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Nepal

Country Strategic Opportunities Programme

2021-2026

Addendum

Management's Response to Member States' Comments

Executive Board — 132nd Session
Rome, 19-21 April 2021

For: **Information**

Comments from India	Management response
<p>We appreciate the management for preparing Nepal's Country Strategic Opportunities Programme 2021-2026 and acknowledge the envisaged strategic objectives in the document.</p>	<p>IFAD Management would like to thank India for appreciating and acknowledging the envisaged strategic objectives in the COSOP for Nepal.</p>
Comments from France	Management response
<p>France appreciates the proposed Country Strategic Opportunities Programme 2021-2026 for Nepal. We commend IFAD for the great relevance of its strategic objectives and its particular focus on fostering resilience to climate change.</p> <p>Accelerating inclusive and sustainable rural economic growth and attractiveness of rural employment opportunities is key, in particular through interventions targeting youth. Access to lands, in particular for women, is also a key dimension which needs to be taken into account to foster sustainable rural development given the correlation between poverty and landholding issues.</p> <p>We encourage IFAD to develop strong concertation and partnerships with all relevant stakeholders, in particular the World Bank.</p>	<p>IFAD Management would like to thank France for appreciating and acknowledging the relevance of the envisaged strategic objectives in the COSOP for Nepal. We fully agree with the importance of accelerating inclusive and sustainable rural economic growth and the vital role that women's access to land has to play in this. We are already seeking to make practical contributions to improving access to land, especially for women. Projects in the portfolio, for example the Rural Enterprises and Remittances Programme (RERP) as well as the forthcoming Value Chains for Inclusive Transformation of Agriculture Programme (VITA), are already working with local authorities on practical local measures to increase access as well as raise women's awareness of their land rights. In parallel, the programme will continue to seek close collaboration with other stakeholders and development partners, bilaterally and via the International Land Coalition, including supporting the operationalization of the reforms embodied in the recent land act.</p>

Comments from Canada	Management response
<p>Given the state of rural development in Nepal and the agriculture sector's importance to GDP, Canada supports the COSOP's identification of the five provinces and 180 rural municipalities for strategic investment of resources.</p> <p>As the private sector becomes an increasingly important stakeholder for agricultural development, Canada would like to underline the importance of exploring positive linkages between the private sector and farmers in areas such as agricultural production and marketing.</p> <p>Canada supports the focus on women and youth, who have long been disproportionately impacted by poverty and a lack of economic opportunities. Proactive targeting of other disadvantaged groups, such as Indigenous Peoples and Dalits, is also welcome.</p> <p>Risks such as the ongoing COVID-19 pandemic, climate change and political instability will remain key considerations for the duration of the programme. The focus on local-level leadership and governance buy-in should help mitigate impacts resulting from the current political uncertainty, which is most acutely felt in Kathmandu but less so in rural areas where programme elements will be implemented. Will IFAD be updating its political risk analysis?</p> <p>We encourage increased collaboration with development partners operating in Nepal, including UN agencies and other RBAs, to better inform engagement with Nepalese institutions, especially at the subnational level, following federalization. The evaluation notes that the shift away from a unitary and centralized Nepalese governance structure "challenges the modus operandi of IFAD and other development organizations".</p> <p>Would encourage information to be included on environmental frameworks of relevance (such as NDC, NBSAP [National Biodiversity Strategy and Action Plan], LDN), and ensure that COSOP activities contributing to reaching national targets are adequately captured through monitoring and evaluation processes.</p>	<p>IFAD Management would like to thank Canada for the appreciation of the strategic focus of the COSOP for Nepal.</p> <p>We fully agree with the importance of exploring positive linkages between the private sector and farmers in areas such as agricultural production and marketing. Projects in the country programme are increasingly using a common core of best practice approaches to nurture such linkages. These are a central element of the forthcoming VITA and will be at the core of the new COSOP implementation.</p> <p>The focus on women and youth is at the heart of the country programme. We also appreciate the attention drawn to the need to go beyond this and proactively target other disadvantaged groups, including indigenous people and Dalits, which is essential in the Nepalese context. This wider focus on social inclusion as well as gender inclusion remains a priority in all projects in the programme. All ongoing projects already capture and report on the targeting effectiveness for such groups. The expansion of the programme in the Terai (plains) during the previous COSOP and the recent introduction of tools such as the Gender Action Learning System are indicative of the programme's ongoing commitment to proactively reach such disadvantaged groups. The forthcoming COSOP envisages that these proactive measures will be increasingly mainstreamed across the portfolio.</p> <p>We are grateful for the recognition of the COSOP emphasis on engagement with local-level leadership and governance buy-in to help mitigate impacts resulting from the current political uncertainty and the inevitable further disruption as the federal system matures. The political situation at the national level remains highly dynamic and will continue to be closely monitored by the country programme team.</p> <p>We welcome the encouragement to further increase collaboration with development partners operating in Nepal, including United Nations agencies and other Rome-based agencies (RBAs). The country programme has important ongoing collaboration with several development partners and United Nations agencies. We fully expect that the posting in-country of the incoming Country Director will enable the programme to further deepen such collaboration and establish new and productive ones.</p> <p>On monitoring and reporting of impacts, the country programme will endeavour to support the investment projects to expand their capacity to report on activities and impacts, in relation to both the key environmental frameworks to which they contribute (such as nationally determined contribution [NDC], land degradation neutrality [LDN]) and the outreach and benefits to other target groups of concern to IFAD, including persons with disabilities.</p>

<p>In Annex I: COSOP Results Management Framework: We welcome the disaggregation of people centred indicators by gender, age and socio-ethnic group, and would encourage further consideration of intersectionality in the results management framework, including for example persons with disabilities.</p>	
<p>Comments from Germany</p>	<p>Management response</p>
<p>1. Overall assessment: <u>The programme is very well explained, balanced, taking into account lessons learnt from past experiences. It builds on partner priorities. It also acknowledges the need of strengthening decentralized government and public administration.</u></p> <p>2. Geographic scope: <u>partially overlapping with German TC (LPED and other GIZ Projects),</u> but not covering German TC focus region Sudurpachchim</p> <p>3. Target groups: small-scale producers, including landowners and landless, and labourers in rural communities, strong gender approach</p> <p>4. COSOP objective: accelerated recovery and sustainably improved incomes of small-scale producers and rural poor people through market participation and increased climate resilience served by accountable local institutions under federalism</p> <p>5. Relevance/partner strategies: <u>The document is highly aligned with government priorities.</u> COSOP has been designed taking into consideration of different challenges and opportunities brought by COVID-19, prevalence of poverty, Land Act 2020, youth migration (shortage of labour), climate change, gender and social exclusion (gender inequality, feminization of agriculture). COSOP is therefore guided by 15th five-year plan of Nepal Government, Agriculture Development Strategy, Monetary Policy 2020/21, Financial Inclusion Roadmap, Nepal's National Determined Contribution (National Adaptation of Plan of Action (NAPA)/Local Adaptation of Plan of Action (LAPA) mainly focused on climate change adaptation and mitigation), and agriculture in federal context. The projects within the framework of COSOP</p>	<p>IFAD Management welcomes Germany's in-depth review of the Nepal COSOP. All points are well received and in line with the strategic objectives of the COSOP and the outline of IFAD's programme of work. Management also acknowledges the active participation of the German Agency for International Cooperation (GIZ) in the consultation meeting with development partners on the design of this COSOP. Management appreciates the initiative taken by the GIZ team in Nepal as well as the openness and willingness to cooperate within the framework of the current technical cooperation (TC) (Local and Provincial Economic Development [LPED] and other GIZ projects). The IFAD country team looks forward to operationalizing the areas of cooperation identified with the LPED and GIZ projects, in particular with the Adaptation for Smallholders in Hilly Areas Project (ASHA), Agriculture Sector Development Programme (ASDP) and VITA programmes.</p>

contribute to addressing these challenges and aligned with these policies/roadmaps.

6. Local governments: COSOP emphasizes capacity development of local and provincial government aiming at improved delivery of public services. It also underlines the need to work with small-scale producers supporting them in the production as per market demand and in enhancing the capacity of their organizations to support them for accessing their products to the market. The described approach is in line with German TC's local and regional economic development and value chain approach.

7. Modalities: It is appreciated that COSOP seeks to limit the subsidy mentality and the acknowledgement that economic development does not depend on grants. Moving from grant providing approach (even to poor producer) to loan financing for investment based on experiences from different projects is a good initiative as it will decrease subsidy mentality and limit market distortion. However, in light of COVID-19 recovery COSOP will pursue grants within its Rural Poor Stimulus Fund (aiming at poor people in "special situations"), which however does not diminish the good overall impression.

8. Lessons learnt: Very well explained comments on lessons learnt. COSOP emphasizes the strategy of using lessons learned of one project in another project and complementing one project by the other. For example, VITA project will extend financial services only to the targeted bankable beneficiaries of ASDP in Karnali Province and to those of RERP project (Province 1 and Province 2).

9. Innovations: In addition to the core activities relating to inclusive supply chains and local economic development, strengthening of local institutions and increasing resilience, financial inclusion and the capacity of rural people to recover from shocks, each project of COSOP (ASDP, RERP and VITA) undertakes innovative practices in specific areas:

- For ASDP this include models for community-owned and managed agriculture extension services.

- For RERP it is on skills training and job placement beyond agriculture as well as sustainable model for local authority run services supporting migrants and returnees.

- VITA will address supply side issues hoping to increase the supply of agricultural finance, tools, it aims at mainstreaming climate considerations into private agricultural investment as well as the expansion of digital rural financial services. These projects will be complemented by ASHA which demonstrates models for implementation of the Local Adaptation Plans of Action, developing tools for climate-proofing screening of public and private investment and local participatory planning processes.

10. **Scaling up:** The programme seeks scaling up of agriculture finance by the new strategic partnership with Agriculture Development Bank Limited (ADBL). Similarly, COSOP seeks collaboration with GIZ related to local economic development (LPED) and agricultural insurance (develoPPP on climate risk insurance), which we support in the light of phasing out bilateral development cooperation in Nepal and our attempt to hand over our experiences to other partners.