



Federal Democratic Republic of Nepal - Country Strategy and programme Evaluation (2013 – 2019)

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Independent Office
of Evaluation



Investing in rural people

Country context elements

- **Reduction in poverty rates:**
 - Poverty headcount from 42% in 1995 to 22% in 2015.
 - Child stunting from 49.2% in 2006 to 36% in 2016
- **Agriculture is 27% of GDP (2017).** Average landholding is low: 0.7ha / hh (52% of agric household operate less than 0.5ha)
- **Emigration:** remittance ~ 25% of GDP
- **Armed conflict** mid-1990s to mid-2000s
- 2015 Earthquakes
- 2017 Federalization

Portfolio-level analysis -1

Choice of project topics was relevant to the poverty context and priorities

- Higher-value crops and livestock + linkages to value chains to boost small farm profitability
- Leasehold forestry → natural resource regeneration and income generation for very poor groups
- Community-based development and basic infrastructure in remote areas

But complex project design, under-estimation of field staff requirements

- Time consuming redesign → slow implementation (in addition external factors: 2015 earthquake, federalization)

Portfolio-level analysis – 2

Effectiveness - Overall project targets were achieved

- ❑ Generally successful **outreach to poor and very poor groups**
 - But pre-financing requirements (KUBK, ASHAP) can constrain poverty outreach
- ❑ Successful introduction of **producer-buyer agreements** for high-value crops and seeds (better farm-gate prices; trust)
- ❑ Successful introduction of **community breeding of improved goats**. But now avoiding inbreeding is a top priority

Portfolio-level analysis – 3

Sizeable impacts on household and community welfare

- Overall income increase (revenues from high-value crops, livestock)
- Empowerment of the marginalised (low-caste, indigenous, women)
- Institutionalization of leasehold forestry (scaling up)
- Food security progress more uneven, less well documented

Gender equality

- Enhanced status of women: (i) within households (income generation activities) and (ii) in communities (leaders in grassroots organization)
- Addressed women's workload (in a context of high male emigration)
- But gender imbalance in PMU staff at the professional level.

Non-lending activities

Knowledge Management

- Reviewed IFAD value chain experience in SE Asia, LAC, Ethiopia
- Project-level knowledge products and events but limited work on broader policy implications

Partnerships

- **Solid with federal government Ministries.**
- **Work in progress at subnational level**
- **Technical collaboration with NGOs** (value chains)
- **International organizations: Cofinancing:** SDC/Helvetas; World Bank. Limited exchanges on policy / sectoral issues. Little interaction with UN agencies

Non-lending activities (cont.)

Some contributions **from projects to policy outcomes**:

- Note prepared for discussion on Forestry policy 2019 (*shared benefits* of tree harvest)
- Input to discussions on Agricultural Development Strategy
- However, no systematic effort in policy engagement at a strategic level
- This requires resources (staffing of country office, loan components, grants, coordination with other IFAD offices / units)

Key strategic points – IFAD programme

- Since mid-2000s, **emphasis on high-value products**, agriculture commercialization but **focus was maintained on inclusion** of marginalized groups
- IFAD ‘traditional’ work on **community-based development** and basic needs was **successful but is fading away** from portfolio
- The current **strategy and organizational arrangements** of the programme is **geared to a centralized system**
- **IFAD’s country office** in Nepal has limited resources (one staff), needs more corporate support.

Main recommendations

- A. **Support federalization** in new COSOP and project design
- B. Support **value chain development with renewed emphasis on inclusiveness**
- C. **Revive focus on community-based development** and support to basic needs in remote areas
- D. Integrate NRM and climate change adaptation **in all projects**
- E. Strengthen **partnerships for specialized technical support and for cofinancing**
- F. **Strengthen IFAD country office** and IFAD corporate support to the country programme