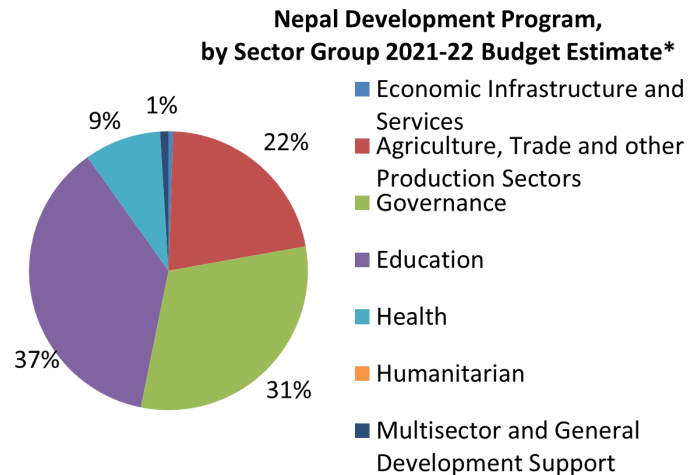


2021-22 NEPAL DEVELOPMENT PROGRAM PROGRESS REPORT

The COVID-19 Development Response Plan for Nepal has been extended through 2022-23. In 2022-23, the Nepal program will have a strong focus on sub-national governance, disaster risk reduction and natural resource management, to ensure Nepal’s long-term stability, economic recovery and resilience.

Program Budget	2021-22 Budget Estimate \$m*
Bilateral	9.1
Regional	3.6
Global	7.0
Other Govt. Departments	0.8
Total ODA	20.5



*Actual expenditure is expected to be available in early 2023. Due to rounding, totals may not match the sum of components.

Our development program to Nepal contributes towards achieving the following Sustainable Development Goals:



The 2021-22 Nepal Development Program Progress Report summarises progress with implementation of the Australia – Nepal COVID-19 Development Response Plan and highlights program results.

CONTEXT

The pandemic has placed significant strain on Nepal’s healthcare system. The third wave of COVID-19, in January 2022, saw a peak of over 12,000 reported cases in a single day. At that time, health services were under significant stress due to a shortage of beds, oxygen and essential equipment, as well as high rates of infection among health workers. However, the Government of Nepal (GoN) has managed a successful vaccine rollout, with over **67 per cent of the total population receiving at least two doses of a COVID-19 vaccine as of 30 June 2022.**

Nepal’s economy has shown considerable resilience in 2021-22, with ample foreign reserves, low debt, strong domestic demand, and substantial overseas remittances. Overseas remittances increased by over four per cent to USD8.2 billion (22 per cent of Gross Domestic Product (GDP)), with growth expected to continue as workers return to the international labour market. After a contraction of 2.4 per cent in 2020, **GDP growth bounced back to 4.2 per cent in 2021 and 4.2 per cent growth is forecast in 2022** (according to the IMF). This is still below pre-pandemic growth, which averaged 7.8 per cent between 2017 and 2019. Public debt levels in 2021 were 47.2 per cent of GDP, substantially lower than other economies in the region, further boosting Nepal’s economic resilience.

Nepal’s graduation from the Least Developed Country category, expected in 2026, is evidence of the country’s steady socio-economic progress. However, the pandemic and an early and above-average monsoon season in 2022 will threaten continued economic recovery. **Flooding, landslides and other monsoon-induced disasters will continue to exacerbate food insecurity, putting vulnerable communities at particularly high risk.** Australia’s ongoing disaster preparedness, economic and governance support will continue to be critical to help ensure Nepal’s long-term stability.



AUSTRALIA'S RESPONSE AND PROGRAM HIGHLIGHTS

In 2021-22, Australia continued to support Nepal's immediate health security needs, focusing on frontline health workers and the needs of vulnerable communities, women, people with disabilities and marginalised groups.

Health Security

Australia's COVID-19 Emergency Response Program **provided emergency assistance to 52,290 vulnerable people**, including 39,122 women; 693 were people living with disabilities. Australia supported Nepal's vaccine program through our contributions to the COVAX facility – for eligible countries in South Asia, including Nepal. Along with direct health assistance and continued reproductive services support also included: food assistance; provision of first aid kits; Cash for Work assistance; unconditional cash assistance; and water, sanitation and hygiene (WASH) projects.

Delivered through Australian NGO Cooperation Program (ANCP) partners, **Australia provided \$4.2 million in health response funding**. This supplied 17,086 antigen test kits, 362,200 masks, 132,231 gloves, 5,920 personal protective equipment sets, 40 oxygen concentrators, 198 oxygen cylinders, and three oxygen generation plants, which were provided to government and community hospitals and health facilities across Nepal.

In partnership with the World Food Programme (WFP), we established **mobile humanitarian staging areas, and strengthened local, provincial and national level capacity to respond to disasters rapidly**. WFP also coordinated the receiving, storing, dispatching and distributing of lifesaving COVID-19 related medical supplies including oxygen, oxygen concentrators and intensive care unit beds.

To ensure strengthened capacity of health workers to address and respond to infectious disease outbreaks, **Australia supported training for 1,139 health care workers**, including in monitoring of the health risks utilizing digital platforms, and COVID-19 infection, prevention and control measures.

To counter disinformation and increase public awareness of infection control measures, **we delivered public health messaging that reached 2.9 million people** using print, radio and online programs, in various local languages, in partnership with health experts and civil society.

We provided \$1 million for the **continued provision of essential sexual and reproductive health services for women and girls**. Through Marie Stopes International Nepal and ADRA Nepal, 16,999 women accessed Sexual and Reproductive Health Services; 3,461 women received dignity and/or kits; and 600 women received sanitary pads.

Under the Sub-National Governance Program (SNGP), we supported the development of public health regulations in six partner municipalities, including **mainstreaming gender equity, disability and social inclusion (GEDSI) in municipal level health policy**. The policies contain GEDSI-related provisions, including free health care services for vulnerable groups, disability-sensitive health infrastructure and women's representation on local public health monitoring committees.

Stability

We continued to **partner with GoN to improve the clarity of roles and functions of the three spheres of Nepal's maturing federal government**, and to support inclusive governance that promotes the participation of women, people with disabilities and traditionally marginalised groups through law/policy making.

Under our flagship SNGP, we helped **formulate 31 pieces of legislation, supported five federal policy dialogues and facilitated 69 subnational consultations with stakeholders from all three tiers of government to clarify roles and functions**. For example, we assisted the Ministry of Federal Affairs and General Administration to draft a Natural Resources and Construction Material Management and Regulation Bill, codifying each of the three tiers of government's responsibilities in natural resource and construction material management. Through SNGP, we also developed gender-responsive guidelines and a GEDSI policy for partner municipalities, with six out of seven target municipalities now having endorsed the GEDSI policies.



Through dialogue forums held under SNGP, 28 multi-stakeholder issues were resolved, which helped strengthen conflict resolution in 23 districts. We also supported 210 local judicial committees and trained 468 community mediators. Consequently, **93 per cent of local disputes in 23 districts were resolved, serving a total of 1,387 citizens.**

We provided **training, mentoring and capacity building through our She Leads program for an estimated 975 local women leaders.** To date, the program has supported an estimated 48,000 community members with leadership and citizenship engagement skills. Additionally, we supported the Election Commission Nepal to roll out voter education; draft an integrated election law to remove inconsistencies; and conduct multi-stakeholder post-election review workshops.

To ensure **education service continuity during COVID-19 lockdowns, we supported the rollout of radio lessons** across 10 stations, reaching an estimated 500,000 children in seven districts. An estimated 1,700 vulnerable children received radios to facilitate their radio lessons. Additionally, we provided **221 schools with education kits for remote learning (benefiting 22,713 students); 342 teachers were trained in community-based mentoring/alternative education, and a further 70,846 children (51 per cent girls) were provided with education materials to access online learning.**

Australia signed an agreement with the International Centre for Integrated Mountain Development to **build local government capability to stimulate green and resilient local level climate action;** reduce risks to lives and livelihoods through increased resilience; and enhance opportunities for adaptation through green livelihoods and resilient enterprises.

Most investments under this pillar, including the flagship SNGP investment performed well during the reporting period, however, the World Bank managed PFM Multi-Donor Trust Fund is unlikely to meet intended performance targets during the project period. This is being addressed through a review and redesign of the investment.

Economic recovery

Under the Business Partnership Platform, we supported 110 cooperatives to **provide an estimated 33,000 women with access to financial/business development training.** A further 67 female entrepreneurs trained in how to operate machinery and obtain employment in the low emissions brick-making industry. 179 female farmers learned digital literacy skills to access marketing platforms.

We supported all seven partner municipalities to develop and enact the Local Industry Management Act, helping local governments monitor and regulate economic activities. Additionally, we supported four partner municipalities to develop effective Local Economic Development plans to promote subnational economic recovery.

We also provided 2,589 female entrepreneurs with various on-farm and off-farm business training, improved technology and inputs to **support economic empowerment of women through entrepreneurship skill development.**

Under the Australia Awards program, we mobilised 26 scholars for post-graduate study in Australian institutions in 2022 and rolled out several short courses to promote the development of business skills, such as the 'Building Capacity in Vocational Training and Assessment'.

Through the Australian Volunteers Program, we supported government agencies through remote volunteer placements. For example, we **provided capacity development for organisations that work with people with disabilities,** with two remote volunteers supporting the Centre for Independent Living with fundraising and grant efforts.

ANNEX 1: PROGRESS AGAINST COVID-19 DEVELOPMENT RESPONSE PLAN RESULTS INDICATORS

Health Security

Key Results Indicators	Progress/Result
Health systems and preparedness – Evidence of technical and policy advice in health-related policies, guidelines and procedures for target municipalities (Target: 4 policies/guidelines)	<p>Provided technical support to draft health sector emergency preparedness and response plans for five local governments in Kailali, Banke and Bardiya districts.</p> <p>Facilitated dialogue among local, provincial and federal level health officials to review Sexual and Reproductive Health Services (SRHS) during the COVID-19 pandemic. This provided a platform for the three levels of government to discuss ideas on how SRHS may be made operational during emergencies.</p>
Infectious disease outbreak response – Number of people reached through public health security related information and awareness efforts (Target: 53,700)	<p>Strengthened risk communication and community engagement to prevent misinformation about COVID-19, reaching 2.9 million people. COVID-19 related messages were disseminated through radio, social media, SMS messages, community public announcements and distribution of printed material. In addition, COVID-19 related information sessions were conducted for women’s groups in the community and in schools.</p>
Number of new health supplies stored, delivered and made accessible in a timely manner (Target: 9,000 cubic metres and 900 metric tonnes)	<p>Supported construction of two mobile humanitarian staging areas for the government and humanitarian agencies to preposition relief items for future emergencies. Additionally, supported the storage of 10,654 cubic metres of new health supplies in humanitarian staging areas, and delivered 5,679 cubic metres of medical supplies.</p> <p>Provided 17,086 antigen test kits and 500,592 items of additional equipment to government and community hospitals and health facilities, including: 362,200 masks, 132,231 gloves, 5,920 PPE sets, 40 oxygen concentrators, 198 oxygen cylinders, and three oxygen generation plants.</p>
Sexual and reproductive health – Number of contraceptive kits made available through Australian support (Target: 33)	<p>Supported distribution of 68 sets of Inter-Agency Reproductive Health (IARH) kits, distributed to 44 referral hospitals, provincial hospitals, district hospitals and health centres to continue essential SRH services across all seven provinces. The sets included oral and injectable contraceptives, and Intra Uterine Devices that provide women with protection from unplanned pregnancies.</p>

Stability

Key Results Indicators	Progress/Result
Improved governance – Number of significant policy changes supported by Australia to strengthen sub-national governance in Nepal (Target: 7)	<p>Supported the drafting of over 30 pieces of legislation, including:</p> <ul style="list-style-type: none"> • The Province and Local Level Coordination and Disputes Resolution Bill, following consultation with provincial and local level stakeholders. Two provinces have enacted this bill. • Support to the Ministry of Federal Affairs and General Administration to draft a Natural Resources and Construction Material Management and Regulation Bill, clarifying the roles of the three tiers of



	government in natural resource and construction material management. The Bill has been submitted to parliament.
Number of elected women representatives report increased confidence in their leadership skills regarding pandemic/disaster response (Target: 70 per cent of women trained)	Provided leadership training to 975 elected women representatives. 100 per cent of the elected women representatives reported increased confidence in their leadership skills regarding their roles in the pandemic response.
Number of people receiving basic hand washing facilities in their households (Target: 40,000*) <i>*Target to 31 December 2022, results reporting only counts to 30 June 2022</i>	Supported local government water, sanitation and hygiene (WASH) coordination committees to increase monitoring of WASH issues and undertake messaging on hygiene practices. This supported 34,657 people to receive access to basic hand washing facilities in their households.
Food security – Policy and technical advice on building capacity for food security. Examples: support to produce food security and nutrition surveillance monitoring reports	In partnership with WFP and the Government of Nepal, Australia funded a mobile vulnerability analysis mapping survey using a random digital dialling method. The survey assessed the impact of COVID-19 at the household level and provided updated information on the food security situation at the national and provincial levels.

Economic Recovery

Key Results Indicators	Progress/Result
Economic policy support – Technical and policy advice provided on stimulus measures for longer-term economic recovery	Supported the reform and strengthening of Nepal’s Public Financial Management (PFM) systems, including the development of guidelines for the Medium-Term Expenditure Framework at both the federal and provincial levels, which would allow for improved prioritisation in expenditure planning and tracking, and greater predictability in budget allocations.
Economic empowerment – Number of female entrepreneurs provided with financial and/or business development services (including microfinance) (Target: 7,200)	33,135 women accessed financial/business development training through Australia’s Business Partnership Platform investments in Nepal. In addition, 67 women brick producers were provided with training to operate machinery and obtain employment.
Number of people with access to digital financial services (Target: 25,000)	Supported 27,532 people to access digital financial services (18,230 women). Providing access to digital financial services played a crucial role in sending and receiving remittance during COVID-19, fostering financial inclusion in remote areas of Nepal.

ANNEX 2: INVESTMENT PERFORMANCE RATINGS

Investment Details	Year	Effectiveness	Efficiency	Gender Equality
Public Financial Management Multi Donor Trust Fund Phase II Investment duration: 2016-26; Budget: \$5.3m	2022	3	4	3
	2021	3	3	3
She Leads Nepal Investment duration: 2019-22; Budget: \$3.8m	2022	5	5	4
	2021	4	5	5
Strengthening Humanitarian Preparedness in Nepal Investment duration: 2018-24; Budget: \$4.77m	2022	4	4	4
	2021	4	4	4

FINAL INVESTMENT PERFORMANCE RATINGS

Investment Details	Year	Effectiveness	Efficiency	Gender Equality
Sub-National Governance Program for Nepal - Bridging Phase Investment duration: 2020-22; Budget: \$5.0m	2022 FIMR	5	5	5
	2021 IMR	n/a	n/a	n/a

HUMANITARIAN INVESTMENT PERFORMANCE RATINGS

Investment Details	Year	Effectiveness	Efficiency	Gender Equality
COVID-19 Emergency Response for Nepal Investment duration: 2021-23; Budget: \$7.44m	2022 HIMR	4	4	4
	2021 HIMR	n/a	n/a	n/a

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas.

5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas.

1 = Very poor; does not satisfy criteria in many major area.