embassy to plan for a Finnish re-entry into the forestry sector, based on the findings of a 2008 mission, which informants believe would not otherwise have occurred. These choices greatly influenced the country programme, which now revolves around forestry (i.e. the FRA and potentially the MSFP), water supply and hygiene (i.e. WASH), TEVT soft skills in the SSRP, urban environmental issues, and post-conflict PGHR.

The evaluation found most aspects of the country programme to be of a very high standard, and there are several reasons for this. As noted in Sections 4.12 and 5.2, these included the presence of effective national officials in key ministries (particularly the Ministry of Finance) and close relations between government and embassy (assisted by high-level visits between Nepal and Finland), as well as the more serendipitous factors of the 18-month caretaker government, the simultaneous arrival after the war of women leaders of the World Bank, DFID, UNICEF, WFP and Finnish delegations, who made a point of touring the country together and harmonising their perspectives, and Finland's role in representing the Czech Republic's EU Presidency during 2009. The embassy was able to identify these opportunities and use them to very good effect.

## 6.2 Issues of focus and fragmentation

The country programme expanded in volume dramatically after 2006, as areas of investment continued (e.g. in education, WASH, environment), were re-started (e.g. in forestry) or added (e.g. in PGHR), plus significant complementary interventions on resource mapping, capacity building (e.g. for climate change mitigation and funding in the forest sector), early warning systems for weather-related disasters, an open-access land administration system, the facilitation of trade and investment, and on participation by the Finnish and Nepali NGO communities. The result is a programme that appears non-compliant with the EU Code of Conduct (EU 2007), Guiding Principle 1 of which states that “EU donors will aim at focussing their active involvement in a partner country on a maximum of three sectors”, although it explains in a footnote that “in limited cases, where donors face a significant reduction in sector coverage, this target may be increased to engage in more than three sectors, taking full account of partner country views, neglected issues of particular importance and a realistic timeframe to support any change in their country programmes.” The Code allows for GBS and support to civil society and research to be additional to sectoral engagement.

Use of the word ‘sector’ is quite important here, since it is often used in the literature as a kind of shorthand for any thematic area, and these evolve rapidly with changing priorities and practices. As a result the word is slippery, and Guiding Principle 1 of EU (2007) merely notes that “the appreciation of what constitutes a sector, being intuitive or informed, should be done in a flexible manner”, i.e. by agreement between the partners. The country programme, then, currently engages with at least five sectors (i.e. PGHR, WASH, environment, forestry and education), of which two (WASH and environment) have been agreed to be phased out eventually, and PGHR will hopefully one day pass from being an urgent national need to an area that can be treated as a set of cross-cutting themes. Thus, the fragmentation of the country programme can be seen as a temporary phenomenon, one that applied stress on limited embassy resources when the various initiatives were being formulated and initiated, but in which pressures are now easing back to within the embassy’s management capacity.

However, there is at least one issue arising that may be relevant to future programming. An important feature of the way in which Finland works in Nepal is as a minor (*ca* 5%) donor in the multi-donor contexts of PGHR and education, a role which gives it influence in such forums as the NPTF and NHRC, and a place in others such as the Utstein Group and EDPG. This approach offers a way to exert maximum influence at least cost, while also allowing for the development of additional bilateral interventions to target specific areas where solutions can be piloted and tested, and knowledge gained to inform government policy or donor practice (a role, for example, of the WASH sector projects). It is interesting to note, however, that Finland is considering a quite different role in the forestry sector, by becoming a major (*ca* 33%) donor in the MSFP. This would give Finland responsibility for leadership in a complex and potentially-controversial programme, the details of which are still unclear

and which therefore represents a significant contingent liability (i.e. a large commitment to an uncertain process). Since observers report that the decision to explore this commitment was made under pressure from the former minister, in the absence of this pressure Finland might have chosen a less exposed position within the forest sector, for example by building on the FRA and capacity building for climate change mitigation investment.

### 6.3 Matters of performance

Table 9 summarises the findings of Section 4, giving scores for the 14 evaluation criteria applied to the country programme as a whole, taking into account only those activities that were current during the evaluation period. The programme was awarded good or very good scores for most of the criteria used. If all the scores are transformed into their numerical equivalents (d = 1, c/d = 2 ... a = 7), their overall mean value is 5.9, considerably higher than any of 22 Finnish development cooperation activities evaluated by Caldecott *et al* (2010). The strengths and weaknesses of the programme are as summarised in Section 5.7.

**Table 9** Country programme scores for evaluation criteria.

Criterion	Notes and scores (where 'a' = <i>very good</i> , 'b' = <i>good</i> , 'c' = <i>some problems</i> , and 'd' = <i>serious deficiencies</i> )
Relevance	Overall score (b). Problems in strategic relevance.
Efficiency	(a).
Strategic effectiveness	(a).
Impact	(a).
Sustainability	Overall score (c). Problems in environmental sustainability.
Coordination	(a).
Complementarity	Overall score (b).
Compatibility	(a).
Connectedness	(c). Problems in internal politics, external relations, climate change.
Coherence	(a).
Finnish added value	(a).
Partner satisfaction	(a).
Programming logic	(b).
Replicability	(b).

Source: Sections 4.1 to 4.14.

## 6.4 Potential for improvement

Table 9 makes clear that the overall score is brought down by problems in only three areas: strategic relevance, environmental sustainability, and vulnerability to factors outside the country programme, especially national politics, external relations and climate change. Though small in number, these problems are complex and will be hard to address. Neither national politics nor external relations are appropriate fields of intervention, and can only be addressed indirectly through efforts that Finland is already supporting. These efforts include encouraging and enabling peaceful and inclusive dialogue, and strengthening the systems that define and maintain Nepal's economic performance and the quality of its prevailing social relationships, and therefore its ability to protect and advance its own interests. The other weaknesses would need to be addressed through a strategic review of the country programme, to analyse and clarify the likely outcomes and risks of its current trajectory, and options for consolidating the water, forestry and climate change initiatives within community-based and district-level climate change adaptation. Some relevant points follow, and recommendations are given in Section 7.

### Governance

The Finnish strategy has been to deploy funding in a highly targeted way, so as to obtain access to forums where Finnish influence, knowledge and added value can do most good at least cost. It is hard to think of a more necessary and appropriate set of approaches, but there may be room for additional measures, such as: (a) the creation of a good governance fund to make grants to projects and institutions that enhance civil society capacity to promote good governance, that help build a culture of transparency by targeting corruption, and that investigate and publish on the public administration, financing and justice systems; and (b) the promotion of 'south-south linkage' visits by legislators, officials and civil society representatives from Nepal to other developing countries where major programmes of post-conflict governance reform and reconciliation have occurred.

### Environment

The environment projects address important matters of environmental sustainability in urban and industrial contexts, ones that could be built upon as essential elements within a 'green economy' initiative based on sustainable consumption and production (SCP). This would be in line with current thinking at an international level (e.g. that led by the United Nations Environment Programme) and among partners such as the EU (which is investing increasingly in SCP), but the Government of Nepal seems not to fully appreciate the potential of this approach. This might be corrected through policy dialogue.

### Water

Finland's bilateral water supply projects have supported the creation of local systems that attract community support, participation, maintenance and cost recovery. Such systems are rightly seen as best practices, but there is the question of whether they



give adequate attention to the management of water-bearing ecosystems in catchments (i.e. to sustainable supply rather than just delivery to users). Thus there is scope to consider building outwards from water user groups to embrace the safeguarding of water supplies in the context of better-managed forests, agro-forests, farmlands, rivers, aquifers and lakes in whole landscapes, including hydroelectricity potential, promoting 'payment for ecosystem services' (PES) arrangements to ensure that water-bearing ecosystems are properly managed on all scales, and the resolution of water conflicts between localities through equitable sharing of costs and benefits. The point can also be made that all the water sector work, and particularly the water use management plans of the RVWRMP, could in principle be integrated with elements of the proposed MSFP and the leasehold forestry programme, and the projects to establish a regional flood information system and to improve disaster risk response, to enhance catchment and river basin management. In short, organising the delivery of potable water to users is only a fragment of the 'water sector' (albeit a necessary one, and hard to accomplish in poor, mountainous areas), and the concern is that this fragment, now absorbed into donor and government thinking and amplified through WASH for All, may not be used as it should be: as an access point to the greater theme of holistic catchment management for sustainable development and climate change adaptation.

### **Forests**

A lesson from participatory forest projects in Nepal is that community forest user groups can be enabled through partnership with local institutions and the use of local facilitators to become robust and inclusive institutions that can attract pro-poor investment. Their net effect is to improve the condition of forests in hilly areas and help reduce rural poverty, and much community forestry work can also be expected to offer a model for future work on climate change adaptation. The potential is there, in principle, for the MSFP to contribute strongly to the climate proofing of whole catchment systems, but there is some uncertainty over what the programme will actually do. It may be that an enhanced role for community forestry in promoting sustainable livelihoods and climate change adaptation could be achieved by Finland, either by guiding the MSFP in that direction if Finland participates, or in other ways if not, but in any case with greater synergy with the efforts of other donors and with government in a new, federal and decentralised context.

### **Climate change**

Nepal is exceedingly vulnerable to climate change, and its own vulnerability has important implications for the lives and livelihoods of hundreds of millions of people who live downstream in India. Finland in Nepal has taken small but strategic positions on managing relevant knowledge, both for climate change mitigation through investment in the forest sector, and for early warning of dangers resulting from climate change. Adaptation is all about resilience to change, reduction of risk and preparedness for disaster, and a case could be made for climate change adaptation to be a far more central feature of Finland's country programme. The Finnish-supported interventions to improve response capacities and manage early-warning data are tentative and small responses compared with the scale of the challenge. The WASH sec-

tor projects, and particularly the RVWRMP, are just starting to contemplate the need for practical steps to climate-proof water catchments, but there is a need for a much more comprehensive approach based on integrated river basin management. This could be rooted in the water sector projects since they are oriented to the local level, precisely where adaptation activities are most needed. River basin institutions would also be appropriate focal points for early warning and response systems, governance and communication. While national/provincial policy frameworks and institutions are necessary, crucial adaptation action has to take place on the ground and Finland is well placed to help government take such action. As an indication of government awareness of the need to do so, the Ministry of Finance (2010, 10) states that one of the “key implications for aid effectiveness in the future [is that] Nepal cannot ignore climate change and must consider how it reframes the development paradigm”. Finland should be at the forefront of this reframing process.

### **Comprehensive adaptation strategy**

If sustainable water supply is among the top development priorities at the district level, climate change adaptation is an increasing national priority, and the proper and participatory management of farm, forest and catchment ecosystems is the key to both, then it would make sense to consider how the various strengths of the current partnership can be used to create more complete solutions. One option would be to consolidate the water, forestry and climate change initiatives within community-based climate change adaptation. This would integrate the themes of resource and tenure mapping, multi-stakeholder forest management, catchment-friendly farming systems, and developing knowledge and procedures for preventing conflicts over water and for making PES arrangements between localities and countries. It would make use of the physical mapping work already accomplished with Finnish support, and offer scope for a deeper alliance with ICIMOD, which is a key institution for managing knowledge in support of Himalayan climate change adaptation.

To make maximum use of Finnish experience and added value, at a field level this approach might be focused on the Karnali River catchment, taking the form of a district-owned sustainable development and climate proofing process for the whole area. Districts are a particularly attractive scale with which to work because they are small enough to be accountably governed yet large enough to be meaningful catchment units, and most are bounded either by rivers or watersheds. Elements of this process could include: climate change adaptation planning by districts; participatory research on water, ecosystems and traditional knowledge to support resource management and conflict avoidance; catchment-wide knowledge-management arrangements; and catchment-wide governance of the climate-proofing process by an assembly of district representatives, supported by appropriate technical assistance. As such, what is being outlined here is not a new project but a new conceptual approach to decentralised catchment governance based on knowledge, ecology and participation, one that would absorb and build upon the findings of the whole donor community, the past collaboration between Finland and Nepal, and particularly on the long-term relationship between Finland and communities in the Karnali River catchment.

## 7 RECOMMENDATIONS

The following recommendations are offered in respect of the Nepal country programme, several of which have more general applicability:

- (1) In view of the strongly positive effect of close embassy-government relations, based on regular contact, close communication and joint problem solving, **opportunities should be sought by embassy personnel to develop and maintain close links with government officials, and particularly with the Ministry of Finance because of its convening power.**
- (2) In view of the strongly positive effect of policy dialogue and country consultations, **opportunities should be sought to encourage and enable high-level exchange visits, and to recognise and use opportunities for dialogue at all levels, while judging circumstances in a positive way that leaves doors open for cooperation.**
- (3) In view of the strongly positive effect of embassy participation in multi-donor mechanisms, **such mechanisms should be seen as containing opportunities for participation that can leverage influence over key processes to collective benefit, and at least cost to Finland.**
- (4) Because success in the complex PGHR sector depends on deploying effort in ways that are suitable to each task, **analysis should be used to determine where prescriptive solutions are appropriate (e.g. in calming conflict and defending human rights), and where non-prescriptive, process- and dialogue-based efforts (e.g. facilitating informed and respectful dialogue) are likely to work best.**
- (5) Because effective mainstreaming of cross-cutting themes is extremely challenging, **a nested set of GESI strategies (and equivalents for caste, ethnicity and age) should be developed and implemented** to address issues both internally (e.g. within a project) and externally (e.g. within communities and institutions that are touched by a project), that is based on understanding the practices, values and norms used to justify and rationalise discriminatory practices, that mobilises, sensitises and builds confidence in the long term, that includes a monitoring system which functions at all levels using appropriately disaggregated data, and that identifies barriers to resources, motivations and experiences, and ways to reduce or remove these barriers.
- (6) Because the country programme is now temporarily fragmented and there are questions over the legacies of certain current interventions (e.g. on the future direction of the WASH sector, the potential of the environment sector, and contingent liability in the forestry sector), **a strategic cooperation planning exercise with MFA, embassy and government participation should be used to analyse and clarify the likely outcomes and risks of the current trajectory of the country programme**, bearing in mind the cost-effective impact and low risk of long-term Finnish participation as a small donor in multi-donor arrangements, relative to alternatives and linked to a stronger effort to

communicate to government the strategic relevance and potential of environmental and climate change adaptation programming.

- (7) Because sustainable water supply is among the top development priorities at the district level, while climate change adaptation is an increasing national priority, and the proper and participatory management of farm, forest and catchment ecosystems is the key to both, **a strategic cooperation planning exercise with MFA, embassy and government participation should be used to analyse and clarify options for consolidating the water, forestry and climate change initiatives within community-based and district-level climate change adaptation.**

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## THE EVALUATION TEAM

The evaluation team was contracted by S.A. AGRER N.V., Belgium

**Dr Julian Caldecott (Team Leader)** is a British environmental consultant and Director of Creatura Ltd. He has led major evaluations of sustainable development actions for the EC (South-east Asian regional programmes and projects in Thailand, Indonesia and China), the UK (in México and Guyana), Norway (the Indonesia-Norway REDD+ Partnership) and Finland (synthesis evaluation of sustainability in development interventions). He has also led strategic programme reviews and project identification missions for the EC (covering the Asian region and Nigeria, Bangladesh and Indonesia), and studies for the United Nations Environment Programme on disaster risk reduction and environmental policies, laws and treaties. His published books include *Hunting and Wildlife Management in Sarawak* (World Conservation Union), *Designing Conservation Projects* (Cambridge University Press), *Decentralisation and Biodiversity Conservation* (World Bank), the *World Atlas of Great Apes and their Conservation* (California University Press), and *Water: the Causes, Costs and Future of a Global Crisis* (Virgin Books, republished in Finnish and Spanish).

**Michael Hawkes (Core Expert)** is a British chartered forester and international development consultant with senior-level experience in Central and South America (Belize and Guyana), Africa (Ethiopia, Côte d'Ivoire, Malawi, Somalia, and Tanzania) and Asia (Afghanistan, East Timor, India, Indonesia, Nepal, the Philippines and Vietnam). He is currently focusing on large-scale uptake of participatory forest management in Asia. He has led a resource assessment of the Iwokrama Rainforest in Guyana, project identification and formulation missions in East Timor, and participatory forestry and water catchment management projects in Nepal and Afghanistan, as well as strengthening the implementation of large participatory forest management projects in India. He also led the final evaluation of the EC funded 'Participatory Sustainable Forest Management: Innovations in Policy and Practice in East Africa' project.

**Dr Bhuban Bajracharya (National Expert)** is a Nepali development economist with over 30 years' experience as a university professor, researcher and consultant, as well as being a senior adviser to both the Ministry of Finance and the National Planning Commission. His work has mainly focused on the analysis of poverty, socio-economic patterns, and economic, sectoral and fiscal policy, and the use of such analyses in planning, monitoring and evaluation. He has long worked on the interface between analysis, policy and practice, for example in the Fiscal Reform Task Force convened by the Ministry of Finance, and in formulating Nepal's Poverty Reduction Strategy Paper and macroeconomic policies based on it. As a consultant his clients have included the South Asian Association for Regional Cooperation, bilateral donors such as Switzerland, Denmark and the UK, and several UN agencies and development banks.

**Dr Anu Lounela (Researcher)** is a Finnish anthropologist with extensive field experience in Indonesia and consultancies in development cooperation management. Her background is in curatorship, research, university teaching and course design, information management and the coordination of non-governmental programmes. She is an expert on environmental conflicts and global-local relations, including climate change debates. She is fluent in Finnish, English, Swedish and Indonesian, and has published widely on development and environmental change.

## ANNEX 1: TERMS OF REFERENCE

Ministry for Foreign Affairs of Finland  
Office of the Under-Secretary of State  
Evaluation of Development Cooperation (EVA-11)

### **EVALUATION OF COUNTRY PROGRAMMES BETWEEN FINLAND AND NEPAL, NICARAGUA AND TANZANIA (89889101)**

#### **1. Background**

About 10 years have elapsed since the last comprehensive evaluation of entire development cooperation programmes in the long-term partner countries of Finland. In the autumn 2010, a questionnaire was launched to the embassies of Finland and to the respective units of the regional departments of the Ministry for Foreign Affairs of Finland to establish the best possible point of time to carry out these evaluations. The responses indicated that in 2011 it would be desirable to include three country programme evaluations in the work programme of the centralized evaluation (EVA-11), namely those of Nepal, Nicaragua, and Tanzania.

When thinking about the scope and the approach of this evaluation, the fact that regular evaluations are carried out on each individual bilateral development intervention was well recognized. Moreover, it was noted that the joint assistance strategies are regularly reviewed and from time-to-time jointly evaluated by the respective partners. Similarly, the sectoral aid programmes and the budget support have their mechanisms of annual or bi-annual reviews and audits and evaluations. Also the multilateral system and the EU have their own annual tri-partite or other review mechanisms and evaluations at the decentralized and centralized levels of the organizations.

Thus, in this country cooperation programme evaluation the major focus will be at the more strategic level, taking into account the international and national frameworks, including the Millennium development goals, the Paris Declaration, the countries' own development plans *cum* poverty reduction strategies and goals, and the overall development policy goals of Finland and how through the programming these goals have been translated into practical action.

#### **2. Framework for the Evaluation Process and the Product**

The overall technical evaluation framework constitutes of the OECD/DAC development evaluation Principles (1991) and Quality Standards (2010). The Final Product, the evaluation reports individually for each of the three country cooperation pro-



grammes will also adhere to the European Commission's quality standards of evaluation reports. The overall guidance will be provided by the Evaluation Guidelines of the Ministry for Foreign Affairs of Finland of 2007, "Between past and Future" (<http://www.formin.finland.fi>).

### **3. Scope of the Evaluation**

The country programme evaluations will cover the years from 2002 to 2010 of Finland's support, so that the starting point will be the last country programme evaluations which took place in 2000-2001. The focus of the current evaluation will be at a strategic level. The individual interventions will be utilized to update and validate this process. The evaluation will include all the development cooperation instruments of the bilateral cooperation, and the multilateral and the EU cooperation, and how Finland has been able to utilize wider frameworks. Similarly, the Finnish contribution to the joint cooperation strategies and instruments will be looked at and also Finland's overall role in the policy dialogue with the government and as a member of the group of the European Union, and any other specific involvement at the coordinative or policy level. The actual programming process and how results of policy dialogue and policies are transmitted through the programming to practical implementation and results will be a central dimension of this evaluation.

The earlier evaluations of the country programmes (Nepal and Nicaragua) will be used to assess, how the lessons learned have been taken into account in the programming and the cooperation overall, and what has been the influence of general trends and changes in the aid architecture on Finnish country programme portfolio and cooperation modalities.

In the period of time covered by this evaluation, the development policies of Finland have changed in 2004 and 2007. The evaluation will look at the changes in these policies as compared with the 2001 policy paper, and the effects of these changes at the country level. Significant changes have also taken place in the international scene, including the adoption of the Paris Declaration in 2005.

The scope of information sources will include the partner government's development assistance strategies, Finland's development policies during 2000-2011 sectoral strategies, guidance on cross-cutting themes, possible country analyses or reviews, evaluations and results assessments, development cooperation plans, agreed minutes of bilateral and other consultations, proceedings of sectoral instrument reviews, programmes and project documents and reports, annual plans at country programme level and at sectoral / intervention levels, agreements, assessment memoranda and alike.

The development cooperation management systems, the distribution of tasks, and guidelines of the Ministry for Foreign Affairs of Finland will need to be looked at, including the sectoral and project planning guidelines, norms and guidance on indi-

vidual development instruments, development dialogue and negotiations, and administrative instructions.

Similarly, the key documents of the European Union, including EU's Code of Conduct, the Common Framework on Country Strategy Papers, and the European Consensus for Development will be perused. The documentation shall constitute one source of information, complemented by interviews of primary knowledge holders at different levels.

In addition to the specific documentation on Finland's relations to the particular country, the evaluation will look at a limited selection of other donors and their country strategies and programmes. For the context analyses basic information can be derived from recognized international organisations' up-dated publications and statistics.

#### **4. Purpose of the Evaluation**

The purpose of the evaluation is to draw lessons from the past eight (8) years of cooperation in Nepal, Nicaragua, and Tanzania.

It is expected that the evaluation will bring to the fore issues and recommendations which the decision-makers in the regional departments of the Ministry, the embassies of Finland in the respective countries may utilize. The evaluation will also benefit the development policy-making overall.

Moreover, evaluation *per se* is a tool for accountability. Thus, the evaluation will also inform the general public, parliamentarians, academia, and development professionals outside the immediate sphere of the decision-makers in development policy of what has been achieved by the use of public funds.

#### **5. Objectives of the Evaluation**

The objective of the evaluation is to build a comprehensive overall independent view on the achievements and the contribution of the Finnish development cooperation support to the development process of the three countries. The evaluation will offer recommendations for the development partnerships from policy dialogue and programming to practical cooperation levels. Similarly, the evaluation will provide recommendations with regard to Finnish added value in development partnership.

The specific objectives of the evaluation will be to seek answers to the following major evaluation questions:

- a) How does the Finnish development cooperation programme comply with and adhere to the country's own development and poverty reduction strategies and the development Policy of Finland and its poverty reduction and sustainable development goals? Has the policy dialogue between Finland and the partner country been able to further the creation of enabling environment for development?
- b) Are the modalities of development cooperation conducive to the effective implementation of the Paris Declaration? The three countries included in this evaluation are at different stages in the implementation of the principal goals of the Paris Declaration, for example in Tanzania harmonization and coordination has advanced well, and joint financing instruments are significant. Thus in the finalization of the specific questions to each of the three countries, it is important to extrapolate the evaluation questions and the scope to the specific situations in those countries.
- c) What are the major mechanisms of enhancing, programming and implementing the cross-cutting themes of the Finnish development policy in the cooperation context and what are the major results?
- d) What is the process of transforming the development policy into practice? Does the selection of the development sectors, instruments, and activities in which Finland is involved, correspond to the special value added that Finland may bring in to the overall context of external development funding in a country, including other donors?
- e) What are the major achievements and possible failures in the last eight (8) years' of the cooperation policy in the context of the partner countries, and in the implementation of the cooperation programme? Any best or clearly un-successful practices identifiable? Have the selected development instruments been complementary and their use coherent with the policies?

## 6. Evaluation Criteria

The evaluation will use the development evaluation criteria, *relevance, effectiveness, efficiency, sustainability and results/effects in the longer-term, and the additional criteria of coordination, cooperation, coherence and Finnish value added*. The criterium "impact" has deliberately been left outside, because the purpose of this evaluation is not to scrupulously examine each individual intervention, but rather the entire programme that these interventions constitute. An evaluation matrix will be constructed and included in the inception report which will attribute these criteria to the specific evaluation questions in section 5, questions [a)-e)]. In items 1-5 below, some elaboration is done of the different dimensions of the evaluation criteria which should be kept in mind in the compilation of the evaluation matrix. The evaluation matrix shall take into account also the specific features and situations of each of the three individual partner countries, Nepal, Nicaragua and Tanzania, and the cooperation modalities of Finland therein.

In the following some dimensions of the evaluation criteria are elucidated. The list below is by far not exhaustive, but should be further elaborated in the evaluation matrix of the inception report:

1. The *relevance* should be looked through the overall national poverty reduction goal/plans and how it is reflected into the different levels (policy dialogue, overall plans/strategies, operational planning and programming, programme and intervention documents, annual implementation plans, reports, reviews, assessments and evaluation of implementation and results) of cooperation and selection of cooperation instruments, including the budget support and sector-specific development strategies, down to project and intervention levels. What has been the basis of development programme planning?
2. Similarly, the assessment of *effectiveness* should include the context and its challenges and enabling factors, including the economic, political, and development situation, and whether the strategic level informs and influences the planning and implementation of development interventions. What is the value of the Finnish programme as a contributing factor in development in the country? What are the modalities used to integrate the cross-cutting themes in the policy level, in the programming, and in the practical activity level? What are the most effective ways for concrete results of development and concrete results in terms of cross-cutting themes? Modalities of effective dialogue and its practical value?
3. *Efficiency* and *cost-efficiency* relate to the working modalities. Issues, such as leadership and the role of the partners in development, alignment, harmonization, and accountability will be looked at, and the ways of Finland's contribution be assessed.
4. What are the *cooperation* and *coordination* mechanisms and measures to ensure internal *coherence* in policy and decision-making through to the local implementation, in other words, is there a clear from policy to practice chain? What is Finland's role in all this? Is there *coherence* in terms of policy dialogue and agreements and their relation to the results of the implementation of cooperation? Moreover, is there *external coherence* and *modalities* to securing *coherence* between the different partners in development, including the donor community?
5. *Sustainability* in its three dimension, economic, ecological and social, is a leading theme in the latest (2007) development policy of Finland. This criterium shall be looked at in terms of connection between policy level and practical level implementation as well as at the level of the results of the implementation of development interventions at some extent. Are the modalities used at the different levels such that they further the sustainability goal or are they conducive to that goal? Involvement of wider circles of the society, namely the private sector, civil society actors and groups, and other traditional and non-traditional donors?

Is there any *complementarity* to secure the sustainability of results? How are the global challenges, such as climate change, probability of natural disasters, growing competition of natural resources, food and water, and like, been featured in from the policy dialogue to implementation? Partner government's budgetary allocations and plans to secure cooperation results?

6. *Finnish value added*: Are there specific areas / sectors or themes or functions, where Finland is involved such, in which Finland's value added becomes best utilized? Are any concrete results identifiable in which Finland has distinctively contributed to discernible policy change or development results? Any indication of longer-term effects of achievements?

## **7. Approach, Sequencing and Deliverables, and Modality of Work and Methodology**

### **Approach**

As explained above the evaluation will be forward looking. The approach and working modality will be participatory and elaborated further in the inception report.

This evaluation looks at the development programmes at the whole of programme level, trying to assess the contributions of Finland within the development plans of a country and as one of the development payers in that context. Yet, it is necessary that the evaluation will examine Finland's policy level and practical level development efforts also within the context of the other donors and development contributors. It is important that the evaluation recognizes the domestic efforts of the countries concerned, and how Finland, among donors, contributes towards the partner government's goals.

The evaluation will not only look at the extent of achieving the set objectives and goals, but also at the cooperation modalities used in trying to identify successful practices and less successful ones. The country programme evaluations will outline the total ODA expenditure of Finland in the countries concerned by this evaluation. It will also assess Finland as one of the overall contributors to the development of the country.

The situations in the three countries, Nepal, Nicaragua and Tanzania are different in many respects. The approach and the way of conducting the evaluations in each of these countries, must be based on the situation analyses derived from the preliminary phase.

### **Sequencing of the Evaluation Process and Deliverables**

The reporting specified below is organized so that each of the three target countries, Nepal, Nicaragua and Tanzania will finally have reports of their own.

The evaluation will be sequenced into phases and respective deliverables, namely

1. *Kick-off meeting* of the evaluation shall be organized, most likely during the week 13 of 2011 (starting 28.3.2011). The objective of this meeting is to discuss through the evaluation process, reporting, and the administrative matters. The contracted service provider to this evaluation will present a brief *start-up note* to EVA-11 on how the evaluation team intends to approach the evaluation task and the issues contained in the terms of reference. This start-up note will constitute the basis for the inception phase.
2. *Inception phase*: Production of a work plan with the evaluation matrix constituting the Inception report. The inception report will peel open the general questions into specific research questions, respective indicators and judgment criteria, and indicate what sources of verification will be used. The methodology will be explained, including the methods and tools of analyses, scoring or rating systems and alike. The Inception report will also suggest an outline for the final report, which will be used in the other reports, following the established overall structure of the Evaluation reports of the Ministry. The structure will be the same for each of the individual three country reports. – The Inception Report should be kept short and concise, no more than 20-25 pages, annexes excluded. The Inception report shall be submitted in three (3) weeks from the start up of the evaluation.
3. *Preliminary phase* will include perusal of document material and preparation of explicit questions for the first interviews in Finland and potential other stakeholders outside the target countries. During this phase, the evaluation team will acquaint themselves with the overall framework and context analyses of the country/-ies.
4. There will be a *desk report* produced at the end of the preliminary phase, which will include specific questions and issues for each of the countries to be studied during the field visit phase taking into account the differences in the overall situations of the countries. The evaluation matrix will be complemented after the preliminary phase, if need be, with the country specific questions. The desk report will include a brief work plan for the field phase. – The desk report is subject to approval by EVA-11 prior to the field visit. The desk report may be submitted as one report with clear sections for each of the countries or as three separate country reports. The report(s) should be kept concise and clear. It should be submitted no later than nine (9) weeks after the kick-off meeting.
5. *Field visit* to each of the three countries will take place in June 2011. The purpose of the field phase is to reflect the results of the preliminary phase against the policy and programming situation in the field, and to make further assessments as may be required, and to fill in any gaps of information. Also the involvement of other donors, bilateral and multilateral, the EU commission, will briefly be assessed.

**Additional note to the Field visits item: The best possible time for the field visit in Nepal and Tanzania are in September 2011. It is thus preferable that the field visit be scheduled at that time, and subsequently the report of the Nepal and Tanzania country programme evaluations will be available with a corresponding delay.**

**As for the timing of the field visit to Nicaragua, it must take place in June, as field visits there are no more desirable after August 2011.**

**Text above in bold is an addition to the original Annex B published.**

The preliminary results of the field visit will be presented, supported by *power point*, to the staff of the respective Finnish embassy, and also to EVA-11 after return from the field. The latter can also be done over a conference call arrangement.

6. After the field visit further interviews and document study in Finland may still be needed to complement the information.
7. *Final reporting:* The draft final report for each of the three countries separately will be prepared, combining the preliminary and the field phases and the possible further interviews and document study. The draft final report will be subjected to a round of comments by the parties concerned. It should be noted that the comments are meant only to correct any misunderstandings not really to rewriting any part of the report. As mentioned in item 2, the draft final report will follow the same format of the final report with abstracts, summaries, references, and annexes.

A special effort should be done by the evaluation team to produce a concise and informative report, which is easily legible also to non-specialists in development. The editorial and linguistic quality must be ready-to-print. The final report is due no later than 30.09.2011.

8. *A policy brief* – A draft of the policy brief will be submitted together with the draft final report, no later than 29.08.2011, and in its final form no later than 30.09.2011.

A policy brief is a meta-summary paper (a maximum of 5-10 pages) will be prepared, which draws together the results of the three country programme evaluations from the particular angle of lessons learned and overall general non-country-specific recommendations and good practices.

The Inception report, draft desk reports, draft final reports, the final reports and the summative policy brief are subject to being approved by EVA-11.



It should also be noted that the final reports shall be subjected to a peer review of internationally recognized experts. The views of the peer reviewers shall anonymously be made available to the service provider contracted to perform this evaluation.

### **Modality of Work and Methodology**

The evaluators will be provided with a selection of document material either as hard copies or saved on a flash drive, but this material is not all inclusive. The evaluation team must be prepared to use the archives of the Ministry and also the internet, and any other means, including contacts with the consultancy companies, to acquire additional material they may need (pls. see also section 8.).

As for the interviews in the Ministry, the evaluators will provide to EVA-11 in advance the interview questions and identify the groups of interviewees, for EVA-11 to inform in advance those concerned. The actual logistics of organizing the interviews and appointments remain the task of the evaluation team. EVA-11 will issue a circular in the Ministry and the respective embassies informing of the forthcoming evaluation in the Ministry and in the Embassies to facilitate smooth contacts later on by the evaluation team.

A tentative outline of the proposed timetable is included in section 10.

In the inception report, the evaluation team shall include a description of analytical methodologies, as well as in the other reports. It is not adequate to say that something has been “analysed”, but it needs to be elaborated, how, and what tools have been used, possible scoring systems, and what benchmarking has been deployed to arrive at the results described. If results are only a perception of the team, it should be said so.

## **8. Expertise required**

### **Overall Qualifications of the Evaluation Team**

The evaluation of the three country programmes shall be organized so that all three are carried out by one team as a parallel process. This process is, however, subject to the stability of the situation in all of the countries concerned by this evaluation. It is suggested that the team includes the overall team leader working with other three members of the core team. One additional country specific team member per country, will be based and working in the respective country. The country level team thus includes one member of the core team and one local member. A junior assistant may also be included. He/she should have adequate working experience to be able to do document search and to analyze documents written in the Finnish language.

The evaluation of country programmes of three long-term partner countries of Finland (Nepal, Nicaragua and Tanzania) requires senior expertise in overall international development issues, development instruments, and players in the global scene, solid experience in evaluation of comprehensive development programmes and themes,

hands-on longer term experience at the field level achieved for instance by serving in the partner country's administration and/ or in the implementation of development programmes through bilateral arrangements and/or in the international organizations. The competencies of the three core members of the team and the team leader shall be complementary.

The country specific team members, one in each of the countries, shall have extensive experience in that particular country, and preferably originate from there. They will also have proven evaluation experience and be knowledgeable of the development scene of their country.

A more detailed requirements of the competencies of the evaluation core team and the country specific members, are included in the Instructions to Tender, which constitutes Annex A of the Invitation to Tender, to which these terms of reference constitute Annex B.

The core team shall include both female and male experts.

All team members will have a minimum of MSc or equivalent academic qualifications.

### **Document retrieval**

It is necessary that there is a capable junior team member who is working in Helsinki and is charged with the task of searching the archives in various places, retrieving the documentation, doing some document analyses, and organizing travel and meeting logistics. There shall be no charges for accommodation or per diems payable for the junior assistant team member.

### **Skills and proficiencies**

The entire team needs to have good writing and communication skills, and excellent command of both written and oral English. At least the junior team member will need to be fluent also in written and oral Finnish. One team member, and the locally recruited team member in Nicaragua, should be fluent in Spanish. In Tanzania and Nepal the locally recruited experts would preferably master the prevalent respective languages used in the administrations of these countries.

### **Quality Assurance**

In addition to the evaluation team, the service provider will nominate two persons, external to the team, who are responsible for the quality of the substance content of the reports, the language, and the editorial quality of the evaluation reports. The quality control experts are not members of the team, but their CVs must be presented in the tender dossier and their roles explained. They must have earlier proven experience in quality assurance tasks, and be senior of their stature. The quality assurers will fill in the EU Commission's evaluation report quality grid with their assessment of the final reports. The quality grid will be surrendered to the Ministry at the time of submitting the final reports. The grid will also be made available to the peer reviewers.

## 9. The budget

The total budget of the country programme evaluation of the three long-term partner countries of Finland, namely Nepal, Nicaragua and Tanzania, will be no more than 570.000 euro, VAT excluded. It is estimated that one country programme evaluation will cost no more than 190.000 euro (VAT excluded), which is divided approximately so that the 90.000 euro (VAT excluded) be used for the desk study phase and the 100.000 euro (VAT excluded) for the country study and the finalization of the reports and the policy brief.

## 10. The Time table

It is estimated that the evaluation will start during the 13<sup>th</sup> week of 2011 (starting 28.3.2011). The desk study and interviews will be conducted so that the inception report shall be available within three (3) weeks, and the draft desk report within nine (9) weeks from the start up of the evaluation. The time for the visits will be June 2011. The draft final reports (one for each of the countries) and the draft summative final policy brief shall be available by 29 August 2011. The draft final reports are subjected to a round of comments by the respective embassies and other relevant stakeholders. The comments shall be considered by the evaluation team in the finalization of the reports. The final reports shall be submitted no later than 30 September 2011.

It should be noted that should the political or security situation deteriorate in any of the countries concerned in this evaluation, it may be necessary to alter the time scheduling of the field visit. Moreover, due to June being a holiday season in Finland, including in the Embassies of Finland in the respective countries, some of the key interviewees may not be available in June in person, and thus, telephone interviews may need to be conducted before or after the field visits.

There will be a public presentation of the evaluation results organized in Helsinki, after completion of the evaluation, sometime in October 2011. The option of organizing special presentations also in the countries concerned by this evaluation will be kept open and the team should feature such an option in their plans. The materialization of this option is subject to approval by the respective embassy of Finland in each of the three countries.

The overall time table is quite tight, which means that the evaluation team must be prepared to devote their full attention to perform this evaluation. The time table featured above must be kept.

## **11. Mandate and Authority of the Evaluation Team**

The evaluation team is expected to perform their evaluation task in accordance with the terms of reference taking into account also the cultural considerations in each of the countries visited. The team will make the contacts necessary, but it is not allowed to make any commitments on behalf of the Government of Finland or on behalf of the Governments of the partner countries.

Helsinki, January 11, 2011

Aira Päivöke  
Director  
Evaluation of Development Cooperation

## ANNEX 2 PERSONS AND INSTITUTIONS CONSULTED

The authors acknowledge with thanks the active cooperation of embassy and project staff in Nepal, and the willingness of all stakeholders and knowledge holders in Nepal and Finland to share freely their information and perspectives.

Name	Role/Institution
Arvola, Anne	Forestry Specialist, Indufor Oy
Chand, Padam	Forestry Consultant
Dev Awasthi, Lav	Director General, Department of Education
Dhakal, Teertha	Former Under Secretary National Planning Commission (NPC) and Joint Secretary, Ministry of Local Development (MLD)
Eskelinen, Jouko	Environment Adviser, MFA
Gurung, Ghana S.	Conservation Programme Director, WWF Nepal
Gurung, Tara	Australian Agency for International Development, Embassy of Australia in Kathmandu
Hellman, Pasi	Deputy Director General, Dept for Development Policy, MFA
Hirvonen, Katja	Nepal Programme Officer, MFA
Joshi, Chudamani	Programme Coordinator, Embassy of Finland in Kathmandu
Kandel, Pem	Senior Data Management Adviser, Forest Resource Assessment Nepal
Karvinen, Anu	Finland Nepal Friendship Association
Keinänen, Auli	Finnish Consulting Group
Khanal, Rameshwor	Financial Adviser to the Prime Minister and former Secretary of the Ministry of Finance
Kokkonen, Marjaana	Former Country Officer Nepal, MFA
Kotimäki, Tuomo	Chief Technical Adviser, Forest Resource Assessment Nepal
Kotru, Rajan	Senior Natural Resources Management Specialist, Ecosystem Services, ICIMOD
Kuivila, Helena	Regional Manager Bangladesh, Nepal, Bhutan, MFA

Kyöstilä, Pirkko-Liisa	Director, NGO Unit, Dept for Development Policy, MFA and former Chargé d’Affaires, Embassy of Finland in Kathmandu
Lahtinen, Merja	Adviser for Rule of Law, Department for Development Policy, MFA
Lehtonen, Matti	NGO Unit, MFA
Leminen, Kari	Chief Technical Adviser, Rural Water Supply & Sanitation Project in Western Nepal
Leppänen, Kari	Deputy Chief of Mission, Embassy of Finland in Kathmandu
Manandhar, Anil	Country Representative, WWF Nepal
Manandhar, Ugan	Program Manager, Climate Change, Water & Energy, WWF Nepal
Meh-tonen, Katri	Finnish Water Forum
Nand Das, Annapurna	Planning and Human Resource Development Division, Ministry of Forests and Soil Conservation, Nepal
Nepal, Janardan	Joint Secretary, Planning Division, Ministry of Education
Nepal, Santosh Mani	Director Policy & Support, WWF Nepal
Pehu-Voima, Satu	Development Counsellor, Embassy of Finland in Kathmandu
Pernu, Marja-Leena	Finnish National Board of Education
Prasad Dahal, Bhola	Education Programme Coordinator, Embassy of Finland in Kathmandu
Pritsi, Kati	Finnish Environment Institute (SYKE)
Puustinen, Pekka	Deputy Director General, Department for the Americas and Asia, MFA
Rai Paudyal, Bimala	Swiss Agency for Development and Cooperation, Embassy of Switzerland, Kathmandu
Rautavaara, Antti	Water Adviser, MFA
Reese, Benjamin	First Secretary Development Cooperation, Australian Agency for International Development, Embassy of Australia in Kathmandu
Rijal, Chhabi	Local Development Officer, Tanahun District
Rytkönen, Antti	Forestry Adviser, MFA
Salmi, Jyrki	Senior Manager Forest Policy Consulting, Indufor Oy

Sharma, Bimal Chandra	Operations and Maintenance Specialist, Rural Water Supply & Sanitation Project in Western Nepal
Sharma, Eklabya	Director Programme Operations, ICIMOD
Sherchan, Roshan	Program Manager, Sacred Himalayan Landscape, WWF Nepal
Shrestha, Bhagwan Lal	Financial Controller, WWF Nepal
Suikkanen, Rauli	Deputy Director Asia & Oceania, MFA
Timilsina, S. Raj	District Technical Officer, Tanahun District
White, Pamela	Finnish Consulting Group
Ylikangas, Irma	Nepal Project Manager, Finnish Meteorological Institute



## ANNEX 3: OTHER DOCUMENTS CONSULTED

EC 2003 *Country Strategy Paper: Nepal and the European Community, Co-Operation Strategy, 2002-2006*. European Commission, External Relations Directorate General, Directorate Asia - India, Bhutan, Nepal, Brussels, 35 p.

Ghimire MP 2008 *Nepal: Peace Process and Emerging Order*. Working paper for the Donor Consultation Meeting of 21-22 Feb 2008. Ministry of Peace and Reconstruction, Kathmandu, 19 p.

Gyawali D 2004 Governance, Corruption and Foreign Aid. In: S. Sharma S Koponen J Gyawali D & Dixit A (editors), *Aid Under Stress - Water, Forests and Finnish Aid in Nepal* (p. 163-207). Himal Books for Institute of Development Studies, University of Helsinki and Interdisciplinary Analysts, Kathmandu.

Kadariya P 2008 *Infrastructure (Roads, Water Supply, Housing and Urban Development)*. Working paper for the Donor Consultation Meeting of 21-22 Feb 2008. Ministry of Physical Planning and Works, Kathmandu, 15 p.

Khanal R P 2008 *Economic Update, Challenges and Road Ahead*. Working paper for the Donor Consultation Meeting of 21-22 Feb 2008. Ministry of Finance, Kathmandu, 17 p.

Koirala S P 2008 *Water Resources Development*. Working paper for the Donor Consultation Meeting of 21-22 Feb 2008. Ministry of Water Resources, Kathmandu, 23 p.

MFA 2010 *Development Policy - Finland's development cooperation with Nepal*. Ministry for Foreign Affairs of Finland. <http://www.formin.fi/Public/default.aspx?contentid=80774> (accessed 20 Apr 2011).

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MFA Denmark 2006 *Aid Management Guidelines Glossary. 2nd edition, February 2006* (updated 29 March 2011). Ministry of Foreign Affairs of Denmark, Copenhagen. <http://www.amg.um.dk/en/servicemenu/Glossary/Glossary> (accessed 28 November 2011).

Ministry of Finance 2008 *Foreign Aid Policy, 2008*. Working paper for the Donor Consultation Meeting of 21-22 Feb 2008. Ministry of Finance, Kathmandu, 37 p.

OECD 2011 *Query wizard for economic development statistics*. <http://stats.oecd.org/qwids/> (accessed 7 Jul 2011).

OHCHR Nepal undated *UN Office of the High Commission for Human Rights in Nepal*. [http://nepal.ohchr.org/en/resources/Documents/English/other/2008/November/2008\\_11\\_13\\_Changing%20with%20Nepal.pdf](http://nepal.ohchr.org/en/resources/Documents/English/other/2008/November/2008_11_13_Changing%20with%20Nepal.pdf) (accessed 14 December 2011), 1 p.

Paudel B 2008 *Education sector*. Working paper for the Donor Consultation Meeting of 21-22 Feb 2008. Ministry of Education, Kathmandu, 16 p.

Sharma S & Koponen J 2004 Nepal, Finland and the Aid Relationship. In: Sharma S, Koponen, J Gyawali D & Dixit A (eds.) *Aid Under Stress - Water, Forests and Finnish Aid in Nepal*. Himal Books for Institute of Development Studies, University of Helsinki and Interdisciplinary Analysts, Kathmandu, pp. 1-33. ISBN 978-99-933-4348-6.

Subba C 2008 *Social capital formation in Nepal: MDGs and social inclusion*. Working paper for the Donor Consultation Meeting of 21-22 Feb 2008. National Planning Commission, Kathmandu, 16 p.

Documents located in the MFA archives:

<b>a) Thematic sub-directories</b>	
<b>Sub-directory</b>	<b>Documentary content</b>
Sub-directory on Nepal-EU Relations	Documents on meetings of EU-embassy heads (some confidential). Heads of Missions meetings. Press releases. Discussion notes.
Sub-directory on Political Relations	Majanen travel report (2004). Documents on embassy meetings. Ministerial meetings. Cooperation negotiation meetings.
Sub-directory on Initiatives and Inquiries	Quality Group meeting notes. Waste management statements and project papers (some in English). Donor coordination on population count (census, 2011). Consolidating peace proposal (2009). Nepal request for support in education sector. Embassy strategic action plan and related documents (some confidential).
Sub-directory on Development Cooperation Relations (2006-2011)	Reports from the Kathmandu Embassy. Finland-Nepal cooperation negotiations on the peace process (limited use). Development cooperation in Nepal 2009-2012. Memoranda. Evaluation (2011). Nepal Country Team meeting notes. Travel report (confidential). Decisions on development cooperation projects. Trade and development analysis memorandum and related documents. Nepal international agreements. Press releases. Covering letters (on trade, etc.). Development forum (2009). Trade and development cooperation (confidential). Identification mission of Finnish support to constitutional processes in Nepal (consultancy). UNDP-related documents. Proposal by the Embassy on natural resource sector multi-cooperation. Project preparation and related documents. Forestry sector related documents. World Bank meeting memorandum. Peace and democracy seminar meeting memorandum (confidential 2006).

Sub-directory on Humanitarian Aid (2006-2010)	Support to UNHCR and related documents. Reports on natural catastrophes. WFP meeting notes/documents on hunger, economic situation, etc. Finnish Red Cross application memorandum. UNICEF/WFP application for support for victims of floods. United Nations. High Level Working Group on Migration and Asylum on the humanitarian crisis (2006).
Sub-directory on Nepal Plans	UN plan for supporting peace process (2009), and Finland's role.
<b>c) Project and modality sub-directories</b>	
<b>Sub-directory</b>	<b>Documentary content</b>
Sub-directory on Local Cooperation Fund (LCF)	Funds managed by the Embassy of Finland in Nepal. LCF project documents (2004-2010).
Sub-directory on International Centre for Integrated Mountain Development (ICIMOD) Flood Programme.	Decision letters/lists. Consultancy contract, statements (2008-2010). Assignments. Quality group.
Sub-directory on Nepal Peace Trust Fund (NPTF)	Covering letters (cooperation agreement, JFA letter, progress report). Assignments (agreement signing). Project proposal (2010-2013). Travel report (2009). Memoranda (progress report, report-related discussion, government discussion with NPTF, cooperation negotiation, summary of progress, Executive Group meeting, programme proposal and related documents).
Sub-directory on National Human Rights Commission (NHRC)	Project decisions and related documents (NHRC, constitution building process). Documents related to Finland-UNDP cooperation. Quality group meeting.
Sub-directory on Democracy Project	Documents related to the project proposal (audit, evaluation report, decision list, statement on continuation).
Sub-directory on Waste Management	Memoranda on agreement and start of the project. Consultancy contract.
Sub-directory on the UN Children's Fund (UNICEF)	UNICEF support for rural water and sanitation 2011-2015. Project proposal. Statement. Decision list.

Sub-directory on International Institute for Democracy and Electoral Assistance (IDEA)	Support for democracy and electoral assistance (with IDEA). Project proposal (2009). Quality group. Decision list. Funding decision. Agreement.
Sub-directory on Education Sector	Consultation meetings. Covering letters. Project proposals (2009). Decision list. Possible mismanagement of funds in Nepal (confidential, 2010). Documents (2009-2010).
Sub-directory on RWSSP-WN	Rural Water Supply and Sanitation Project Western Nepal. Agreement documents (amendment 2011). Steering Committee meeting. Finnish Consulting Group International Oy letters. Travel report. Project proposal. Decisions.
Sub-directory on Forest Resource Assessment Nepal	Forest Resource Assessment project in Nepal. Related documents (2008-2009, consultant Petri Heinonen). Project proposal (2009-2013). Funding decisions. Appraisal.
Sub-directory on Khimti-Bhaktapur Transmission Line	Khimti-Bhaktapur 132 kilovolt transmission line. Submission. Report and project proposal (2002-2004).
Sub-directory on Education for All	Education for All programme. Preparation documents (2004-2009). Consultancy contracts. Project proposal. Decision. Reports. Meetings with the Ministry of Education. Audit. Contract. Final evaluation (2004-2009). Assignments.
Sub-directory on Environment	Development of environmental sector. Consultancy contracts. Administration and management at the local level in Nepal. Contracts, evaluations, meetings of the Steering Committee, travel report. Documents related to the SEAM-Nepal (I-II) project. Documents related to the eco-labelling project. Environmental Support Fund. Decision list on development cooperation project in the environmental sector. Quality group meeting notes. Finnish Consulting Group. Travel reports. Tender documents.
Sub-directory on Census Mapping	Various project documents many of them in English (2001-2003).
Sub-directory on Education	Basic and Primary Education Programme (BPEP) I-II (2001-2006). Support through pooling partners to BPEP. Memorandum. Consultancy contracts. LOI. Statements. Evaluations. Meeting notes. Travel reports.

Sub-directory on Water and Sanitation	Water and sanitation project (2001-2011). Memoranda. Covering letters. Consultancy contracts. Assignments. Travel reports. Funding decisions. Agreements. Monitoring reports. Meeting notes. Control request. Documents related to the Rural Village Water Resources Management Project advisers. Decision lists. Steering Committee meeting notes.
Sub-directory on Topographic Mapping	Topographic Mapping project (2001-2003). Report. Consultancy contract. Mapping phases.
Sub-directory on FAO/ International Fund for Agricultural Development (IFAD)	Support to FAO/IFAD's Leasehold Forestry and Livestock Programme (2008-2010). Statement. Proposal. Quality Group notes. Funding decisions. Decision list. Agreement.
Sub-directory on Biratnagar	Biratnagar Environment Package (2001-2003). Documents related to Wärtsilä project.

## ANNEX 4: POPULATION AND CULTURE IN NEPAL

Nepal is an extremely complex country in cultural and historical terms, and the success of development cooperation requires this to be taken into account. The first part of this Annex summarises the findings on ethnic and caste diversity of the 1991 census, based on *A History of Nepal* (Whelpton 2005). The second part contains an abridgement of *Fatalism and Development: Nepal's Struggle for Modernization* (Bista 1991), an influential overview of the peoples of Nepal and an explanation of their attitudes to development by Nepali anthropologist Dor Bahadur Bista, who in 1995 went missing in suspicious circumstances from Nepalgunj District on the Indian border.

### 1. Ethnic and caste diversity of Nepal.

<b>1. Parbitayas (Nepali-speaking)</b>		<b>40,3%</b>
Twice-born:	Brahmans	12,9%
	Thakuris	1,6%
	Chetris (formerly Khasas)	16,1%
Renouncers:	Dashnami Sanyasis and Khanpata Yogis	1,0%
Untouchables:	Kamis ('metal-workers')	5,2%
	Damais ('tailors')	2,0%
	Sarkis ('cobblers')	1,5%
<b>2. Newars (Newar- or Nepali-speaking)</b>		<b>5,6%</b>
Entitled to full religious initiation:	Brahmans (Hindu)	0,1%
	Shresthas (Hindu)	1,1%
	Vajracharyas/Shakyas (Buddhist)	0,6%
	Uray (Tuladhars, etc.) (Buddhist)	0,4%
Other pure castes:	Maharjans (Jyapus)	2,3%
	Ekthariyas and other small groups	0,7%
Impure castes:	Khadgis (Kasais), Dyahlas (Podes), etc,	0,4%
<b>3. Hill/mountain groups (speaking other Tibeto-Burman languages or Nepali)</b>		<b>20,9%</b>
Magars		7,2%
Tamangs		5,5%
Rais (Kirats)		2,8%
Gurungs		2,4%

Limbus (Kirats)		1,6%	
Sherpas		0,6%	
Chepangs		0,2%	
Sunuwars (Kirats)		0,2%	
Bhotiyas		0,1%	
Thakalis		0,1%	
Thamis		0,1%	
<b>4. Madheshis (speaking north-Indian dialects, e.g. Awadhi, Bhojpuri &amp; Maithili)</b>		<b>32,0%</b>	
<b>(a) Castes</b>		<b>16,1%</b>	
	Twice-born:	Brahmans	1,0%
		Rajputs (Kshatriyas)	0,3%
		Kayasthas (Kshatriyas)	0,3%
		Rajbhats (Kshatriyas)	0,2%
		Baniyas (Vaishyas)	0,5%
	Other pure castes:	Yadavs/Ahirs ('herders')	4,1%
		Kushawahas ('horticulturalists')	1,1%
		Kurmis ('cultivators')	0,9%
		Mallahs ('fishers')	0,6%
		Kewats ('fishers')	0,5%
		Kumhars ('potters')	0,3%
		Halwais ('confectioners')	0,2%
	Impure, but touchable:	Kalawars ('brewers', 'merchants')	0,9%
		Dhobis ('launderers')	0,4%
		Telis ('oil-pressers')	0,4%
	Untouchable:	Chamars ('leather-workers')	1,1%
		Dushadhs ('basket-makers')	0,5%
		Khatawes ('labourers')	0,4%
		Musahars ('labourers')	0,8%
<b>(b) Ethnic groups</b>		<b>9,0%</b>	
	Inner Terai:	Kumals	0,4%
		Majhis	0,3%



		Danuwars	0,3%
		Darais	0,1%
	Terai proper:	Tharus	6,5%
		Dhanukas	0,7%
		Rajbamshis	0,4%
		Gangais	0,1%
		Dhimals	0,1%
<b>(c) Muslims</b>			<b>3,3%</b>
<b>(d) Marwaris</b>			<b>0,2%</b>
<b>(e) Sikhs</b>			<b>0,1%</b>

Source: Whelpton 2005.

## 2. Overview of the peoples of Nepal and their attitudes to development.

### Introduction

“[Afno mannche means one’s own people. It] encourages problems of inclusion-exclusion, as group members gain particular privileges. Being part of the outer circle it can impede cooperative action. Difficulties also arise when membership in a desired circle of afno mannche can be purchased only through traded privileges” (p. 4). “For one to make any kind of social progress or get things done, one must have the correct afno mannche connections. These afno mannche connections are not necessarily caste based, but membership to them takes time, knowledge, and the right kind of support elsewhere” (p. 56-57).

“[Fatalism is the belief] that one has no personal control over one’s life circumstances, which are determined through a divine or powerful external agency ... It has consequences on the sense of time, and in particular such things as the concept of planning, orientation to the future, sense of causality, human dignity and punctuality” (p. 4).

“[Chakari means sycophancy, and chakariwal a sycophant]. As a social activity, its most common form is in simply being close to or in the presence of the person whose favour is desired. Instead of efficient fulfilment of duties and obligations, persistence in chakari is seen as merit, and with enough merit favours may be granted. It is a passive form of instrumental behaviour whose object is to demonstrate dependency, with the aim of eventually eliciting the favour of the person depended upon” (p. 5).

“Fatalism and dependency may allow perversion of developmental aid. In its most blatant form this perversion manifests itself in the expectation of foreign aid as a divinely instigated redistribution” (p. 5).

“Scholarship in the Sanskritic tradition is associated with privilege and never with labour ... Education is not perceived as a means of acquiring skills that can be used

productively to secure economic prosperity but is seen as an end in itself which once achieved signifies higher status, and in association with which the privileges of status are expected automatically ... To become educated is to be effectively removed from the workforce (pp. 5-6).

“Nepal is not like India. This is a critical point. And an overemphasis on the structural qualities of caste often simply obscures more critical issues concerning value systems” (p. 8).

### **General Background**

“Buddhism was a religion of the plains, associated with particular dynastic groups whose avowed heritage was Indian. It was always essentially alien to Nepalis, who remained, intrinsically, Shamanistic-Shaivites ... By the beginning of the [second] millennium, Buddhist institutions were noticeably overshadowed by those of the high caste Hindus and their public rituals, and the Buddhist viharas (monasteries) were in the decline. Nepal was increasingly gravitating towards the influence of the caste [varna] structure [which “was based on five primary social classification: the Brahmin (priest), the Kshatriya (warrior or administrator), the Vaisya (merchant), the Shudra (labourer), and the untouchable (or polluted)” (p. 28)]. Buddhism, ‘a religion which has been acclaimed as the highest expression of Asiatic humanism, which spread throughout the countries of the Middle and Far East, refining customs, art and literature, wiping out misunderstanding and prejudice, shattering the bond of caste and promising peace and redemption for all; the religion which led primitive Nepali society to the dawn of civilization’, lost out completely in the land of its birth (Gnoli, 1984: 19)” (p. 22).

“By the fourteenth century, the Mallas [along with the Khas in the far west and the Magar in the west one of the successor states to the Licchavi empire] had assumed dominance of the Kathmandu Valley; a dominance that was to last till the eighteenth century ... Under the Mallas, Hinduism with a stratified caste system and fatalistic hierarchy was actively supported and Buddhism, with its strong connection with Tibet, was actively discouraged” (p. 24-25).

[The kingdoms of the Mallas, Khas and Magar having ossified under the hierarchic caste system and fatalistic faith, and then disintegrated], “It was only during the eighteenth century that the Khas, Bahun, Gurung, and Magar provided the military might under the leadership of King Prithvi Narayan Shah of the Kingdom of Gorkha ... to unite the disintegrated states into a form which could hold its own throughout the colonial period” (p. 26). “From this period the Khas, Magar and Gurung began to be known collectively to outsiders by the name of Gurkha or Gorkhali” (p. 28).

“In 1816, the Sugauli Treaty was signed with the British East India Company, which defined the boundaries of present day Nepal. The Khas language ... became the official Nepali national language ... In 1847, a Khas general secured a position of power soon after he became Prime Minister and took the title of Rana ... and his family later became the hereditary Prime Ministers and effectively ruled the country until 1950” (p. 26), [during which time] “Anyone with a concern for the society at large and to the

future of the country had to be the enemy of the Ranas. So they singled out, punished, jailed and executed anyone who fought for the people's welfare on the pretext that it was high treason" (p. 27). ["This position of the Ranas has been interpreted as that of Prime Minister, though, in more strict terms, it is really a graded rank of kingship [and] the Ranas were kings in their own right, though of a less formal rank than the Shahs" (p. 101)].

### **The Caste System in Nepal**

"Though Nepal is considered to have long been Hindu, its native Hinduism has not included a belief in caste principles, which remain a foreign importation with little popular support. Only [since 1854] has the caste system gained any kind of endorsement. Though supported only by a minority of the populace, it is a very important minority, socially located to mediate the relations between Nepal and the outside world" (p. 29).

"The Nepali word for religion is dharma, which also means duty, ethics, morality, rule, merit and pious acts ... In Nepal Hinduism includes Shamanism, and hence religions derived from the early Gopal and Kirat traditions, as well as Brahmanism, the version of Hinduism brought from India ... Nepalis have never been orthodox nor are they ever likely to be. The state automatically assumes that everyone is Hindu unless they specifically declare themselves otherwise" (pp. 29-30).

"With the destruction or elimination of Buddhist institutes of scholarship at the end of the first millennium, the Bahun [high caste] pundits have become the sole vehicle of erudition. They are the writers, the repository and the interpreters of history, and for appropriate consideration have been quick to document the ancient illustrious status of any new reign" (pp. 36-37).

"Many people speak of the caste system as if it were a representation of the classical Varna model ... But this original model has been greatly affected by many factors and does not exist in its original form anywhere in Nepal. It has been unorthodox and permeable from the beginning ... [a common view divides Nepalis into chokho jaat - clean caste - and pani nachalne jaat - water unacceptable] [but] there is now a tendency for the caste outlook to be replaced by a class outlook [and] discrimination based on caste was legally abolished in 1963" (pp. 42-44).

"... the cold climate and ice-fed cold water is not congenial for Bahun rituals as these involve frequent bathing in fresh water, and cleansing the premise with it too. Partially for this reason Bahuns have not had the motivation to seek conversions in the high mountain areas" (pp. 48-49).

"In all Nepal, caste divisions and stratification are most pronounced among caste Hindus in the districts of eastern Terai" (p. 50) [but in the eastern hills] "it has become almost impossible to find an orthodox Bahun in the entire Mechi zone. Local Shamans, priests and spirit mediums continue to have a stronger influence than Bahun priests over the local people" (p. 51).

“[Because of the lack of any maniche connections and the forced orientation to hierarchical caste status], “as an objective [for ethnic minorities] the higher status will always be unattainable. A consequence is often the eventual breakdown of the defence mechanism of the ethnic individual, with demonstration of erratic behaviour and a loss of motivation ... Most turn their grievances into political activity of an essentially revolutionary kind” (p. 57-58).

“The typical indices of failures in acculturation and ethnic conflict are largely obscured in Nepal. Delinquency is ignored or even not recognised. There is little awareness of the existence of mental illness” (p. 58).

“... there is little urban drift to Kathmandu [which] attracts mainly prosperous and upper class people. Those with economic ambitions among the various ethnic groups go to the Terai, or even to India” (p. 58).

### **Family Structure and Childhood Socialization**

“There is always a strong bond between the living and the dead in Nepal in the form of reciprocal dependency ... There is, in fact, greater concern for dead relatives than for living ones” (p. 62).

“Women in Nepal generally have equal status except among Bahun-Thakuri and some middle and upper level Chhetri. Since the population of such high caste people is not large the percentage of women who are underprivileged in comparison to men is relatively small. However, the educated and articulate section of women invariably come from among the high caste Hindus and tend to present the situation differently” (p. 62).

“Women, like men, have specialized jobs ... [and] there are many examples to show that women are treated as equal to men [references are given to studies of the Newar women of Bulu, the Tharu women of Dang, the Kham Magar of Thabang, the women of Baragaon, as well as “equality and freedom” among women of the Rai, Limbu, Sherpa, Rana Tharu of Kailali and Tamang] ... Women’s specialized jobs are concerned with the maintenance of the house, the preparation and processing of food, and the care of the aged and very young, all of which tend to keep them at home for long periods of time” (p. 62-63) [and details are given on p. 65 of the chores which mean that “the female members of every household have to work at least 12-14 hours in an average day, seven days a week even when the male members of the same household lounge around or spend their days in gambling”].

“For the high caste women, things are very different [as, traditionally] women should be under the strict control and supervision of their fathers until marriage, under the control of the husband after marriage, and that of a son after the death of the husband. A woman without one or other of these male supervisors lives inauspiciously and precariously [and] an ideal woman is close-lipped and active in looking after the household” (p. 63).

“Breast feeding lasts until another child comes along; sometimes up to the age of four years or beyond ... There is no toilet training at all [and] defecation and urina-

tion has little social regulation in Nepal, even in adulthood, so that people defecate in the streets with minimal privacy and little concern for what their action might mean for others” (p. 65).

“Corporal punishment is given sparingly [but] other kinds of threats are used to persuade children to behave properly, particularly threat of the dark. For the child, the dark is peopled with imaginary evil. It is also common for mothers to curse their children and often swear at them. Curses include ‘Death to you!’, ‘Why don’t you die?’ or invoke promises of vengeance, illness, and fatal illness ... Bahuns, on the other hand, do not swear, and do not fight” (p. 66).

“Children are ... often exposed to contradictory demands on behaviour [and] such inconsistency eliminates any sense of the real appropriateness of behaviour, and undermines any genuine sense of authority ... Only the fear of punishment discourages individuals from doing anything wrong. This is a significant reason why it is important to have many friends, relatives and supporters (as *afno manne*) in positions of importance, so that one can get away with irresponsible behaviour without being punished for it” (p. 67).

“The influence of foreign aid, tourism and the bombardment of statistical interpretations showing Nepalis as the poorest and the most backward has done a great deal of damage, [and] international modernism has pushed the Nepali youths all the way to the bottom of the global economic hierarchy in their own self-image. This has not helped to develop a positive attitude among many of them” (p. 68).

“There is no concept of children as a separate section of Nepali society. In fact, in a large part of the country and in a majority of cases, there is no point at which children cease to be children and become adults” (p. 69) [i.e. no initiation, beyond the sacred thread-wearing ceremonies among higher castes].

“Dependence on parents is much higher and continues for a much longer period among Nepalis, as compared to other people around the world. In fact, many Nepalis continue to rely on their parents throughout their lives and never become independent. There is no institution, value system, or education to wean anyone away from parents at any age” (p. 70).

“Characteristically, an excessive adulation develops for the father” (p. 68) [but] “in most cases, the young men stop depending on their fathers if they find an alternative father figure to look after them ... The Gorkha soldiers, for example, develop this dependency on their superior officers in the British army” (p. 71).

“While growing up, the Bahun child in a priestly family is taught that he is the cleanest or most pure, the best, the elite, the closest to god, with special spiritual qualities. But they are also taught that these qualities are fragile, and can be easily compromised through the introduction of pollution ... and the sources of pollution are the great bulk of the people around them” (p. 71).

“The high caste child, then, is never exposed to cooperative or democratic action, but knows only a social order of stratification and authoritarianism. This stratification becomes their only source of a sense of stability and certainty in a threatening world

of differences and insecurity. Any threat to the caste system must be a deep personal threat that challenges their most basic sense of who they are” (p. 74).

### **Values and Personality Factors**

“Karma literally means action, but ... karma is thought to be predestined and as something which cannot be altered in any way. There is a practice of keeping red ink and a pen ... in a room where the mother sleeps with her new born baby on the sixth night after it is born [when] Bhavi, the demi-god of providence ... [writes] the fate [bhagya] of the child on its forehead” (p. 77) [and the “zigzag lines and furrows on the cranium” are the alphabet of Bhavi].

“At a popular level, even amongst illiterate people, any kind of work is equated with pain (dukkha) and people consider it an act of wisdom to avoid work. The opposite of dukkha is sukkha (bliss) which means living without having to work. People who can live without having to work are considered fortunate. As a career objective in modern Nepal, every Nepali tries to have a Jagir, a salaried job where one does not have to work but will receive a pay cheque at the end of each month” (pp. 79-80). [On the other hand, “By contrast, low caste people have always been hard workers, and have been forced to develop very high levels of endurance” (p. 80).]

“Fatalism contributes to the development of a personality which is devoid of a sense of internalised responsibility towards society at large. Under fatalism, responsibility is continually displaced to the outside, typically to the supernatural” (p. 80).

“People are in less privileged positions in order to learn critical lessons in life necessary for their spiritual advancement [so] altruism is suspect [and] one is never obliged to anyone for anything because everything occurs as it should ... Though there are ways of expressing gratitude, ‘thank you’ does not exist in the Nepali vocabulary” (pp. 81-82).

“If things are fated then it becomes difficult to attribute success or failure to individual action. Personal success must always be contained within limits imposed by social expectations, and these expectations are always low ... Success due to personal competence is [seen as] both deviant and threatening [and] the person who demonstrates competence tends inevitably to be isolated and undermined” (p. 82).

“... students are not ashamed of failure, for which they take no personal responsibility, but get annoyed ... with someone else within the system [and this] applies equally to political workers and business people who are neither willing to take the blame nor ashamed of themselves if they fail in their own responsibilities” (p. 82).

“A marked outcome of strongly fatalistic beliefs is that people do not feel bound to keep any form of contractual relations” (p. 83).

“Fatalism also acts to hinder competition by affecting the strength of self-interested behaviour and the profit motive (which are disparaged as low caste), and strategic thought (which violates fatalistic premises)” (p. 83).

“No Nepali child, particularly among caste people, is ever reminded of time as a commodity or a unit within which they can complete only a certain amount of work. In Nepal there is no sense of wasting time ... People are directly or indirectly reminded that life is a continuing present in a continuum of ages and life sequences. The future is taken seriously only in the sense of a life hereafter ... Western economic development theorists and foreign aid administrators continually ignore this difference and retreat into their own ethnocentrism” (p. 84).

“Traditionally, the more free time a person has the higher and more important he is considered to be. A busy person is usually running errands for someone higher up, so he can not be of high caste or high status himself” (p. 85).

“Future life was, and is, imagined on the basis of an imaginary unreal past life rather than on projections and planning grounded in a careful study of yesteryears; i.e. myth substitutes history and mystical images of the future substitute the need for concrete planning” (p. 85).

“Most people live in the present and are principally consummatory in their orientation [so] no savings take place and there can be no investment. The society must remain dependent on foreign investment in the future, ... largely because of a constitutional cultural predisposition towards present consumption” (p. 85).

“Within a system characterized by parental dependency, people in exalted positions (the father-surrogates) consider giving favours to those who demonstrate dependence on them through chakari as normal and proper behaviour. It is gratifying and flattering to them to be able to do so. But gradually they fall prey to the inherent vices of chakari ... As the gifts increase, the size of the social debt increases and the patron effectively loses control of the relationship ... The entire social apparatus then suffers as critical positions are filled and governmental decisions made as a result of chakari. It is a built-in guarantor of incompetence, inefficiency, and misplaced effort” (p. 93).

“Very few [high caste] people treat high positions with responsibility, as a duty to society at large. Many see a high position as a reward, something to be enjoyed. In contrast, individuals from ethnic groups act cooperatively and are not socially or psychologically isolated from their fellow citizens [so tend to be] more successful in achieving the goals set for them [in administrative offices]” (p. 97).

“The strength or weakness of anyone is measured in terms of the quality and quantity of the circles of *afno manne* he is a part of” (p. 98).

“... Nepali caste only seems to adopt the nature of a class structure rather than being a pure caste structure. Of most importance is the fact that, except for the Bahuns, pollution is not attached to caste in the way it is in India and there is a degree of personal interaction among the castes that would never be tolerated where pollution is an important factor” (p. 99).

### **Politics and Government**

“[In the post-Rana period], the new patterns of bureaucratic behaviour were imported and ritualized. In order to justify the new positions bureaucratic activities were cre-



ated ... the most popular [of which] was the ‘meeting’ [which] built up the formal atmosphere for continuous debate and speculation, and the stage for self-aggrandizement” (p. 109).

“Making decision can be a very risky business [as] you can make mistakes and sometimes hurt the interests of an individual who, in all likelihood, is a member of a powerful *afno manneche* circle ... To keep an administrative position for as long as possible, the best strategy is to act as little as possible ... The higher you are, the greater you are at risk and the less you do” (p. 110).

## **Education**

[During the 1960s,] “Many people realized that the educational system was meaningless, and ... Education was quickly becoming a symbol of status ... The bureaucratic organization of the ministry quickly ossified; planning was reduced to acts of punditry; and *chakari* became, one more, the established way of getting things done ... This concern then led to demands for stronger technical education ... The result was the National Education System Plan” (p. 124).

“The figures are impressive but they belie the abuse and misapplication of educational qualifications, the minimal real impact that education has had in extending the manpower resources of the country, the extensive laxity in discipline combined with cheating that is undermining academic standards, and the administrative chaos that is currently rampant within the university system. What does exist has been due, in large part, to community-based initiative” (p. 128).

“The social objective of Nepali youth is to escape [the] denigrated categories [of *vaishya*, *shudra* or *untouchable*] and become *neo-Bahun*s. To do this they must actively avoid becoming professional technicians ... The irony of the situation is that workers from lower social and economic levels gain status by assuming the role of the technically trained higher officials while the properly trained and qualified technical people lose status by working ... There are few chances that a job [e.g. in medicine or agriculture] will actually be performed by the person formally qualified to do it” (p. 131).

## **Foreign Aid and Development**

“The notion of giving charity to the needy is not generally compatible with fatalistic thought [as] one’s circumstances are fatalistically determined, and a life of suffering is intended to either compensate for earlier misdeeds or prepare the self for some form of spiritual evolvment ... The Nepali attitude to the idea of aid is greatly affected by this opinion of begging and charity ... Some are critical of foreign aid because they do not believe in the efficacy of the human hand in the process of development ... The present age of *Kali Yuga* [the fourth of the *Satya/Gold*, *Treta/Silver*, *Dwapar/Copper* and *Kali/Iron* cycle] is bad [but] attempts at change are looked upon as arrogance and presumption because the deity himself takes care to bring about the necessary changes in the world if he thinks fit ... Confusion and bewilderment in foreign aid administrators and advisers is frequently caused by this attitude of many Nepali officials” (p. 135).

“But the attitude to foreign aid is greatly affected by the Nepali sense of paternal dependency. Foreign aid donors are sometimes seen as father-surrogates [and] when this passive paternal dependency is applied to foreign aid, the only active agent of development becomes the foreign party, who must then supply the resources, the administration, the imagination to plan, and the motivation to make it all work. If it does not work, then this foreign father-surrogate must assume the responsibility for its failure” (p. 136).

“The intellectual leap from community property to public property is not made ... The piled up dirt and garbage, unclaimed cattle sitting in the main thoroughfare ... speak for the missing connection between the two” (p. 144).

“These locally initiated projects, when funded by the central authorities, have the greatest chance of success [as] the local people then understand the purpose of the project and what it means to them” (p. 145).

“Fatalism is connected to dependency, robbing the people of personal control, and the sense of individual competence, their willingness to assume responsibility, thereby diminishing their motivation for personal achievement ... It substitutes instead the perception that power and responsibility are qualities invested only in powerful others and, in the case of Nepal’s dependence on foreign aid, those powerful others are the foreign aid donors” (p. 146).

“The danger is that the relative poverty of Nepal will become institutionalized, and that its people will not be able to imagine anything other than that” (p. 147).

[The enmeshment of Nepalis in the legacy of hierarchic caste attitudes] “makes the foreign adviser more effective than the local expert [who] becomes quickly lost in fatalism and the intrigues associated with chakari and afno manche” (p. 148).

“The Nepali population that has remained untouched by Hindu caste principles is Nepal’s greatest treasure ... They know the importance of hard work, of endurance, and the role of individual effort in the improvement of one’s circumstances. And they have the positive qualities of strong cooperative behaviour and an appreciation of the general well being and importance of the group or community as a whole” (pp. 151-152).

## **Conclusion**

“The Bahun-Chhetri ... are a minority [but] a powerful one [and] the derivation and transmission of information about Nepal, and about the outside world, takes place through the hands of these people who are highly hierarchic in their attitude. A result of this hierarchism is a tendency to disparage things Nepali, depreciating national accomplishments while exalting those of India and the plains, the birthplace of caste Hinduism ... Key elements of the Indian influence, then, are ... poor self image and fatalistic resignation” (p. 154).

“Any strategy for development, if it is to be genuine, and not a redistribution of foreign moneys into local hands, must oppose fatalism and a hierarchic social order, because the two are irreconcilable” (p. 157).

“Outside the Kathmandu Valley, there are various ethnic peoples of Nepal, who remain uncoun- ted, and underconsidered. Their culture is regarded as primitive and of no consequence. This is a grave error” (p. 157).

“Clan deities are often merged with the deities of nature. Consequently, there is a complete unity in the relations between things, both human and natural. This could help not only to increase productivity but also to improve environment and nature conservation” (p. 158).

“While aesthetically beautiful, the geography of Nepal for the most part is not easy to live with” (pp. 159-160).

“Among the ethnic peoples, then, are located some very significant human and cultural resources. These people are hard working, persevering and long suffering, cooperate well and work with a dedication towards collective well-being, and have the qualities needed to be successful merchants. But rather than being tapped, these resources are being shunted aside, ignored, and worse, destroyed, to be replaced by with the qualities of punditry - abhorrence of work, hierarchism and the willingness to exploit others, passive dependence, and fatalism” (p. 161).

“Sadly, the far-sighted advice of the great king Prithvi Narayan Shah, to treat Nepal as the garden of four castes and thirty-six ethnic communities, was ignored” (p. 162).

“We are working today for the well being of the future generations and not for the revival of the archaic values of hierarchic caste discipline evolved by the ancient Hindu society of India. Nor are we working to help the future generations carry the self-image of the poorest and the most backward people in the hierarchy of the world economic order” (p. 164).

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## ANNEX 5: NEPALI EVENTS, HIGHLIGHTS 2008-2011

## 2008

In May, at the first session of the Constituent Assembly, Nepal is proclaimed a Federal Democratic Republic (thus ending the 240 year-old monarchy), Ram Baran Yadav of the Nepali Congress (NC) is elected President, and Paramaranda Jha of the Madheshi People's Rights Forum (MPRF) is elected Vice President. The Madhesh is an alternative name for the Terai, and the Madheshis are those who live there and who are ethnically similar to people in nearby parts of India.

In August, the Constituent Assembly elects Pushpa Kamal Dahal or 'Prachanda' of the Communist Party of Nepal-Maoist (CPN-M), which from 2009 is described as the United Communist Party of Nepal-Maoist (UCPN-M) as Prime Minister.

In September, a Government is formed, comprising the CPN-M with 11 ministers, the Communist Party of Nepal-Unified Marxist-Leninist (CPN-UML) with six ministers, MPRF with four ministers, plus one ministry each for the Sadbhawana Party (a Madheshi group), Communist Party of Nepal-United (a splinter of CPN-UML) and the People's Front Nepal, and a budget is approved. The Nepali Congress remains in opposition. Outstanding issues include: (a) the new constitution (deadline 28 May 2010); (b) the structure of the federal state; (c) the security situation; (d) the peace process (e.g. integrating the two armies, including 20,000 Maoist ex-combatants plus late recruits and minors); (e) loose ends of the conflict (e.g. repatriating displaced people, compensating victims, returning confiscated property); (f) extension of the UN Mission in Nepal (UNMIN). There is much political manoeuvring.

In August-September, there are heavy rains and flash-floods across the country, raising food and fuel prices and displacing many people (only about 15 percent of whom are receiving humanitarian assistance).

In October-November, Finance Minister Baburam Bhattarai meets Marjatta Rasi (Finnish Under-Secretary of State) and Paavo Väyrynen (Finnish Minister for Foreign Trade and Development).

In October-December, there are high-level visitor exchanges between Nepal and the UN, India, the UK (DFID & Army), Denmark and China (Foreign Affairs & Army). China pledges to increase aid and trade, while Nepal supports the 'One China' policy and distances itself from Tibetan exiles. Finland promotes a sustainable and inclusive peace process through the Nepal Peace Trust Fund. EU Heads of Missions meet every six weeks (under the EU presidency of France) and focus on the political process and human rights. Although the caste system, slavery, bonded labour and human trafficking are all officially banned, features of the human rights situation are: (a) no real change since the end of armed conflict; (b) very common discrimination on the basis of sex, ethnicity, caste and location; (c) poor status of women; (d) common trafficking of women and children; (e) widespread use of child labour; (f) universal strong impact of the caste system. Economically, there is a serious risk of low economic growth, high unemployment and rising prices (i.e. 'stagflation').

In June-December, real prices rise for cooking oil (26 percent), coarse rice (19 percent), kerosene (13 percent), transportation fuel (27 percent), and wages have increased by 7-13 percent (especially in the Terai and urban areas), although household purchasing power has declined and people are falling into debt to survive.

## 2009

In January, drought causes crop losses of 50-70 percent in the Hills and Mountains of the Far-West and Mid-Western districts, in places amplifying the impact of previous floods.

In February, Minister Paavo Väyrynen visits Nepal and confirms that Finland is willing to double its level of assistance to Nepal, and Finland and Nepal sign an Agreement on the Promotion and Protection of Investment.

In May, the government collapses due to differences among major coalition partners over the cabinet decision to dismiss the army chief and the subsequent veto of the decision by President Ram Baran Yadav. Madhav Kumar Nepal (CPN-UML) becomes Prime Minister.

In June, a Common Minimum Programme is agreed among 22 parties of the new government, and a budget is presented. The Maoists are the new opposition, and are campaigning and organising in the countryside. Meanwhile, interest and ethnic groups intensify their demands, with strikes (bandhs) paralysing the Terai and Kathmandu.

In September-October, a balance of payments deficit (with imports mainly from India increasing 30 percent and exports declining 16 percent, uncompensated by remittances) and a shortage of cash leads the Nepal Rastra Bank (Central Bank) to cap the exposure of financial institutions to housing and real estate loans.

In November, the Transparency International Corruption Perception Index ranks Nepal 143 of 180 countries (down from 121st position) - actions against corruption in 2009 include issuing trousers without pockets to staff at Kathmandu Tribhuvan international airport.

In November-December the Maoists enter the third phase of their agitation which includes highly-effective strike action, declaration of 15 autonomous regions and a three-day general strike. The budget presented by the government in June is finally passed in November, having been delayed by Maoist demands for a discussion in parliament on civilian supremacy and the role of the President.

In December, the government, Maoists and UN sign an Action Plan for civilian re-integration of certain categories of Maoist ex-combatants (4,000 'disqualified' late recruits and 3,000 'minors') and for deblacklisting Maoists in UN reports.

## 2010

In January, a high-level political mechanism (HLPM) is established as a forum for multi-party dialogue on peace-process issues, under the leadership of the President of Nepali Congress Girija Prasad Koirala (who dies in March amid general lamentation and stalling of the HLPM process).

In January-February, the December agreement on the discharge of Maoist army personnel is implemented.

In May, the UN Security Council renews the mandate of UNMIN until September 2010 on Government's last-minute request. There is a Maoist general strike, a welter of demonstrations, strikes, curfews and violence, and the deadline for a new Constitution is not met despite a 'midnight deal' between the Maoists, the Marxist-Leninists and the Nepali Congress on extending the tenure of the Constituent Assembly (a deal which quickly breaks down amid serious political polarisation).

In June, the government falls although continues for the rest of the year in a caretaking capacity through 17 rounds of voting for a new Prime Minister. The Madhesh-based political parties, which have become a key factor in the formation of the new government, are staying neutral because they say they would vote for whichever candidate is ready to guarantee an autonomous Madhesh Province with the right to self-determination. Meanwhile, the constitution-writing process is stalled. The balance is maintained because it suits various factions for nothing to be resolved. There are few strikes as the government is considered irrelevant and temporary, hence not worth protesting against.

In September, the mandate of UNMIN is extended until January 2011, and the UN Security Council later confirms that it will not be extended again (despite Maoist protestations).

In November, the caretaker government announces a new budget, but this just fills a vacuum and nothing much happens. Rampant government corruption has not improved. The inhibition of development investment and operation of key state institutions (e.g. the Commission of Investigation on Abuse of Authority and the Office of the Auditors General) exasperates donors, which issue a statement of concern over the continued political impasse. The latter contributes to anxiety over insecurity and the rule of law, with no progress being made on implementing recommendations by the National Human Rights Commission, on guaranteeing its independence, or on establishing a Commission of Inquiry into enforced disappearances and a Truth and Reconciliation Commission.

## **2011**

In January, UNMIN departs and monitoring of the Comprehensive Peace Accord is taken over by a joint monitoring team comprising the Nepal Army, the Armed Police Force, the Nepal Police and the Maoist Combatants, i.e. the People's Liberation Army (PLA), helped by a unilateral Maoist concession (by Chairman Prachanda but disputed by some factions) to end a dual command system in favour of the State mechanism.

In February, Jhala Nath Khanal (CPN-UML Chair) is elected Prime Minister. Linked to this is a secret agreement with the UCPN-M (i.e. with Chairman Prachanda), which later leaked and made the process of government formation difficult as it provoked discord between and within parties.

By May, almost all ministerial positions are filled, including Home Affairs which had been subject to fierce competition. Throughout this process, the leaders and parties focus on distributing power among themselves rather than on the peace process and new constitution. These tensions continue to cause splitting and re-splitting of parties. The Madheshi parties (e.g. the MPRF and its various fragments) are covertly supported by India, and this influence is increasingly seen in the Nepali Congress too. Also in May, the tenure of the Constituent Assembly is extended to August 2011 after a deal between the UCPN-M, CPN-UML and NC which provides for completing key parts of the peace process, preparing a first draft constitution, forming a unity government, and (to respect earlier agreements with the Madheshi Front), making the Nepali Army more inclusive.

In June, Nepal is declared mine-field free although other unexploded ordnance remains widespread. Meanwhile, there is no consensus on the government budget, and many civil servants are replaced by the new government after nearly two years in post (i.e. ending the continuity of the June 2009-June 2010 government, the June 2010-February 2011 caretaker period, and the February-May 2011 government formation period).



## ANNEX 6: NET AID FLOWS TO NEPAL, 2008-2009

	2008	2009
<b>a) Debt forgiveness/IDA grants</b>		
Debt forgiveness grants	14,50	113,65
International Development Association grants	43,31	71,18
<b>Total (US\$ millions)</b>	<b>57,81</b>	<b>184,83</b>
<b>b) Bilateral donors</b>		
United Kingdom	88,35	98,62
United States	54,03	77,65
Germany	48,89	62,25
Norway	44,33	61,65
Denmark	49,48	46,34
European Commission	24,70	46,16
Japan	48,64	33,93
Switzerland	18,65	22,50
Finland	12,31	17,22
Canada	14,75	9,42
Australia	4,90	5,39
Spain	0,14	2,85
Austria	3,29	2,54
Sweden	-17,74	2,53
Netherlands	3,30	2,44
Ireland	1,68	2,36
Belgium	0,80	2,15
Luxembourg	2,06	1,96
New Zealand	1,68	1,89
Italy	0,10	0,12
Greece	0,04	0,03
Portugal	0,001	0,00
France	-2,42	-2,77
<b>TOTAL (BILATERAL, US\$ millions)</b>	<b>401,96</b>	<b>497,23</b>
<b>c) UN agencies</b>		
World Food Programme	12,38	10,07
UN Development Programme	8,41	9,92
UN Children's Fund	7,71	6,04
UN Population Fund	4,29	5,60

UN High Commissioner for Refugees	3,24	1,36
UN Transitional Authority	5,52	1,14
Joint UN Programme on HIV/AIDS	0,76	0,55
International Fund for Agricultural Development	3,37	-0,08
<b>TOTAL (UN AGENCIES, US\$ millions)</b>	<b>45,68</b>	<b>34,60</b>
<b>GRAND TOTAL (US\$ millions)</b>	<b>505,45</b>	<b>716,66</b>

Source: Trading Economics 2011b.

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