



NEPAL PORTFOLIO PERFORMANCE REVIEW NPPR 2014

*Portfolio Performance for
Development Results*

April 23, 2014

Ministry of Finance
Government of Nepal

NPPR AGENDA

PROGRAM FOR

13TH NEPAL PORTFOLIO PERFORMANCE REVIEW (NPPR) MEETING, 2014 Portfolio Performance for Development Results

Wednesday, April, 23 2014 (Baisakh 10, 2071)

Venue: Hotel Yak & Yeti, Regal Hall, Kathmandu

<u>OPENING SESSION</u>		<u>Group Work : GON Champions and Lead DPs</u> PFM – Dilli Ram Sharma/Baburam Subedi PEFA Secretariat/ World Bank Procurement: Naresh Chapagain/Keshav Acharya, PPMO/ADB MFDR: Teertha Dhakal/Shyam P. Bhandari, NPC/JICA Mutual Accountability: Mr. Madhu Kumar Marasini/Bhuban Karki, MOF/ DFID Mr. Mahendra Guragain/Kalpana Shrestha, MOGA (Human Resources)/ UNDP
Chair - Mr. Leela Mani Poudyal, Chief Secretary, OPMCM		
09:30	Registration/ Tea/Coffee	
10: 00	Welcome Speech - <i>Mr. Madhu Kumar Marasini, Joint Secretary, IECCD, Ministry of Finance</i>	
10:15	Opening Remarks by Finance Secretary <i>Mr. Yuba Raj Bhusal</i>	
10:30	Overview of implementation challenges of the projects funded by Major Development Partners - <i>Mr. Kenichi Yokoyama, Country Director, ADB</i>	
10.45	Presentation by Ministry of Finance on Issues of Public Expenditure Management with a focus on improving low disbursement in development projects - <i>Mr. Baikuntha Aryal, Joint Secretary, Budget and Program Division</i>	
11:30	Review of Progress of NPPR 2012 Action Plan - <i>Mr. Kailash Raj Pokharel, NPPR Coordinator, IECCD, Ministry of Finance</i>	
11.15	Remarks by Representative of Development Partners - <i>Mr. Johannes Zutt, Country Director, The World Bank</i>	
11:30	Address by Chief Guest Honorable Finance Minister Dr. Ram Saran Mahat	
11:45	Chairman's Remarks and adjourn of the Opening Session	
12: 00	Lunch Hosted by the Finance Secretary	
13.30	<u>GROUP DISCUSSION – BREAK OUT SESSION</u> <u>(All participants may choose one of the five groups to contribute)</u> - Finalization of the presentation and Action Plan of each working group consulting in a wider group	
15.00	Tea/coffee Break	

15:15	<p><u>GROUP PRESENTATION AND CLOSING SESSION</u> <u>(10 min. for presentation and 10 min. for floor discussion for each group)</u></p> <p>Chair: Finance Secretary Mr. Yuba Raj Bhusal</p> <p>GROUP Presentations on highlights of NPPR Action Plan followed by discussions</p> <ol style="list-style-type: none"> 1. Public Financial Management- Group Leader: PEFA Secretariat 2. Procurement – Group Leader, PPMO 3. Human Resource Management – Group Leader: MOGA 4. Managing for Development Results and M&E – Group Leader NPC 5. Mutual Accountability – Group Leader MOF(IECCD) 	
17:00	Reflection from a Representative of Development Partners on Portfolio Performance	
17:15	Chairman’s Concluding Remarks	
17.30	Vote of Thanks by Mr. Madhu Kumar Marasini, Joint Secretary, IECCD, MOF	
17.45	Reception hosted by JICA	

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Finance Secretary's Message

Nepal Portfolio Performance Review (NPPR) Meeting has been proved to be an important forum for discussing the overall situation of on-going projects funded by Development Partners in Nepal. This is a kind of master review of individual review processes by the government and development partners which is being done periodically in the Ministry of Finance. It has been observed that there are various common and repetitive issues that need to be addressed in order to improve overall portfolio in Nepal. NPPR is continuously picking up very important critical areas such as public financial management, procurement, human resources, monitoring and mutual accountability.

Under spending is a major issue not only in donor funded projects but also for government funded projects. Therefore, the Government of Nepal is continuously trying to pin point the elements that hinder slow implementation and address them. NPPR has become a tool to discuss jointly and to map out few important common issues that are to be implemented as reform actions. Both government and the development partners are equally responsible for improving projects performance and to minimize delays. The Government of Nepal is trying to make this forum as inclusive as possible. For this, apart from encouraging partners to join this forum, Ministry of Finance has included representatives of private sectors and civil societies in the NPPR annual meeting, which is also a commitment of Busan outcome documents.

Aid commitment or aid disbursement are the processes. The end is getting development results and impact. Equally important is the value for money which is always been the concern of tax payers from all countries – donors or recipients. With this background, NPPR is focusing on getting results with the theme “**Portfolio Performance for Development Results**” in 2013 round.

The implementation of NPPR action plan is regularly monitored. Ministry of Finance regularly conducted reviews meeting together with all development partners. I noted that the overall progress of NPPR – 2012 action plan has been moderately satisfactory which is lower rating than last year. Out of 78 actions and 99 Performance indicators, 41 indicators are completed, 45 Indicators are progressing and remaining 13 Indicators could not be completed. Thus, the effort is not adequate to implement these agreed actions as we are continuously facing the situation of under disbursement and procedural delays in our projects/programs.

Finally, I appreciate the leadership of IECCD for this process where Mr. Madhu Kumar Marasini is leading, and particularly Mr. Kailash Raj Pokharel who has been involved in this mechanism as Coordinator for the last seven years deserves appreciation. Similarly, the sectoral Champions have been putting their efforts in this reform process despite their regular work load. I thank them heartily. I would also like to thank development partners' lead officials who are continuously engaged in this process.

Yuba Raj Bhusal

20 April, 2014

PART I

**MAIN REPORT
GOVERNMENT OF NEPAL
BACKGROUND PAPER**

NEPAL PORTFOLIO PERFORMANCE REVIEW 2014
PORTFOLIO PERFORMANCE FOR DEVELOPMENT RESULTS

April 23, 2014

Kathmandu

MINISTRY OF FINASNCE
GOVERNMENT OF NEPAL

Part I

Portfolio Performance for Development Results

1. Background

Nepal Portfolio Performance Review (NPPR) is a joint forum of the Government of Nepal and the development partners, which has been led by the Government for the last several years. Each year NPPR annual meeting is held where over 200 participants discuss on the ways to improving the performance of the projects and programs that are funded by development partners. There are 12 development partners namely, ADB, Australia, Denmark, DFID, EU, IFAD, Japan, Norway, Switzerland, UN, USAID and the World Bank, who have joined this process as core members which covers more than 80 percent of the portfolios in Nepal. All partners working in Nepal are invited in the annual meeting. As an outcome, NPPR Action Plan with specific doable and measurable actions with performance indicators are selected including the identification of responsible agencies and timelines. The implementation of the Action Plan is monitored jointly under the leadership of the Ministry of Finance periodically. This cycle process continues with key focus on thematic areas – public financial management, procurement, human resources management, management for development results and mutual accountability. As the overall results environment is at an early stage in Nepal, measuring the partial results as outcome of donor funded projects only covering the themes is not sufficient. Getting the complete picture of the public sector investment with respect to the NPPR review process is an agenda for the future discussion.

2. Overview of Development Effectiveness and Results Initiatives

The aid effectiveness movement picked up steam in 2002 at the International Conference on Financing for Development in Monterrey, Mexico, which established the Monterrey Consensus. There, the international community agreed upon to increase its funding for development—but acknowledged that more money alone was not enough. Donors and developing countries alike wanted to know that aid would be used as effectively as possible and wanted to play its optimum role in helping poor countries achieve the Millennium Development Goals, the set of targets agreed upon by 192 countries in 2000 which aimed to halve world poverty by 2015. A new paradigm of aid as a partnership, rather than a one-way relationship between donor and recipient, was evolving.

In 2003, aid officials and representatives of donor and recipient countries gathered in Rome for the High Level Forum on Harmonization. At this meeting, convened by the Organization for Economic Co-operation and Development (OECD), donor agencies committed to work with developing countries to better coordinate and streamline their activities at the country level.

In February 2005, the international community came together at the Paris High Level Forum on Aid Effectiveness, hosted by the French Government and organized by the OECD. While some progress had been made in harmonizing the work of international aid donors in developing countries, it was acknowledged that much more needed to be done. The aid process was still too strongly led by donor priorities and administered through donor channels, making it hard for developing countries to take the lead. Aid was still too uncoordinated, unpredictable and nontransparent. Deeper reform was felt to be essential if aid was to demonstrate its true potential in the effort to overcome poverty. At the Paris meeting, more than 100 signatories from donor and developing country governments, multilateral donor agencies, regional development banks and international agencies endorsed the Paris Declaration on Aid Effectiveness. The Paris Declaration went much further than previous agreements; it represented a broader consensus among the international community about how to make aid more effective. The Declaration is focused on five mutually reinforcing principles of **Ownership, Alignment, Harmonization, Managing for results and Mutual Accountability.**

The Third High Level Forum on Aid Effectiveness was held in Accra, Ghana in 2008. Its aim was to build on the work of the two previous meetings held in Rome and Paris, to take stock of progress so far, and to accelerate the momentum of change. The Forum was attended by senior ministers from more than 100 countries, as well as representatives of multilateral aid institutions such as the European Commission (Europe Aid), the World Bank, the United Nations (UN), private foundations and civil society organizations. It was the first of three major international aid conferences in 2008, all aimed at speeding up progress toward the Millennium Development Goals. It was followed by the United Nations High Level Event on the MDGs in New York and the Follow-up International Conference on Financing for Development in Doha, Qatar.

Attention is being focused on stepping up progress toward the commitments outlined in the Paris Declaration by committing signatories to accelerating the pace of change by focusing on key areas that should enable them to meet the 2010 targets agreed in Paris. Drawing on evidences from the latest evaluations, the 2006 and 2008 Surveys on Monitoring the Paris Declaration and on in-depth contributions from developing countries, it identified three main areas where progress toward reform was still too slow.

Country ownership. The Accra Agenda for Action says developing-country governments still need to take stronger leadership of their own development policies and engage further with their parliaments and citizens in shaping them. Donors must commit to supporting them by respecting countries' priorities, investing in their human resources and institutions, making greater use of their systems to deliver aid, and further increasing the predictability of aid flows.

Building more effective and inclusive partnerships. The Accra Agenda for Action aims to incorporate the contributions of all development players' middle-income countries, global funds, the private sector, civil society organizations into more inclusive partnerships. The aim is for all aid providers to use the same principles and procedures, so that all their efforts are coherent and have greater impact on reducing poverty.

Achieving development results—and openly accounting for them. The Accra Agenda for Action says the demonstration of impact must be placed more squarely at the heart of efforts to make aid more effective. There is a strong focus on helping developing countries to produce stronger national statistical and information systems to help them better monitor and evaluate impact.

The Fourth High Level Forum on Aid Effectiveness was held in Busan, South Korea in 2011. The forum brought together political leaders, government representatives, parliamentarians, civil society organizations and private sector representatives from both developing and donor countries. The forum sought to assess progress in improving the quality of aid against the agreed commitments and share global experiences in delivering the best results; and agreed upon a document to further the effectiveness of aid and development efforts and pursuit of the Millennium Development Goals (MDGs).

The launch of the Global Partnership for Effective Development Co-operation – an inclusive international forum anchored in the commitments made at HLF4. The OECD and the DAC will support the work of the Global Partnership to support the commitments made by 4th High Level Forum at Busan in a number of ways:

- The DAC will continue to support its members as they design and implement policies and practices to improve the effectiveness of development co-operation.
- The DAC will engage others – as equal partners – in dialogue and efforts to share knowledge on development co-operation.
- With the support of the DAC, the OECD is partnering with UNDP to support the effective functioning of the Global Partnership. This will draw on the OECD’s global perspective and in-house analytic capacities.

The Busan Partnership agreement invited the United Nations Development Programme (UNDP) and the OECD to work together to provide support for the effective functioning of the Global Partnership. The Busan Partnership document specifically highlights a set of common principles for all development actors that are key to making development cooperation effective and this includes:

Ownership of development priorities by developing counties: Countries should define the development model that they want to implement.

A focus on results: Having a sustainable impact should be the driving force behind investments and efforts in development policy making

Partnerships for development: Development depends on the participation of all actors, and recognizes the diversity and complementarity of their functions.

Transparency and shared responsibility: Development co- operation must be transparent and accountable to all citizens

These principles are recognized and accepted by all those involved in development co-operation, from donor and recipient country governments to providers of south-south cooperation, international organizations, civil society, parliamentarians and local government. The wide participation of a range of actors with differentiated responsibilities and shared goals is one of the notable characteristics of this partnership.

Over 1500 participants joined the High-Level Meeting of the Global Partnership for Effective Development Co-operation in Mexico City in April, 2014 to review global progress in making development co-operation more effective; agree on actions to boost progress; and, anchor effective development co-operation in the post-2015 global development agenda. The Millennium Development Goals (MDGs) deadline of 2015 is fast approaching. Phenomenal gains have been made, yet poverty still afflicts one in seven people around the world and one in eight still go to bed hungry. Global Partnership High-Level Meeting in Mexico has reaffirmed the importance of effective development co-operation in meeting the MDGs and as a key part of the ‘how’ of the next global development framework. The two day forum included five thematic plenary sessions on areas of co-operation that can boost results in developing countries, including effective development cooperation in middle-income countries, tax and development, south-south and triangular cooperation and knowledge sharing, partnering with business in development and progress in meeting commitments on effective development cooperation that underpin the Global Partnership.

This meeting included the following:

- **Progress on implementing key principles of effective development co-operation.** Working *with* and *for* all, being more transparent, ensuring developing countries are in the lead, and focusing on results are all key to making sure that all types of development cooperation have real and sustainable impact on the ground.
- **Tax and development.** No country should be dependent on others’ resources for its own development. Developed and developing countries must work together to boost domestic resource mobilization.
- **Delivering development effectively in middle-income countries.** As the home of nearly 75% of the world’s poor, ‘middle-income’ countries face complex development challenges of reducing inequality while at the same time fueling sustained economic growth.
- **Knowledge sharing, South-South and triangular co-operation.** Country-led co-operation and mutual learning among developing countries can accelerate development. Some of this support comes in the form of knowledge – which is prized because it is based on recent, concrete experience.
- **Improving the role of business in development.** There is no longer a question of whether business can affect development. The question is how to ensure business has a stronger positive impact on driving progress.

Nepalese Context

Though systematic and sustained results environment is not yet seen, some attempts have been made in various fronts in Nepal. Commitment towards MDGs goals followed by introduction of Poverty Reduction Strategy Paper (PRSP), MTEF, Immediate Action Plan, MfDR, Results based budgeting, Poverty monitoring systems at the central and districts level, Single Treasury System and e- bidding are some of the early attempts since 2000s. There are some success stories as well as slow stories in these efforts.

The Three Year Interim Plan (TYIP) and current Three Year Plan have adopted a results-framework for its sector and thematic areas and have emphasized the importance of adopting results approached in the line ministries and of disseminating it down to the district level. The government has taken some encouraging steps to develop core elements of results-based management for planning, budgeting, implementing and monitoring in scattered way. The government has started poverty based resource allocation to local bodies and strengthening M&E units in key ministries. Attempts have been made to prepare business plan in various sectors. However, consolidated reform in this front is still to be seen. De-link between the periodic plan and annual budgeting process is still an issue in Nepal. Implementation is hampered by process delays. Management accountability is weak in implementation. Lower level of capital expenditure remains great concern to the government. The paradox is Nepal needs higher level of investment with the annual growth rate by 7% in order to be graduated to status of developing country by 2022 and at the same time we are not been able to spend fully the allocated amount. Efficiency of spending is another important area to focus on in terms of effectiveness. Result monitoring obviously is constrained by weak planning and lower level of commitment and skills. Auditing is still based on traditional ways though recent attempts have shown some improvements in various fronts such as performance based, risk based, quality and timely audit. Development partners are trying to help Government to improve the results environment in the country. NPPR mechanism is trying to carry this agenda on though linking stakeholder- donors, government, private sector and civil societies.

The institutionalization of managing for development results in the government system is a time consuming process and that should be effectively led by champions at various levels. In addition, it is a change management process which naturally faces restrictions and reluctance similar to any other reform processes. Hence, it should be gradually scaled up orienting the policy makers about its importance in making the decisions informed and regularly launching capacity building programmes to the professional levels as a coping measure to retain capacities. It has been well recognized that in order to create result culture and achieve maximum results from the efforts, there is a need to make result based reforms holistic and link it with the overall incentive structures. Moreover, focus should also be on cascading results based practices to sub national and institutional levels as well. So, these are the major areas where the future efforts will be concentrated on.

There are several issues that affect project performances and these issues have been discussed several times. Addressing these issues becomes never ending agenda. Such issues are low disbursement, low contract award, frequent transfer of key project staff and senior management, availability and capacity of accountants, timely audit and its effectiveness, weak performances of

contractors/consultants and absence of effective contract monitoring system and project start up delays. NPPR is picking up these issues for the last one decade. Some scattered type of reforms has been seen and attempts are made. However, consolidation of these efforts for the systems improvement still remains an active agenda moving forward.

3. Reform Attempts in Key Areas related to Portfolio Performance

3.1 Public Financial Management

Public Financial Management (PFM) is about how government manages public monies for better results. Those results must be for the people at large. PFM in the second decade of twenty-first century is directed towards encapsulating innovations. The emerging architecture of public financial management –the fine art of budgeting, spending, and managing public monies - is to design and build innovations and reforms for sustainable development results. The Government of Nepal has focused PFM as an important means for achieving development results. Managing for Development Results (MfDR) is one of the areas of reforms of the Government of Nepal along with the support of development partners.

The Government of Nepal has taken some of the very important initiatives for PFM reforms in the past decade. Budget reform, Treasury System reform, accounting and reporting system reform and development of PFM capacity are the major ones. Among them, PEFA initiative is crucial. Similarly, an initiative for enhancing the quality of financial audit and enhancing the impact of government audit is also a crucial factor. Both of these initiatives are supported through Multi- Donors Trust Fund (MDTF).

Nepal Portfolio Performance Review (NPPR) 2012 under PFM has focused major four areas of reform for immediate actions. They are: Introducing some of the features of Medium Term Budgetary Framework (MTBF), TSA roll out, initiation of PEFA assessment and internal audit system reform. Most of the immediate activities in the area of PFM set by the NPPR 2012 are achieved. Roll out of TSA has the outstanding progress. There is much to be done in some of the areas in future.

Major Reform Initiatives under PFM:

Some of the major PFM reform initiatives undertaken by the government include: MTEF, taxation system reform, introduction of TSA, initiation of MTBF, introduction of PEFA Framework and assessment, initiation of piloting of IPSAS based Nepal Public Sector Reporting Standards (NPSAS), of the PEFA assessment.

PEFA Initiative:

Measurement of PFM performance based on a worldwide Public Expenditure and Financial Accountability (PEFA) Framework was started in Nepal from 2006/07 in Nepal. Based on 2005/06 PFM data, the First PEFA assessment was done in 2007 and the report was published in 2008.

Based on the diagnostic assessment, a PFM Reform Action Plan was developed for the first phase reform. A PEFA/PFM Reform Steering Committee is formed to provide strategic direction for PFM reforms in Nepal. This committee is chaired by the Finance Secretary. The members are

the Secretaries of key ministries of GON including the representatives from business community (FNCCI) and civil society (Transparency International, Nepal) as members. PEFA Secretariat is set up under the Ministry of Finance to coordinate PFM reform activities. The Secretariat also works as the secretariat of the PFM Steering Committee and coordinates DPs activities in the area of PFM. Now, the Secretariat is coordinating the Second PEFA Assessment in Nepal which is started from 1st January, 2014.

Medium Term Expenditure Framework (MTEF):

The introduction of Medium Term Expenditure Framework (MTEF) is one of the priorities of the government. Rationalization of government programs/projects, putting them into the priority areas of budget and linking budget to the periodic plans are the major initiatives through MTEF. In this series, result based MTEF (2013/14-2015/16) has already been published.

Treasury Single Accounts (TSA):

The TSA started with piloting in two districts (out of 75 districts) -Bhakatapur and Lalitpur in 2009. The rollover of TSA was an aggressive strategy and IT dominant. It is an online web based system which consolidates more than 1200 government accounts (central government) into 395 accounts by confining only five accounts in a district. They are: recurrent, capital, revenue, retention money/ deposits, and miscellaneous accounts. They are opened in the name of District Treasury Controller Office (DTCO) in every district in local banks conducting government transactions and each transaction is recorded into the Central Server/ System located in the Financial Comptroller General (FCGO). It has helped in informing the treasury position more accurately, in managing cash planning and enhanced the internal control system as an ex-ante control of budget execution.

The rollover of TSA in all 75 districts was completed on July 16, 2014. The real time budget execution data are published and available every day in the FCGO website (www.fcgo.gov.np/publications/budget execution reports). The World Bank missions and the TSA experts (international) have rated the roll out of TSA in Nepal as a remarkable progress. It is judged based on time, cost and quality.

Medium Term Budgeting Framework (MTBF):

To introduce the MTBF in Nepal, some of the initial features of MTBF were initiated through NPPR 2012 Action Plan by proposing MTBF annual work plan. However, a consolidated result has not been achieved, online data entry for budget formulation has started and online annual work plan is piloted in the Ministry of Education.

Audit Reforms Initiative:

Government audit is the mirror for assessing government financial transactions to the people. Therefore, the Office of the Auditor General has started some of the audit reform initiatives in Nepal. They include: risk based audit and enhancing performance audit. A project is conducted on the MDTF support to strengthening OAG and covers major three reform areas: enhancing the quality of financial statement audits, upgrading the capacity to conduct performance audit and enhancing the impact of audits. There are consistent progress in this area that submission of annual reports are started to be in a short period of time.

Reporting Standards:

Financial Reporting Standards play a crucial role for the quality disclosure of financial transactions. For this purpose, GoN has developed IPSAS based Nepal Public Sector Accounting standards (NPSAS). These standards are being piloted in two ministries: Ministry of Transportation and Physical Planning, and Ministry of Women, Children and Social Welfare. Based on the piloting, further expansion will be decided.

NPPR 2012 Overall Progress under PFM:

Major four areas of challenges of PFM were identified during the NPPR 2012. They include: Budgetary system reform (MTBF), treasury system reform (TSA), PFM performance assessment (PEFA assessment) and internal audit reform. Eleven indicators were identified for immediate action for the year 2013. During the period, most of the targets were achieved in PFM areas. Among the 11 target indicators, seven indicators are fully complied. Other three are partially completed and one is revised and rescheduled based on the initial study. Targets are fully met in two areas: the TSA and the Repeat PEFA assessment. In the area of MTBF, all the targets were partially met. In the area of internal audit, one of the targets is revised and rescheduled based on the study conducted.

Second PEFA Assessment:

With the technical support of the World Bank and the financial support of MDTF, a second national PEFA Assessment is now being initiated with a target to complete the assessment by September 30, 2014. A National PEFA Assessment Concept Note and action plan was discussed and agreed in November, 2013. Nearly 50 champions were trained and were engaged for the assessment in various capacities. Three tier of assessment training was provided to them through workshop model in December, 2013. Nine teams are formed for the assessment proposes based on the homogeneity of indicators and expertise of the assessors. Every team is led by the concerned Joint Secretary of MOF, PEFA Secretariat, FCGO, NPC and PPMO based on their functional area.

The assessment is coordinated by the PEFA Secretariat Nepal. Second PEFA Assessment has started from 1st January, 2014.

Internal Audit:

In this area, targets are partially achieved. A proposal has been prepared on internal audit reform in Nepal. A three step model is proposed by the FCGO: delink same staff from budget release and internal audit, Separate audit cadre or departmentalization of audit function. An action is taken by FCGO to delink those people conducting internal audit who are engaged in budget release of the same office.

A consultation was made with the stakeholders and it has been suggested to conduct an independent study to identify the pros and cons of every alternative. TOR is approved by the PFM Steering Committee.

PFM Current Challenges and Future Course of Action

Perspective budgeting:

- Linking budget with periodic plan(MTEF)
- Multi-year budgeting system(MTBF)

Sustaining TSA based on the results achieved and enhanced FMIS system:

- Introduction of commitment control system in TSA/ FMIS
- Performance based incentive system for TSA district Staffs

Reporting System Reform

- Piloting of NPSAS in two ministries

PFM Performance Assessment:

- Completion of Second PEFA Assessment
- Second phase PFM reform action plan

Audit system reform:

- Audit management and Monitoring System(AMMS)

3.2 Public Procurement

Overview of last year's overall progress summary

Public Procurement Management Office (PPMO) is leading the public procurement reform with the support of ADB and the World Bank. Significant progress has been in the area of e-procurement and capacity building. However, further reform is necessary as procurement is seen as one of the causes of low disbursement in public expenditure. The progress on procurement training is very encouraging where about six hundred employees were trained in the central level PEs. On the e-GP system development work is a bit slow but moving ahead. The accreditation work is delayed and CPI assessment has not done. Capacity building is not happening in PPMO office as required due to which the achievement in NPPR actions is affected. Despite other challenges such as lack of enough budgets, PPMO is committed to move forward the procurement reform in the days to come.

Further reform activities to be carried out in next year round of NPPR

To achieve targeted objective and goals of PPA/PPR, a lot of works need to be done in public procurement. Being an oversight agency in public procurement sector the capacity of PPMO needs to be strengthened. For the better implementation of PPA/PPR based procurement activities and to monitor it, the challenge is the PPMO's institutional strengthening and capacity building of its staff as well as public entities staff. The following list indicates challenges as well as opportunities and areas to be improved:

1. Human Resource Management
 - Incentives program be continued
 - Training and observation study visit for PPMO staff.
 - Basic and advance procurement training for PE's staff.
 - Retention program for PPMO staff and PE's staff (who have received procurement training)
 - Fulfillment of Vacant post
2. Procurement Management
 - Smooth implementation PPA/PPR
 - Make PPA/PPR do able
 - Necessary amendment in PPA/PPR
 - Reconcile, consolidate and adjustment corporation law with PPA/PPR
3. Procurement planning and progress monitoring
 - Emphasis on preparation of Annual and master procurement plan
 - Establishment of procurement unit\section\division
 - Procurement activities based on procurement plan
 - Intensive monitoring
4. Transparency and accountability
 - Reduce risk in public procurement including intimidation, collusion and forming cartels among the bidder in central and district level strengthening e-bidding system be consolidated. To overcome with the problem e-GP system can operated soon and e-GP expert must be hired. 1st phase e-GP system up to e-submission is completed and 2nd phase e-GP system up to contract management, e payment; Bid evaluation system is now software development phase. After completion of 2nd phase e-GP system single portal system in e-bidding will be fully launched.
5. Third party monitoring
 - Although it is PPMO's responsibility to monitor all public procurement activities conducted by PE's. But this beyond capacity of PPMO to monitor 40000 public entities. Therefore to maximum monitoring, it is important to launch the system and hire the expert. And also to under OECD\DAC based CPI\API survey will be completed.
6. Orientation of PPA\PPR
 - It is urgent to conduct an orientation program on PPA\PPR in district level
 - Orientation to construction professionals.
7. Make strong Complaint review system
8. Complete procurement guidelines
9. Complete accreditation guidelines
10. Strengthening program to partnership with private sector
11. Translate remaining SBDs in Nepali.

Based on the above comprehensive list, some of the specific and important actions will be picked up for NPPR 2014 round in order to implement those actions next year.

3.3 Human Resource Management

The Nepal Portfolio Performance Review (NPPR) 2012 was designed to improve portfolio performance. In this regard, Human Resource Management (HRM) has been included as one of the key cross-cutting themes. Obviously, human resource as a dynamic factor plays critical role in project execution. In NPPR 2012, Human Resource Management theme has three key result areas: key staff transfer, staff capacity development, and staff motivation along with agreed actions and performance indicators.

Most of the agreed actions have been accomplished. PIS update of employee has been increased from 73,613 to 76,300. Personnel database system such as transfer, training, and disciplinary actions of government staff has been updated. Transfer of staffs has been decreased significantly as of the base line. In order to reduce frequent transfer and ensure continuity of key staffs in projects, MoGA set up certain conditions with the spirit of NPPR and requested to all ministries to manage staffs in projects accordingly. Moreover, PIS data analysis framework is going on with the financial and technical support of PREPARE/UNDP. Another important agreed action, management audit report 2012 has been published in website, and management audit report 2013 has been submitted to the ministers of council for final approval. The final draft of Training for ALL (TFA) directive is in the process of approval.

There are some challenges such as coordination and cooperation among the concerned stakeholders. As the result, some the agreed actions couldn't be accomplished. For example, Human Resource Plan had been proposed to prepare and to approve during the period. Although it is very imperative to manage civil service effectively, it could not be prepared. Similarly, another important key result area of Human Resource Management was 'Staff Motivation'. While we had aimed to develop incentive plan for government staff to increase motivation level, it couldn't take place during the period as well. Overall most of the agreed actions have been achieved with respect to performance indicators.

3.4 Managing for Development Results and M&E system

Overview of the Progress

In order to improve the living standards of common people and to achieve the goals set by the medium term plans, it is essential that the medium term plans, policies, programmes and projects be effective. For this purpose, the government has initiated several reform measures to institutionalize and strengthen result based planning, budgeting, monitoring and evaluation system.

Managing for development results (MfDR) is an important strategy of institutionalizing result based management practices in the planning process of the government. The strategy of MfDR has been used extensively in improving development effectiveness mobilizing resources including foreign assistances efficiently and effectively. MfDR has been introduced and

operationalized in various government agencies (ministries and departments) making development plans, programmes and projects more effective, and result based. In this connection, in 2013, Result Frameworks of education, health, irrigation, agriculture, roads, local development, energy, environment, forestry and urban development sectors have been designed and are in the process of finalization engaging the concerned officials in the ministries and also in the presence of the representatives of the Ministry of Finance and OPMCM. The Approach Paper of the 13th plan, business plans of the concerned sector and the new national M&E guidelines have served as useful basis to prepare these frameworks.

Moreover, result based MTEF (2013/14-15/16) has already been published. Integrated National M&E guidelines published and widely disseminated. In order to effectively implement the provisions of the guidelines the NPC has formulated M&E plan (2013/14-15/16) and also requested line ministries to update their M&E plans. Independent evaluators already submitted the evaluation reports of National Literacy Campaign, Mid-Hill Highway (eastern part) and the Poverty Alleviation Fund (PAF). The NPC will publish the summary version of the reports, widely disseminate it and request concerned agencies to implement the recommendations also preparing management response plans as envisaged in the new M&E guidelines. The CBS is in the process of finalizing the analysis of the data collected from 200 PSUs in the first annual survey 2013. The survey aims to provide quality data in key indicators and also strengthen the quality of the national accounts. Similarly data collection for the second annual survey, 2014 is the process. District level result based M&E trainings in Kavrepalanchwok, Dolkha, Ramechhap, Sindhupalchwok and Sindhuli districts completed. Regional level RBM&E trainings for the officials of MOPIT conducted in Biratnagar, Kathmandu, Pokhara and Nepalgunj. Ministry level RBM&E trainings are conducted in MOE, MOFSC and MOFALD. In order to strengthen the capacity of the officials at the Regional Administration Offices and other regional directorates the NPC organized regional M&E trainings in four development regions and planned to organize similar training in the far western development region in the first week of March. Altogether 439 government officials are trained on MfDR/M&E.

Challenges in Institutionalizing Managing for Development Results,

The government has introduced several reform measures to strengthen result based planning, budgeting, monitoring and evaluation system. Some visible progresses have also been achieved. However despite these achievements it has been observed that the reforms have still to be comprehensive and implemented in a systematic way. Scattered attempts are producing only low outcomes and there are concerns on the sustainability of these low achievements as well. Specifically the following are the major challenges in this area:

- Comprehensive national results framework for sectors is not yet fully operationalized and not rolled out to all government agencies.
- Result based budgeting is not started in a systematic way.
- Tight linkage between annual plan & budget with the result framework is still to be done.
- Despite efforts visible progresses are not observed in the robust use of IT in planning and M&E processes.

- The MTEF process has been suffering from several issues. It has not well been internalized by the line ministries and the document has been produced so late that it has not been able to guide the annual budget. In addition, unit costing exercise and the qualities of prioritization process has regularly been questioned.
- Because of weak M&E institutions and retention issues of trained personnel in M&E units, result based monitoring and evaluation is not fully institutionalized in practices.
- Awareness on managing for results at the policy making levels is still in lower level. The results culture is still far to realize and replace the traditional focus of only complying the processes.

Further reform activities to be carried out in the next round of NPPR

The main objective of institutionalizing the MfDR is to build and strengthen strategic plans, manage risks and measure outcomes placing development results at the center and ensure management decision processes objective and robust. Thus, the overall focus would be on finding ways to improve result based management and evidence based policy and decision process. In order to achieve the objective in the next round of MfDR, efforts will be made to further strengthen and finalize the sectoral results frameworks. Major approaches include,

- Improve the ownership on the results based planning processes at the higher level in respective sectoral agencies.
- Link annual plan & budget with the result frameworks.
- Adopt holistic approach on result based public sector management.
- Implement ongoing reforms and regular review to keep the processes on track.

Key activities for the next year are the followings:

- Finalize result frameworks of the 10 sectors and rest of the sectors.
- Timely produce results based MTEF (2014/15-16/17).
- Conduct evaluation of four programmes/projects.
- Conduct PETS of a sector.
- Produce participatory M&E guidelines and pilot it at least in one project/programme.
- Continue build capacities of M&E personnel.
- Institutionalize the refined DPMAS frameworks at the local levels
- Focus on monitoring key processes, milestones and outputs (effectively using the Page 2 of the NPC programme format no.1)
- Operationalize the PPIS.

3.5 Mutual Accountability

Overview of the Progress and next year's way forward:

The Government has successfully launched the AMP in line with commitments of the Busan and Global Partnership for Development Effectiveness. On aid transparency DP's reporting of indicative planned disbursement was 53% against the target of 80%. Similarly, DP's report on actual disbursement was 48% against the target of 80%. This trend shows either all DPs do not fully feed information in the AMP or there is need to increase use of government systems going further.

On aid predictability, there has been less progress on the target of reducing gap between planned and actual disbursement to 20% or less. According to the latest figure, there is a 52% gap between planned and actual disbursement. Use of national budget system was also near compliance level with 47% against the target of 45%.

On government's behalf actions such as timely submission of budget and authorization of budget release were fully met. The target of making oversight mechanism more vigilant was fully complied as heads of oversight bodies such as CIAA and OAG were appointed and CIAA has been very active in its investigation against irregularities and mal practices in the government agencies.

With regard to Busan Aid Effectiveness follow up, the draft Development Cooperation Policy is being discussed several times with stakeholders to finalize. Global Monitoring Survey on global partnership has been submitted to OECD and UNDP joint team. On aid fragmentation, joint consultation on sector wide approaches on sectors other than health and education could not take place this year. The NPPR forum should discuss the scope of extending this approach to other potential sectors and begin DP and GON preparation towards this approach if appropriate including government leadership developing sector policies towards this end. Further reform activities to be carried out next year as follows:

- Continue monitoring actions on aid transparency, predictability and use of country system through AMP and all DPs to comply with timely data update for accurate reporting.
- Review and preparation of sectoral policies in few selected sectors appropriate for SWAP.
- Include actions from the Global Partnership for Effective Cooperation held in Mexico.

Aid Management Platform (AMP)

The Government of Nepal has been putting serious efforts towards aid transparency, which will be critically important to enhance portfolio performance. The Ministry of Finance with the assistance of development partners, has been able to establish the Aid Management Platform (AMP) to record all aid related operations into a single electronic window. Aid information for AMP are provided by DPs and validated by the MoF, which was launched for public in July

2013. Now tax payers, planners, or researchers at the both end (donors and recipients) will have equal access on overall Official Development Assistance (ODA) operation and sectoral prioritization in Nepal. MoF is optimistic that through institutionalization of AMP, ODA allocation will be effective and efficient and the portfolio performance could be enhanced. AMP will be soon linked with Budget Management Information System (BMIS) and Financial Management Information System (FMIS), two other critical tools on public expenditure management maintained by the MoF. AMP can be accessed by logging in www.mof.gov.np or www.mof.gov.np/ieccd.

Development Cooperation Policy (DCP)

The Government of Nepal is currently working to bring a new foreign aid policy, with a new nomenclature of Development Cooperation Policy (previously called Foreign Aid Policy). The ultimate aim again is to enhance portfolio effectiveness through efficient operation of ODA. The draft Policy has already been circulated and discussed with various stakeholders in the Government as well as with donor community. The Policy is designed on the agreed principles on aid effectiveness acclaimed internationally. The DCP will lay frameworks for aid prioritization and effective aid management with the Government taking lead in the aid operations as per its priorities, but also taking into account the donors concern on lackluster portfolio performance. It is expected that after the announcement of the new Policy, overall portfolio performance will be improved.

The Way Forward for NPPR

The issue of institutionalization of NPPR mechanism is noted several times in various meetings. Champions are working tirelessly despite their regular assignments. However, recognition of professional people working in NPPR family needs to be realized. It has been felt that strong ownership at the higher management level of the government is necessary to implement the actions of NPPR Action Plan. The reform agenda are repetitive and common which every year comes up. Some of the thematic areas are achieving their results satisfactorily, such as PFM where mechanism is gradually being institutionalized. Some areas such as procurement and human resources are suffering from their own management challenges including budget issues despite their efforts to achieve better. The worry is that this tendency repeats every year. We need to reinforce our efforts in those areas. As a pilot, sectors were engaged in 2011 meeting. However, the experience was mixed as overall result environment is still weak in the government and NPPR has also limitation of covering only donor funded projects. Discussion is continuing on how to make NPPR mechanism more results-focused as suggested by the Task Force, which was formed in December 2013 to suggest future course of NPPR. Improvement of NPPR mechanism is still an open agenda for discussions which will be taken place after the annual meeting.

PART II

IMPLEMENTATION STATUS OF NPPR 2012 ACTION PLAN

Part II

Implementation Status of NPPR 2012 Action Plan

Nepal portfolio performance review meeting 2012 was organized on 24 January, 2013 in Kathmandu. The following nine key areas were discussed and NPPR Action Plan 2012 was approved by the Government of Nepal. Three progress review meetings were held in Ministry of Finance in the presence of all development partners.

- a. Improving Public Financial Management
- b. Reforms in Public procurement
- c. Improving Human Resources Management
- d. Managing for Development Results
- e. Mutual Accountability
- f. Local Governance
- g. Roads and Transport management
- h. Agriculture
- i. Energy

Seventy eight actions and 99 performance indicators were agreed with measurable performance indicators, specific timeline, responsible agencies and targeted dates. Champions from concerned agencies were assigned to push the implementation in each area. Ministry of Finance issued a commitment paper which define the role of implementation and modalities of monitoring and review mechanism.

Following is the overall scenario of progress under each of the key actions where progress has been rated as **highly satisfactory**, **satisfactory**, **moderately satisfactory** and **unsatisfactory**.

The overall progress of NPPR - 2012 Action Plan implementation has been found moderately satisfactory. Thematic side progress is **satisfactory** whereas sectoral side progress is **unsatisfactory** as many of the actions are falls under “work-in – progress”. Out of the 99 performance indicators 43 indicators have been **completed**, 47 Indicators are **work-in-progress**. Remaining 9 indicators are **not completed**. It has been felt during the reviews that sectoral actions need longer time to achieve as they are continuous activities. In some cases, indicators were found not measurable.

Improving Public Financial Management

The PEFA Secretariat has led this area with six actions and **11 indicators**, of which **all indicators are completed**. Thus, the progress has been rated as **highly satisfactory**. MBBF Annual work plan (AWP) and online web-based AWP has been launched and online data entry started in all ministries. More importantly TSA system has been rolled out in all 75 districts. PFM/PEFA awareness program was launched with various training activities which surpasses the NPPR target. Local level PMF strategy is also prepared. Though the internal auditing manual was revised, training on internal auditing could be done more. On the external auditing, risk based manual was approved to improve the quality of audit.

Reform in Public Procurement

Public Procurement Management Office (PPMO) has led this key area with **ten key actions and 12 indicators**, of which **only four indicators are completed, four indicators are Work in progress and four indicators are not completed**. Thus, overall progress is rated as **unsatisfactory**. The progress on training is very encouraging where about six hundred employees were trained in the central level PEs. On the e-GP system development work is a bit slow but moving ahead. The accreditation work is delayed and CPI assessment is not done. Capacity building is still not happening in PPMO office as required due to which the achievement in NPPR actions is affected. Despite other challenges such as lack of enough budgets, PPMO is committed to move forward the procurement reform in the days to come.

Improving Human Resource Management

Ministry of General Administration has led HR areas with **7 actions and 8 indicators**. **Three indicators are completed. Three indicators are work in progress and two indicators are not completed**. Thus, the progress has been rated as **moderately satisfactory**. The dominant issue under this area was PIS data entry of various data such as transfer, vacancy, trainings and disciplinary actions. The data entry work is almost completed. Data analysis work in continue. Management audit is another important area where transfer situation was targeted. This is regularly made public in MOGA website. Compliance of audit report is not monitored yet. A transfer guideline is communicated to line agencies. Some of the transfers within two years period are made by line agencies- which is an issue with a view to project implementation where key projects personnel are key. MOGA is trying to capture such arrears through management audit. Incentive plan is not yet clear. Retention of staff in remote and key areas is an issue. Human resource Plan for civil servants capacity development is not yet prepared. The “Training for All” directive is being prepared.

Managing for Development Results

National Planning Commission (NPC) has led this area with **six actions and six indicators**. **Four indicators are completed. Two indicators are work-in-progress**. Thus, the progress has been rated as **satisfactory**. In the area of business plan, results framework and result based budgeting reform, the progress is slow but moving forward. A national M&E guideline is published. The progress in monitoring and evaluation is satisfactory particularly in training activities. Three third party evaluations are completed. Work of annual survey is progressing well.

Mutual Accountability

Ministry of Finance, International Cooperation Coordination Division (IECCD) has led this area, where eleven actions and 11 indicators were agreed. **Three indicators are completed, seven indicators are work in progress and one is not completed**. Thus, the progress has been rated as **unsatisfactory**. During the review period, AMP data reporting is less than targeted. Few actions such as appointment of constitutional bodies are completed. Development Cooperation Policy is yet to announce. Further rolling over of sector wide approach work could not be done during the period.

Beside five key thematic areas, the NPPR Annual Meeting 2012 decided to add four following sectors and they were discussed and corresponding actions and indicators were set up.

- I. Local Governance
- II. Road and Transport Management
- III. Agriculture
- IV. Energy

Thirty eight actions and 51 performance indicators were agreed with measurable performance indicators, specific timeline, responsible agencies and targeted dates.

The progress of sectoral Action Plan implementation has been found unsatisfactory. Out of 51 performance indicators 18 indicators have been **completed**, 31 Indicators are **work-in-progress** and remaining 2 indicators are **not completed**. It has been felt during the reviews that these actions should be linked with specific results areas which are the final aim of the reform. Also, quality of indicators needs to improve. In terms of target dates and delayed progress, it is again observed that we need to be realistic in setting the target dates and once it is set, need to be complied. Additionally, past many years' experience of indicators design under NPPR mechanism in thematic areas helped to select specific, doable and measurable indicators compared to the sectoral areas.

Local Governance

Ministry of Federal Affairs and Local Development have led this area with **twelve key actions and 13 indicators**, of which **seven indicators are completed**. **Five indicators are Work in progress**. **One indicator is not completed**. Thus, progress is rated as **satisfactory**.

Road and Transport Management

Ministry of Physical Infrastructure and Transport has led this area with **ten key actions and 17 indicators**, of which **7 indicators are completed**. **10 indicators are Work in progress**. Thus, overall progress is rated as **unsatisfactory**.

Agriculture

Ministry of Agriculture Development has led this area with **twelve key actions and 13 indicators**, of which **only two indicators are completed**. **Eleven indicators are Work in progress**. Thus, overall progress is rated as **unsatisfactory**.

Energy

Ministry of Energy has led this area with four **key actions and 8 indicators**, of which **only two indicators are completed**. **Five indicators are Work in progress**. **One indicator is not completed**. Thus, overall progress is rated as **unsatisfactory**.

NEPAL PORTFOLIO PERFORMANCE REVIEW (NPPR) 2012 FINAL PROGRESS REPORT OF NPPR ACTION PLAN

NPPR Coordinator: Kailash Raj Pokharel, IECCD/MOF

Assist: Hom Kanta Bhandari, IECCD/MOF

Key Areas	Challenges	Agreed Actions	Responsible Agencies	Performance Indicators	Target Date	Progress
1. Public Financial Management Champion: Mr. Dr. Mukti Narayan Poudel, Joint FCG, FCGO Assist: Mr. Baburam Subedi, Deputy FCG, FCGO	<ul style="list-style-type: none"> Budget variance is rising, especially from Capital Budget Expending Budget ceilings not adhered to No linkage between budget financing and Programs 	<ul style="list-style-type: none"> Develop MTBF Annual Work Plan (AWP) and online web-based AWP for greater transparency and to monitor budget implementation (to be piloted in MOE) 	MOF(BAPD)and NPCS MOF(BAPD)/MOE MOF(BAPD)/MOE	<ul style="list-style-type: none"> MTBF Annual Work Plan available at NPC/MoF website Online AWP piloted in MOE List of prioritized Programs/projects based on MTBF 	Nov, 2013 Nov, 2013 Nov, 2013	<ul style="list-style-type: none"> <u>Completed:</u> MTEF is strengthened rather than introduction of MTBF. MTEF based AWP is continue. <u>Completed:</u> Online AWP implementation is done in all line agencies. <u>Completed.</u> Prioritization is done based on MTEF, not MTBF.
	<ul style="list-style-type: none"> Treasury Single Account System (TSA) is not fully rolled out in all districts for effective cash management 	<ul style="list-style-type: none"> TSA rolled out in all (75) districts with provision of performance-based Incentive System 	FCGO(Lead) DTCOs MoF (BAPD)	<ul style="list-style-type: none"> TSA System rolled out in all (75) districts Revenue and expenditure information regularly updated in FCGO website GON decision to implement performance based incentive system in TSA districts 	July, 2013 August, 2013 April, 2013	<ul style="list-style-type: none"> <u>Completed:</u> TSA is rolled over to 75 districts. <u>Completed.</u> Budget Execution Report (BER) monthly published in FCGO website since March 2013. On daily basis from July, 2014. <u>Completed.</u> An Incentive (50% of the salary) approved for the FY2013/14.
	<ul style="list-style-type: none"> PFM assessment at the national level based on PEFA Indicators outdated (last assessment based on FY2005/06 data) 	<ul style="list-style-type: none"> Carry out the Repeater PEFA Assessment (process to be started immediately to aim to deliver in 2014) 	PFEA Secretariat (Lead) MoF (with support from DPs)	<ul style="list-style-type: none"> National PEFA Assessment concept note and Action Plan prepared Train and associate the champions for PEFA Assessment 	July, 2013 November 2013	<ul style="list-style-type: none"> <u>Completed.</u> Assessment started from January 1, 2014. Elementary draft report prepared by the Assessment Teams. <u>Completed.</u> PEFA assessment work is being progressed as planned.

Key Areas	Challenges	Agreed Actions	Responsible Agencies	Performance Indicators	Target Date	Progress
	<ul style="list-style-type: none"> Weak structure and performance of Internal Audit system; 	<ul style="list-style-type: none"> Complete study and prepare a comprehensive proposal for reform of IA Consultation with stakeholders on findings Approval of the proposal by the GON. 	<p>FCGO(Lead) OAG MoF</p> <p>FCGO</p> <p>OMPCM, MOF,FCGO</p>	<ul style="list-style-type: none"> Proposal on internal audit reform prepared and approved by GON. Consultation meeting held Proposal approved 	<p>April, 2013</p> <p>Aug, 2013</p> <p>Nov, 2013</p>	<ul style="list-style-type: none"> <u>Completed.</u> Three step model proposed by FCGO: Delink same staff from budget release and IA, Separate Audit Cadre or Departmentalization. <u>Completed.</u> <u>Completed.</u> An independent study proposed. TORS approved by PFM Steering Committee.
<p>2. Public Procurement</p> <p>Champion: Mr. Naresh Kumar Chapagain, Joint Secretary</p> <p>Assist: Mr. Keshab Prasad Acharya, Under Secretary, PPMO</p>	<ul style="list-style-type: none"> Delayed Procurement Performance 	<ul style="list-style-type: none"> Expedite procurement process through preparation of comprehensive and consolidated procurement plan and tied with the budget preparation and implementation, monitoring and reporting 	<p>PPMO(Lead)/Public entities (PEs)/NPC/MOF</p>	<ul style="list-style-type: none"> Targeted 10 PEs have Master and Annual Procurement Plan (DOR, DOLIDAR, DOI, DUDBC, DWSS, Nepal Army, Nepal Police, APF , NEA, MOHP/DOHS) 	July 2013	<ul style="list-style-type: none"> <u>Completed.</u> Annual Procurement Plan is prepared by 10 PEs and Master Procurement Plan by 3 PEs.
			<p>PPMO(Lead)/Public entities (PEs)/NPC/MOF</p>	<ul style="list-style-type: none"> Targeted 10 public entities will completed procurement activities as planned (30 % of procurement activities as assumed from whole procurement) 	July 2013	<ul style="list-style-type: none"> <u>Not Completed.</u> This work will be done in the next year.
			<p>PPMO(Lead)/Public entities (PEs)/NPC/MOF</p>	<ul style="list-style-type: none"> 50 central level PEs will have 2 trained personnel in Procurement unit (450 staff in public procurement and 135 staff in e-GP trained) 	July 2013	<ul style="list-style-type: none"> <u>Completed.</u> About 300 PEs have trained manpower in Procurement.
	<ul style="list-style-type: none"> Low compliance with procurement law and regulation 	<ul style="list-style-type: none"> Bid evaluation committee members trained and prospective bidders oriented. Accreditation of procurement 	<p>PPMO (Lead)/DOR/PEs/MOF/DPS</p> <p>PPMO (Lead)/DOR/PEs/MOF/DPS</p>	<ul style="list-style-type: none"> Accreditation framework prepared and started CPI assessment initiated based on OECD/DAC benchmark 	<p>July 2013</p> <p>Nov. 2013</p>	<ul style="list-style-type: none"> <u>Work in process.</u> Draft manual is prepared and under discussion. <u>Work in process.</u> Cost estimation, ToR and RFP prepared.

Key Areas	Challenges	Agreed Actions	Responsible Agencies	Performance Indicators	Target Date	Progress
		<ul style="list-style-type: none"> professionals Undertake Compliance and Performance studies Undertake procurement audit system 	PPMO (Lead)/DOR/PEs/MOF/DPS PPMO (Lead)/DOR/PEs/MOF/DPS	<ul style="list-style-type: none"> Procurement audit guidelines prepared and Procurement Audit started in one entity 24 no. of Bids evaluation committee members trained and 40 no. of prospective bidders oriented 	Sep. 2013 July 2013	<ul style="list-style-type: none"> <u>Not Completed.</u> Could not be completed in target date. Will be done next year <u>Not Completed.</u> This target will continue in the next cycle.
	<ul style="list-style-type: none"> Inadequate fairness competitive bidding 	<ul style="list-style-type: none"> e-GP phase I rolled out for e-Bidding e-GP phase II development initiated Issuance of procurement guidelines 	PPMO(Lead)/MOF PPMO PPMO	<ul style="list-style-type: none"> All procurement activities in targeted PEs use e-bidding and online e-GP system as per GON policy/PPMO directives Procurement guidelines issued 3 SBDs will be translated in Nepali 	July 2013 July 2013 June 2013	<ul style="list-style-type: none"> <u>Completed.</u> 32 individual e-portal are floating e-bidding tenders. <u>Work in Progress:</u> The work is in outsourcing agreement Phase. <u>Completed.</u> 3 SBDs bidding documents of goods is translated into Nepali.
	<ul style="list-style-type: none"> Inadequate competency of PPMO 	<ul style="list-style-type: none"> Institutional capacity development Professional expert hired 	PPMO (Lead)/PEs/MOF/MOGA/DPs PPMO(Lead)/PEs/MOF/MOGA/DPs	<ul style="list-style-type: none"> Capacity building of PPMO staff (national 5 no. and international 6 no. trainings and observation studies 7 no.) with necessary incentives and logistic supports (2 vehicle) Required outsourcing for 2 monitoring experts and 2 e-GP experts with budgetary support 	July/Dec. 2013 July/Dec. 2013	<ul style="list-style-type: none"> <u>Work in progress.</u> Two vehicles are purchased. Further capacity enhancement activities will be planned in next year. <u>Not Completed.</u> This work will be planned in the next year.

Key Areas	Challenges	Agreed Actions	Responsible Agencies	Performance Indicators	Target Date	Progress
<p>3.Human Resource Management</p> <p>Champion:</p> <p>Mr. Mahendra Prasad Guragain Joint Secretary, MOGA</p> <p>Assist: Mr. Kalpana Shrestha, Under Secretary, MOGA</p>	<ul style="list-style-type: none"> Frequent transfer of project staff 	<ul style="list-style-type: none"> Complete personnel database system covering (i) transfer, (ii) vacancy, (iii) scholarship/trainings; and (iv) disciplinary actions related information of all government staff Implementation of PIS data analysis framework Management audit of development projects (focusing transfer of staff) Implementation of staff transfer guidelines by concerned ministries 	<p>MOGA</p> <p>MOGA/DOCPR</p> <p>MOGA</p> <p>MOGA/DOCPR, Concerned Ministries</p> <p>MOGA/DOCPR, Concerned Ministries</p>	<ul style="list-style-type: none"> Aggregate data updated covering (i) frequency of staff transfer, and (ii) number of vacant position at the district level PIS software upgraded through next FY AWP Management audit report published and uploaded in MOGA website Decrease in frequency of staff transfer (baseline: 9,719 as of July, 2012) Number of staff transferred with less than 2 years tenure reported 	<p>June 2013</p> <p>Nov, 2013</p> <p>July, 2013</p> <p>Each review meeting</p> <p>Each review meeting</p>	<ul style="list-style-type: none"> <u>Completed.</u> Progress of Complete PIS update of employee as 31st Dec. 2013: 76300 Progress of Complete PIS update of employee during 18th Oct. to 31st December 2013 : 484 Progress of Training Data entry of employee as 31st Dec. 2013: 14764 Progress of Training Data entry of employee during 18th Oct. to 31st December 2013 : 205 Progress of Transfer entry of employee as 1st August 2012 to 31st Dec. 2013: 9154 Progress of Transfer entry of employee during 18th October 2013 to 31st Dec. 2013: 1325 Progress of disciplinary actions entry as 31st Dec. 2013: 3651 <u>Work in Progress:</u> PIS data analysis work is continue. SRS for Enterprise Level of Architect of PIS is ongoing now. The project is planned for two years <u>Completed.</u> Last Year's management audit report is uploaded in the website. This year's report has been submitted to the Ministers of council for approval. This will be uploaded after approval. <u>Completed.</u> Regarding transfer, MOGA has directed all ministries to assure personnel management according to NPPR commitment ensuring retention of key project staffs.

Key Areas	Challenges	Agreed Actions	Responsible Agencies	Performance Indicators	Target Date	Progress
	<ul style="list-style-type: none"> Incoherent capacity development programs 	<ul style="list-style-type: none"> Prepare and approve Human Resource Plan 'Training for All' policy prepared 	MOGA	<ul style="list-style-type: none"> HR plan prepared and approved TFA policy prepared 	Oct 2013	<ul style="list-style-type: none"> <u>Not completed.</u> This work will be planned next year. <u>Work in Progress:</u> Training for All' (TFA) directive has been formulated and forwarded to OPMCM, NPC and MoF for suggestion and recommendation
	<ul style="list-style-type: none"> Low motivation and incentive for government staff in remote districts 	<ul style="list-style-type: none"> Assess and develop incentive plan for government staff 	MOGA(lead)/MOF	<ul style="list-style-type: none"> Incentive Plan prepared 	Oct 2013	<ul style="list-style-type: none"> <u>Work in progress:</u> Preliminary draft incentive plan has been prepared. Given priority to the personnel working in the remote districts (ka & kha region) while distributing scholarship for study and training in foreign countries.
4. Managing for Development Results(MfDR) and M&E Champion: Mr. Teertha Dhakal, Joint Secretary, NPCS Assist: Mr. Shyam Prasad Bhandari, Program Director, NPCS	<ul style="list-style-type: none"> Institutionalization of MfDR Weak linkage of Result-based planning and budgeting 	<ul style="list-style-type: none"> Make upcoming 13th plan Result Based. 	NPCS (lead) and Line Ministries	<ul style="list-style-type: none"> Results framework of at least 10 sectors incorporated in the plan document 	Oct., 2013	<ul style="list-style-type: none"> <u>Work in Progress:</u> First draft of results frameworks of education, health, irrigation, agriculture, roads, local development, energy, environment, forestry and urban development sectors have been prepared. Perspective and the business plans of the concerned sector, the Approach Paper of the 13th plan, and the new national M&E guidelines provided basis to draft the results frameworks.
		<ul style="list-style-type: none"> Institutionalize result-based MTEF and link with annual budget. 	NPCS (lead) , MOF and Line Ministries	<ul style="list-style-type: none"> Result –based MTEF prepared and implemented. 	July, 2013	<ul style="list-style-type: none"> <u>Completed.</u> MTEF (2013/14-15/16) has already been published. Attempts were made to make this version of MTEF results based which was finalized integrating the sectoral MTEF papers prepared by respective line ministries.

Key Areas	Challenges	Agreed Actions	Responsible Agencies	Performance Indicators	Target Date	Progress
	<ul style="list-style-type: none"> Weak M&E System 	<ul style="list-style-type: none"> Finalize and disseminate integrated M&E guidelines. 	NPCS	<ul style="list-style-type: none"> Integrated M&E guidelines disseminated. 	April, 2013	<ul style="list-style-type: none"> <u>Completed</u>. Integrated National M&E guidelines has been published and widely disseminated. Four regional level workshops have already been organized to disseminate the M&E guidelines also orienting and training about 200 officials especially from Regional Administration offices and other regional directorates.
		<ul style="list-style-type: none"> Conduct third party evaluation of three Programs/Projects. 	NPCS	<ul style="list-style-type: none"> Evaluation reports received and disseminated. 	Nov 2013	<ul style="list-style-type: none"> <u>Completed</u>. Final evaluation reports of National Literacy Campaign, Poverty Alleviation Fund (PAF) and Mid- Hill Highway (eastern part) have already received in the NPC from the independent evaluators. The NPC has planned to publish the summary of the reports, widely disseminate them and prepare management response plan to use the recommendations.
		<ul style="list-style-type: none"> Institutionalize annual survey. 	NPCS/CBS	<ul style="list-style-type: none"> Annual survey conducted. 	Nov, 2013	<ul style="list-style-type: none"> <u>Work in Progress</u>. CBS is in the final stage of completing the analysis of the annual survey. Data collection for second round of annual household survey is in the process.

Key Areas	Challenges	Agreed Actions	Responsible Agencies	Performance Indicators	Target Date	Progress
	<ul style="list-style-type: none"> Capacity issues of MfDR and M&E 	<ul style="list-style-type: none"> Capacity building on MfDR and M&E. 	NPCS and Line Ministries	150 government officials trained.	July, 2013	<ul style="list-style-type: none"> Completed. Altogether 439 government officials have been trained on MfDR/ M&E. District level Result based M&E trainings in Kavrepalanchok, Dolkha, Ramechhap, Sindhupalchwok and Sindhuli districts completed. Regional level RBM&E trainings for the officials of MOPIT conducted in Biratnagar, Kathmandu, Pokhara and Nepalgunj. Ministry level RBM&E trainings conducted in MOE, MOFSC and MoFALD. Four regional M&E trainings for regional level M&E officials already conducted.
5. Mutual Accountability Champion: Mr. Bhuban Karki, Under Secretary, IECCD, MOF	<ul style="list-style-type: none"> AMP reporting requirements about transparency are not met. (Baseline: Oct 11: 35%) 	<ul style="list-style-type: none"> DPs report indicative planned disbursements for next 3 Fiscal Years into AMP DPs report actual disbursements trimesterly into AMP 	DPs DPs	<ul style="list-style-type: none"> 80% reported 80% reported 	March 2013 Trimesterly	<ul style="list-style-type: none"> Work in Progress. Only 53% planned disbursement reported Work in progress. Only 48% actual disbursement reported
	<ul style="list-style-type: none"> Aid is less predictable (Baseline: 25 % gap between planned and actual disbursements) 	<ul style="list-style-type: none"> Reduce gap between planned and actual DP disbursement by end of FY 	DPs/GON MOF Line agencies/ NPCS	<ul style="list-style-type: none"> Gap between planned and actual disbursement reporting will be reduced to 20% or less MOF submits full annual budget for following year before the end of FY 2013 Line ministries and NPC issue budget authorization for DP funded projects within 45 days of annual GoN budget approval 	Continuous 2013 July 2013 Aug/Sept 2013	<ul style="list-style-type: none"> Work in progress: Gap 52% more than actual disbursement. Completed. Full budget is announced. MOF has issued authorization on the first day of FY and necessary instruction is given to line ministries to get approval from NPC and issue authorization within 15 of Shrawan (July 30,2013)

Key Areas	Challenges	Agreed Actions	Responsible Agencies	Performance Indicators	Target Date	Progress
	<ul style="list-style-type: none"> Use of the national budget system <p>Baseline: 45% of total external aid through treasury.</p>	<ul style="list-style-type: none"> Increased use of external aid using the treasury, national procurement and audit system Existing oversight of government system will be made more vigilant in the absence of Parliament Clarification of Aid Policy on use of government systems and non-government systems 	<p>DPs/ GON</p> <p>MOF</p> <p>MOF(IECCD)</p>	<ul style="list-style-type: none"> Use of national systems will be increased using the national treasury, procurement and audit system (DPs to provide written explanation if national systems is not used). Improved oversight of GON system Clear articulation of GoN draft Aid policy on use of government and non-government systems and shared to DPs 	<p>Continuous</p> <p>Continuous</p> <p>Nov 2013</p>	<ul style="list-style-type: none"> <u>Work in progress</u>: only 47 % through national treasury system. <u>Completed</u>. Heads of CIAA and OAG are appointed. <u>Work in progress</u>. Proposed Development Cooperation Policy has articulated in this matter.
	<ul style="list-style-type: none"> Implementation of Busan agreements <p>Integrating new approaches and development to deliver development results</p>	<ul style="list-style-type: none"> Integration of Busan commitments into aid policy Recognition of new and non-traditional development partners, including private sector actors in aid policy and fora. Joint development of a risk management approach to the use of government systems Integration of gender, climate change and disaster risk reduction into all programmes Increase in support for sectoral programmes based on clear sectoral policies plans and budgets 	<p>DPs/ IECCD</p> <p>MOF (IECCD)</p>	<ul style="list-style-type: none"> Consultation on the draft FAP with DPs to agree on shared principles of Busan Draft Aid policy includes Busan commitments and other related matters such as, measures for including new and non-traditional partners, commitment to develop a joint risk management plan for use of government based on next PEFA assessments, inclusion of gender, climate change and DRR in appropriate aid projects, Commitment to sector capacity building programmes, based on common assessments and development of joint sectoral capacity building plans (where they do not already exist) 	<p>Aug 2013</p> <p>Nov 2013</p>	<ul style="list-style-type: none"> <u>Work in progress</u>. Draft is shared with DPs. First round of consultation is done in Local donor's meeting on April 30, 2013. Further consultation is continue. <u>Work in progress</u> (Busan Monitoring Survey on Global Partnership is being carried out by IECCD. UN is assigned as focal DP. The report is already submitted to UNDP/OECD Joint support team.

Key Areas	Challenges	Agreed Actions	Responsible Agencies	Performance Indicators	Target Date	Progress
	<ul style="list-style-type: none"> Prevalence of Aid Fragmentation 	Move towards Sector Wide Approach	GON/DPs (concerned sector ministries supported by related DPs)	<ul style="list-style-type: none"> Joint Consultation meetings held to prepare SWAP implementation modalities, including identification of lead donor and GON agency in each sector(Agriculture, Roads, WASH, Alternate Energy) 	Nov, 2013	<ul style="list-style-type: none"> <u>Not Completed.</u> Planned for NPPR 2014 round. Meeting will be called inviting core DPs and concerned line ministries to select lead DP and focal person of the concerned ministry to develop a strategy of SWAP within September, 2014.
<p>6. Local Governance</p> <p>Champion: Mr. Dinesh Kumar Thapaliya, Joint Secretary, MoFALD , Assist: Ms. Indu Ghimire, Under Secretary, MoFALD</p>	<ul style="list-style-type: none"> Activate and institutionalize various committees for oversight functions Action and follow-up on the findings of monitoring team. 	<ul style="list-style-type: none"> Introducing performance measures in VDCs as a part of budget allocation based on MCPM Results Making Integrated Planning and Formulation committee responsible for allocation of resources Piloting Downward accountability through independent citizen feedback Intensive Monitoring of all DDC and Municipalities from MoFALD Develop and Introduce Fiduciary Risk Reduction Action Plan (FRRAP) in LBs 	<p>MOFALD</p> <p>MOFALD</p> <p>MOFALD</p> <p>MOFALD</p>	<ul style="list-style-type: none"> Minimum Conditions and Performance Measures (MCPM) introduced in 100 VDCs Revised Resource Manual issued Public hearing will be done in at least 50 districts Checklist developed 	<p>Nov. 2013</p> <p>Feb. 2013</p> <p>Nov. 2013</p> <p>Nov. 2013</p>	<ul style="list-style-type: none"> <u>Completed.</u> Performance indicators (13) for VDC prepared and piloted in 150 VDCs. <u>Completed.</u> 2 Local Body Resource Mobilization & Management Guidelines (LBRMMG) with clear roles & responsibilities of IPFC approved by the cabinet (2 Jan '13). LBs staff oriented (399) on LBRMMG. <u>Completed.</u> Public hearing is completed in all districts. <u>Completed.</u> Monitoring and Facilitation Committee at user's level made responsible for supervision of project activities at local level. CSOs (133) conducted i) public hearing & compliance monitoring, ii) local body grant expenditure review & community engagement survey and iii) community based monitoring in 75 districts in 2012/13

Key Areas	Challenges	Agreed Actions	Responsible Agencies	Performance Indicators	Target Date	Progress
				<ul style="list-style-type: none"> Monitoring of checklist compliance reported FRRAP developed and introduced in selected DDCs 	During the review meeting	<ul style="list-style-type: none"> <u>Work in progress.</u> Monitoring & evaluation strategy prepared to make monitoring system more effective. Monitoring visits to 42 DDCs & 22 Municipalities conducted in 2012/13. <u>Work in progress.</u> DDC Ilam prepared FRRAP. Oriented 120 staff of municipalities on FRRAP. FRRAP roll out and orientations continue in FY 13/14.
	<ul style="list-style-type: none"> Create conducive working environment in LBs in the absence of elected representatives. Act in line with civil service Act/Regulation Create workable accounting system in VDCs. 	<ul style="list-style-type: none"> Targeted Capacity Support to MCPM Failed LBs Fulfill vacant VDC Sec post Minimum Tenure of LDO's and Executive officer ensured as per Civil Service Act/Regulations Accounting software in VDCs Introduced 	<p>MOFALD</p> <p>MOFALD</p> <p>MOFALD</p> <p>MOFALD</p>	<ul style="list-style-type: none"> CD measures introduced in Consistently failed DDCs and Municipalities Vacant VDCs secretaries reduced by half At least 80% officials retained in DDC 1000 VDC using Accounting Software 	<p>Nov. 2013</p> <p>Nov. 2013</p> <p>Nov 2013</p> <p>Nov 2013</p>	<ul style="list-style-type: none"> <u>Not Completed.</u> CD grant to failed LBs will begin under LGCDP II in 2014. <u>Completed.</u> Only 100 VDC secretary posts are vacant <u>Work in progress.</u> Transfer guidelines in line with civil service act & regulation prepared & MoFALD is committed to follow. <u>Work in progress.</u> VDC accounting software developed & installed in 475 VDCs.
	<ul style="list-style-type: none"> Inadequate material testing laboratory. 	<ul style="list-style-type: none"> Improve quality of Local infrastructure 	DOLIDAR	<ul style="list-style-type: none"> Material testing lab made functional in 70 districts; at least 10% of projects are audited technically 	Nov 2013	<ul style="list-style-type: none"> <u>Work in progress.</u> Existing quality labs in 35 districts will be made functional and enhance capacity of lab technicians in FY 13/14 and establish new quality labs in 15 districts. Decided to make compulsory the provision of 2 technical staff in DDC's organogram and fulfill the post within 2 years in 30 DDCs.

Key Areas	Challenges	Agreed Actions	Responsible Agencies	Performance Indicators	Target Date	Progress
	<ul style="list-style-type: none"> Parliament/Cabinet approve full annual budget in time. Collect reliable data from LBs on time. 	<ul style="list-style-type: none"> Provide Budget Ceiling and Release of fund on time Strengthening database management for RBM 	<p>MOFALD</p> <p>MoFALD</p>	<ul style="list-style-type: none"> LBs receive Budget Ceiling on time and budget authorization within 15 days Web based monitoring developed and implemented in 60 DDC and 58 Municipalities. 	<p>Nov 2013</p> <p>Nov. 2013</p>	<ul style="list-style-type: none"> <u>Completed.</u> Issued authorization letter to all LBs for 2013/14 on time. Budget ceiling and guidelines will be provided to LBs by the end of 15 November. <u>Completed.</u> Web- based reporting software developed and implemented in all DDCs and Municipalities and 155 staff oriented. Results Framework of MoFALD prepared in line with Three Year Interim Plan (2070/71- 2072/73) of National Planning Commission.
<p>7. Road and Transport Management</p> <p>Champion:</p> <p>Mr. Madhav Karki, Joint Secretary, MOIPT</p> <p>Asst: Mr. Manish Shakya,</p>	<ul style="list-style-type: none"> Meeting construction target in stipulated time Contractor's performance-slow mobilization Inventory of local roads 	<ul style="list-style-type: none"> Strengthening contract management Timely procurement Preparation of road inventory of local roads 	<p>MoPPWTM / DOR</p> <p>DOR</p> <p>DoLIDAR</p>	<ul style="list-style-type: none"> Monitoring of all donor funded road projects in SRN contracts reported Procurement planning and monitoring actions reported Inventory of Local Roads are available including its condition of core district road network 	<p>During the review meetings</p> <p>During the review meetings</p> <p>Nov 2013</p>	<ul style="list-style-type: none"> <u>Work in progress.</u> Monitoring is being done at ministry level, departmental level and project level. <u>Work in Progress.</u> The projects are being implemented with approved procurement plans and monitoring action plans. <u>Completed.</u> Inventory of all the seventy five districts have been prepared with the condition of Core road district Road network. In addition to that DTMPs of 19 districts have been prepared with reference to GIS and for remaining are inventories and field works have been completed. In some districts workshop have been also completed and finally all the works are scheduled to be completed by the end Its Quarter of F.Y. 070/071.

Key Areas	Challenges	Agreed Actions	Responsible Agencies	Performance Indicators	Target Date	Progress
	<ul style="list-style-type: none"> Seasonal access to District HQ/Local Roads Generating employment opportunities at the local level 	Upgrading	DOR DoLIDAR /DDC DoLIDAR /DDC	<ul style="list-style-type: none"> Districts with all-weather road facilities Baseline - 59 DH Target – 61 DH Additional 500 kms of local roads are upgraded to all weather standards Employment data of local roads are available 	Nov 2013 July 2013 During the review meetings	<ul style="list-style-type: none"> <u>Completed.</u> 61 districts linked with all-weather road facilities. <u>Completed.</u> Additional 664 km of local roads have been upgraded in FY 069/70. <u>Completed.</u> Employment data is available in review meetings and also in DOLIDAR publication.
	<ul style="list-style-type: none"> Timely assessment of road condition Prioritization in resource allocation 	Rehabilitation and reconstruction	DOR/DoLIDAR	<ul style="list-style-type: none"> Identify length of road that need rehabilitation and reconstruction in SRN/LRN 	Nov 2013	<ul style="list-style-type: none"> <u>Completed.</u> SRN : 330.95 km of roads are identified for rehabilitation and reconstruction (Integrated Annual Road Maintenance Plan FY 70/71)
	<ul style="list-style-type: none"> Resources Capacity 	<ul style="list-style-type: none"> Construction and maintenance of bridges 	DOR DOR DOR DoLIDAR /DoR	<ul style="list-style-type: none"> 20 number of crossings will be bridged (700 mtrs) in SRN 10 numbers of SRN bridge receives major maintenance (450 mtrs) 50 Number of crossings will be bridged in LRN Responsibility of bridges over SRN and LRN are handed over to respective Department 	Aug 2013 Aug 2013 Aug 2013 Nov 2013	<ul style="list-style-type: none"> <u>Completed.</u> Total 74 numbers of bridges has been completed in FY 69/70. <u>Work in progress.</u> In FY 70/71 it is targeted to complete 75 numbers of bridges and 15 bridges will undergo maintenance. <u>Completed.</u> 56 crossing bridges have been constructed. <u>Work in progress:</u> Principally this is agreed as Ministerial decision is made. Stocktaking of LRN bridges is being received from DOR.

Key Areas	Challenges	Agreed Actions	Responsible Agencies	Performance Indicators	Target Date	Progress
	<ul style="list-style-type: none"> Resources Capacity Institutional strengthening of RBN 	<ul style="list-style-type: none"> Road network maintained to serviceable condition 	<p>DOR</p> <p>DOR</p> <p>DoLIDAR</p>	<ul style="list-style-type: none"> minimum 10% of black topped SRN receives Periodic maintenance reported all black topped SRN receive routine and recurrent maintenance reported At least 1000 kms of all-weather local road receive routine maintenance 	<p>During the review</p> <p>During the review</p> <p>Nov 2013</p>	<ul style="list-style-type: none"> <u>Work in progress.</u> In FY 69/70 Routine maintenance 7474 km of SRN (DoR Annual Progress Report) FY 70/71 <u>Work in progress.</u> A total of 3.63 billion is allocated for annual road maintenance. 8194.21 km of SRN is identified for routine maintenance and <u>Work in progress.</u> 467.34 km for periodic maintenance. <p>(Integrated Annual Road Maintenance Plan FY 70/71)</p>
	<ul style="list-style-type: none"> Overloading of Vehicles Encroachment of RoW 	<ul style="list-style-type: none"> Formulation of Heavy Vehicles Management Policy 	<p>MoPPWTM,</p> <p>MoPPWTM, MoFALD</p>	<ul style="list-style-type: none"> Draft Act related to HVMP prepared and shared with all stakeholders. Responsibilities for SRN and LRN are further clarified and enforced 	<p>Nov 2013</p> <p>Nov. 2013</p>	<ul style="list-style-type: none"> <u>Work in progress.</u> Preliminary discussion in progress. Budget allocation for various division for enforcing ROW encroachment elimination <u>Work in progress.</u> Principally this is agreed. Procedural work is continuing.
	<ul style="list-style-type: none"> Safe public transport Regulation of public transport 	<ul style="list-style-type: none"> Improvement of licensing system Enforcement of traffic rules 	<p>MoPPWTM</p>	<ul style="list-style-type: none"> Road Safety Action Plan approved 	<p>March 2013</p>	<ul style="list-style-type: none"> <u>Work in Progress:</u> New trail center is established in Transport Management Office Nepalgunj and Pokhara Similarly, in other TMO, establishment of new trial centre is in progress Traffic awareness related documentary is prepared. Formulation of Traffic Rule Directive is in progress. Traffic sign and signals are under construction

Key Areas	Challenges	Agreed Actions	Responsible Agencies	Performance Indicators	Target Date	Progress
8. Agriculture Champion: Mr. Ram Prasad Pulami, Joint Secretary, MOAD Asst: Mr. Mahendranath Poudel, Senior Agriculture Economist, MOAD	<ul style="list-style-type: none"> Low production level of cereals, milk and meat 	<ul style="list-style-type: none"> Strengthening quality input supply (Seed, Saplings, Fertilizers, irrigation, breed, fodder and forage) and technical services 	MOAD (lead) NPC, DOA/DLS, NARC	<ul style="list-style-type: none"> Increased production of cereals from 9246000 mt to 9585000 mt (Increased by 4%) and milk - 1556510 mt to 1884000 mt (increased by 21 %) and meat – 277625 mt to 302000 mt (Increased by 9%) 	Nov 2013	<ul style="list-style-type: none"> <u>Work in progress.</u> Cereal production 87,01,377 mt SRR for major cereal crops for F.Y 2069/70 is in collection
		<ul style="list-style-type: none"> Cereals Seed Replacement Rate will be increased from 10 to 12 percent 	MOAD, NARC, DOA	<ul style="list-style-type: none"> Rate increased from 10 to 12 percent 	Nov 2013	<ul style="list-style-type: none"> <u>Work in progress.</u> 373 mt. improved seed distributed for seed production programme under 771 ha.
		<ul style="list-style-type: none"> Encourage private sector to establish organic fertilizers industries 	MOAD, DOA and Private Sector	<ul style="list-style-type: none"> Five (One in each Development Regions) Organic fertilizer industries will be established through private sector 	Nov 2013	<ul style="list-style-type: none"> <u>Work in progress.</u> One in each Development Regions has been established except Mid-Western Development Region.
		<ul style="list-style-type: none"> Initiation of Revision of Fertilizer Policy 2058 	MOAD, NPC	<ul style="list-style-type: none"> Approval of revised Fertilizer policy 	Nov 2013	<ul style="list-style-type: none"> <u>Work in progress.</u> MOAD has drafted working guidelines for PPP model.
	<ul style="list-style-type: none"> Inadequate Policy Environment 	<ul style="list-style-type: none"> Initiate Agricultural Development Strategy Introduction of seed policy 	OPMCM, NPC, MOAD, MOF	<ul style="list-style-type: none"> Approval of Agricultural Development Strategy 	Nov 2013	<ul style="list-style-type: none"> <u>Work In progress</u> It is expected approval before mid- July 2014. <u>Completed.</u> Seed Vision 2025 approved. Publication of Seed Regulation 2069 in Rajpatra (Falgun 14, 2069) is also done.
			OPMCM, NPC, MOAD	<ul style="list-style-type: none"> Seed Vision 2025 approved and in place 	Nov, 2013	
	<ul style="list-style-type: none"> Low investment in Agriculture Sector 	<ul style="list-style-type: none"> Increase public sector investment in agriculture 	MOAD, MOF, NPC, DPs	<ul style="list-style-type: none"> Increased annual budget in agriculture (aid and internal) from current 3.27% to 6.5% of national budget. 	August, 2013	<ul style="list-style-type: none"> <u>Work in progress.</u> Budget share is increased by 4.14% in this Fiscal Year.
	<ul style="list-style-type: none"> Inadequate climate resilient , disease pest resistant and high yielding varieties and breeds 	<ul style="list-style-type: none"> Identification/development of stress tolerant/resistant breeds and high yielding hybrids varieties 	NARC	<ul style="list-style-type: none"> 1 hybrid and 3 improved varieties identified/developed/released and recommended 	Nov 2013	<ul style="list-style-type: none"> <u>Work in progress.</u> Varieties released: Wheat – two wheat varieties are under yet to be planted in winter season for testing Rice-Two rice varieties are under field testing stage

Key Areas	Challenges	Agreed Actions	Responsible Agencies	Performance Indicators	Target Date	Progress
	<ul style="list-style-type: none"> Poor co-ordination among key Stakeholders 	<ul style="list-style-type: none"> Effective co-ordination be realized through sharing and feedback 	MOAD	<ul style="list-style-type: none"> 1 National and 3 Regional Agricultural Technical Working Group meetings organized 	Nov 2013	<ul style="list-style-type: none"> <u>Work in progress.</u> RATWG meetings held 2 times in each development region
	<ul style="list-style-type: none"> Low coverage of food inspection and awareness programme on food quality and nutrition 	<ul style="list-style-type: none"> Establish 10 additional Divisions Offices of DFTQC (Currently 5 Regional Food Lab) Increase the training, educational activities 	MOAD, DFTQC MOAD, DFTQC MOAD, DFTQC	<ul style="list-style-type: none"> Regional labs increased from 5 to 15 The risk based inspections will be increased from current 20 to 50 districts At least 500 clients be trained/aware on food quality and hygiene 	Oct, 2013 Oct, 2013	<ul style="list-style-type: none"> <u>Work in progress.</u> O and M Survey report already submitted to MoGA and MoF and is in the process of approval. <u>Work in progress.</u> Inspection conducted in 45 districts with the existing offices and human resources <u>Completed.</u> Information, educational and communication materials disseminated 1000 times through mass media 1000 students were made aware on food safety, Quality and nutrition 100 potential entrepreneurs trained on various aspects of processing and export requirements of agricultural commodities. 200 hotels/restaurants made aware on food safety.
	<ul style="list-style-type: none"> Lack of Food and Nutrition Security Action Plan 	<ul style="list-style-type: none"> <i>Introduction of Food and Nutrition Security Action Plan</i> 	<i>OPMCM, MOAD,NPC</i>	<ul style="list-style-type: none"> <i>Food and Nutrition Security Action Plan approved</i> 	Nov, 2013	<ul style="list-style-type: none"> <u>Work in progress.</u> Reviewing by MoAD and expected to be approved by this fiscal year.(Mid July 2014)

Key Areas	Challenges	Agreed Actions	Responsible Agencies	Performance Indicators	Target Date	Progress
Energy Champion: Mr. Keshav Dhoj Adhikari, Joint Secretary, MOEN Asst: Mr. Raju Maharjan, Senior Divisional Engineer, MOEN	<ul style="list-style-type: none"> Inadequate and timely development of energy infrastructure. 	<ul style="list-style-type: none"> Increased public sector investment and Public Private Partnerships (PPP) in energy generation, transmission and distribution by specifically addressing barriers relating to the development of priority projects. 	NEA (lead) Independent power purchasers(IPPs) AEPC	<ul style="list-style-type: none"> 40 MW of generation added to INPS; and 4 MW of generation plants added through off-grid. 	Nov 2013	<ul style="list-style-type: none"> <u>Work in progress.</u> 3.00 MW (Grid connected); 1.6 MW Off Grid
			NEA(lead) - IPPs, AEPC	<ul style="list-style-type: none"> 10 distribution areas to be operated under PPP/community electrification; Access to grid electricity increased by one percentage point and 250000 households having access to different types of renewable energy 	Nov 2013	<ul style="list-style-type: none"> <u>Completed.</u> 13 distribution areas handed over to community. Access increased by 2.5% 273,580 households (Grid connected); 278,810 Off Grid
			NEA(lead),DPs	<ul style="list-style-type: none"> All the new public sector projects on average making 25% contract awards within six months after approval of the fund. 	Nov 2013	<ul style="list-style-type: none"> <u>Not completed.</u> Due as no new fund approved.
	<ul style="list-style-type: none"> Inefficient use of existing facilities. 	<ul style="list-style-type: none"> Reduce System loss. Accelerate implementation of INPS system loss reduction plan and demand side management of electricity. 	NEA(lead)MOH A, MoEn	<ul style="list-style-type: none"> System losses reduced by 2 percentage points 	Nov 2013	<ul style="list-style-type: none"> <u>Work in progress.</u> System loss reduced by 1.94% points.
			MOEn, NEA	<ul style="list-style-type: none"> Energy audits conducted for top 50 electricity consumers 	Nov2013	<ul style="list-style-type: none"> <u>Work in progress.</u> Energy Audit conducted for 23 energy intensive consumers.
			NEA (lead),MoEn	<ul style="list-style-type: none"> Incentive mechanism developed for energy saving industries 	Nov2013	<ul style="list-style-type: none"> <u>Work in progress.</u> Tariff encourages to go for energy efficiency
	<ul style="list-style-type: none"> Ineffective implementation of financial restructuring of NEA. 	<ul style="list-style-type: none"> Effective implementation of financial restructuring of NEA. 	NEA (lead), MoEn, MOF, ETFC	<ul style="list-style-type: none"> Reducing gap between cost of service and avg. tariff by 2%. 	Nov2013	<ul style="list-style-type: none"> <u>Completed.</u> The gap between cost of service and avg. tariff has come down to Rs 1.78 from Rs 3.66

PART III

**DEVELOPMENT PARTNERS BACKGROUND REPORT
& ATTACHMENT**

BACKGROUND PAPER FOR CORE DEVELOPMENT PARTNERS

NEPAL PORTFOLIO PERFORMANCE REVIEW: FY2013/14

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I. BACKGROUND AND INTRODUCTION

1. **Background.** Foreign aid has been a significant contributing factor for economic and social development of Nepal. In FY2013, the disbursement of foreign aid amounted to \$970 million (according to the data reported to Aid Management Platform [AMP] including all development partners [DPs]).¹ Whereas, the Government of Nepal's total budgetary expenditure and capital expenditure was \$3,233 million and \$556 million, respectively.² It clearly shows that the role of Development Partners (DPs) in the Government's budget particularly capital expenditure remains significant, and expected to play catalytic role in enhancing the quantum and quality of much needed public investments to establish physical and human capital.

2. Following the adoption of the first National Foreign Aid Policy in 2002, the Government of Nepal (the Government) initiated the Nepal Portfolio Performance Review (NPPR) process. Since then, the NPPR has become an annual event led by the Ministry of Finance and jointly organized with core DPs as an instrument for strengthening the portfolio performance and aid effectiveness.³ The NPPR process aims to exemplify how DPs and Government can engage in improving portfolio performance.

3. Initially the NPPR process was started with three DPs (the Asian Development Bank, the Japan Bank for International Cooperation and the World Bank) as core members. The Department for International Development of the United Kingdom later joined as the fourth member. The forum has been expanding over the years. As of 2013, 13 core DPs are in the NPPR process, namely, the founding DPs including Asian Development Bank (ADB), the Japan International Cooperation Agency (JICA) after the JBIC was merged in JICA, DFID, the World Bank (WB), and other core DPs including the Embassies of Australia, Denmark, European Union (EU), Finland, Norway, and Switzerland; International Fund for Agriculture Development (IFAD), the United Nations Country Team (UNCT), and the United States Agency for International Development (USAID).

4. Over the years, some important achievements have been made by the Government with the support from DPs. Overall portfolio performance of 2012 – 2013 also showed improvements and greater overall Government ownership is demonstrated through the Cabinet endorsement of the NPPR Action plans for the last two years. However, comprehensive implementation of the Action Plans, particularly at the respective government agencies level needs to be further improved. Overall, there are still more to be achieved to accelerate progress on key areas, particularly, on public financial management for public spending, tackling corruption, public procurement, human resource management and mutual accountability. More focus has to be given on the accountability and transparency in the national systems—both at central and local levels.

5. **NPPR 2012/13.** During the NPPR 2012/13 (held on 28 January 2013), there was a good deliberation and practical action points were prepared in the five key strategic areas, namely on (i) public financial management (PFM), (ii) public procurement, (iii) human resource management, (iv) managing for development results (MfDR); and (v) mutual

¹ The total figure comprises \$597.3 million grant, \$178.0 million loan, and \$195.5 million technical assistance.

² \$ represents US\$

³ It was established as a forum to supplement Nepal Development Forum (NDF), which focuses on medium-term development challenges, actions, and programs for key sectors and themes. International Economic Cooperation Coordination Division (IECCD – past Foreign Aid Coordination Division) of the Ministry of Finance is coordinating the overall NPPR activities since the beginning. Now high level of government agencies is involved. Action Plan is endorsed by the Cabinet. Sectoral Champions are coordinating the activities in each thematic area.

accountability. There were clear improvements from the past NPPRs in terms of the clarity of the thematic actions. In addition to these, the process also added four sectors, including (i) local governance, (ii) roads and transport management, (iii) agriculture and (iv) energy — mainly from the perspective of seeing the performance of these sectors across the broad five thematic areas. The finalized actions were submitted to and approved by the Cabinet in March 2013, and follow up meetings to review the progress of actions were organized by the Ministry of Finance (MOF) in May, August, and November 2013 —inviting the thematic and sector champions of the Government and core DPs.

6. **NPPR 2013/14 Preparatory Discussions.** In December 2013, the Government and the two of the original core NPPR DPs formed a task force (TF) to review the NPPR process. While noting that the NPPR process is moving successfully, the following issues were noted for possible improvements, and further discussed with IECCD/MOF and the core DPs:

- (i) Focus of NPPR: The TF recommended NPPR might go beyond foreign-aided projects and focus on strengthening the country's budget systems and processes integrating with existing monitoring and review mechanisms. However, IECCD suggested continuing NPPR's focus on foreign-aided projects in NPPR 2013/14, while reflecting any improved measures for budgetary processes in the actions of the PFM working group.
- (ii) Result Focus in Indicators: As per the TF recommendation, NPPR indicators should be more result focused at outcome level (as opposed to input and process oriented). For this, medium term (3 years) and annual indicators can be developed.
- (iii) Sectors: Sector discussions in NPPR 2012/13 were found ineffective as they went beyond actions relevant to five broad thematic areas. To improve the effectiveness, the TF recommended continuation of sector discussions, with (a) NPPR sector actions focusing on those relevant to five NPPR thematic areas, and (b) separate result frameworks to monitor sector outputs and outcomes. However, during the further discussions, this was found challenging to complete within the limited timeframe, and it was decided that (a) NPPR 2013/14 will not undertake sectoral discussions but (b) each thematic group may include priority actions of those sectors relevant to the theme.⁴
- (iv) Working Report: Instead of preparing separate papers by each DP, TF recommended and it was decided to have only one report prepared by GON and the other by the DPs.
- (v) Input to Budgetary Formulation: The NPPR 2013/14 actions will be linked to the annual budget formulation process for FY 2014/15 to influence and inform annual budget formulation process, and reform announcements through budget speech.
- (vi) Ownership and Follow-up: TF and core DPs recommended that ownership should be taken from the Government at the higher level. IECCD/MOF clarified that this would be considered during the NPPR 2013/14 process and consulted with the core DPs.
- (vii) Need for Policy Dialogues on Overall Development Agenda: During the preparatory process of NPPR 2013/14, DPs collectively felt the need for having a separate forum of policy level dialogues between the Government and DPs to discuss key economic, sector, and thematic issues to achieve developmental results (on top of processes and inputs affecting portfolio performance covered under the NPPR). IECCD/MOF indicated that the process of Nepal Development Forum might be initiated as relevant initiative.

⁴ For example, rolling out e-procurement in rural infrastructure may be included as a part of actions pursued under the theme of Public Procurement.

7. **NPPR 2013/14.** On the basis of the above preparatory process, the NPPR 2013/14 is organized on 23 April 2014 under the theme of “**Portfolio Performance for Development Results**”. It will aim to increase public investment efficiency and effectively achieve anticipated results. Its main intents should be to improve participatory budget formulation, budget execution and identification of channels to improve portfolio performance. The NPPR platform should also be able to focus in identification of key cross cutting issues that impede portfolio execution, act and monitor jointly agreed remedial actions that could advance project completion date and inform decision makers, both internal and external stakeholders, of the status of budget portfolio execution that have over bearing impacts on budget execution itself.

8. NPPR 2013/14 envisage focusing on the key five cross-cutting themes, namely: (i) Public Financial Management (PFM): bringing back budget realism, lower bunching of expenditure in the last trimester, strengthening of internal audits and reducing the external audit irregularities are few PFM related issues that are embedded in existing processes, if improved, will improve overall budget implementation, (ii) Procurement Management: institutionalization of e-bidding, among others, addresses procurement related issues, (iii) Human Resource Management (HR): stability in personnel movement and build capacities, (iv) Managing for Development Results: establishing linkages between planning and budgeting and design sectoral results framework to serve as a basis for monitoring and evaluation, and (v) Mutual Accountability: aiming for improved management of development assistance.

9. Many of the identified generic implementation issues center around the above thematic areas that include, among others: delayed program and budget approval process, delayed budget authorization, delayed preparation of financial statements, delayed audits, increasing volume of irregularities, delay in procurement decisions, frequent turnover of key staff of projects, lack of compliance with legal covenants, absence of elected government at local level etc. Addressing these systemic issues will improve investment efficacy. However, efforts directed to improve processes and systems need to be institutionalized, and, this calls for evaluation process, that in itself, becomes part of the reform process. This process for improvement effort is the corner stone upon which higher level plan outcomes can be attained through timely execution of the budget, which leverages sectors’ outputs.

10. The following section summarizes the background papers submitted by the core DPs.

II. COUNTRY ASSISTANCE STRATEGIES

11. Most of the core DPs participating in the NPPRs have been operating on the basis of a medium-term assistance strategy spanning 4–7 years, constituting a major shift away from short-term post-conflict assistance towards establishing the foundations for accelerated and inclusive growth, and inclusive democracy. The World Bank group is preparing a Country Partnership Strategy (CPS) covering FY2014–2018 after three consecutive interim strategies in FY2007, FY2009, and FY2011, whereas ADB also finalized its CPS 2013–2017 after a short term CPS 2010–2012. Other DPs also have their own country assistance framework guided by the Memorandum of Understanding (MOU) with the Government of Nepal.

12. In terms of strategic pillars, all DPs emphasizes on (i) increasing economic growth and competitiveness, and (ii) inclusive growth for shared prosperity, whereas bilateral DPs and the UN group also support consolidation of peace, human rights, local governance, rule of law and transition to a democratic state alongside humanitarian assistance. As to the sector coverage, in response to the Government’s priority, there has been an increasing focus on building physical infrastructure (energy, transport, water/ irrigation, and urban

infrastructure) and associated policy and institutional systems, particularly from ADB and the World Bank. Several bilateral DPs are also supporting infrastructure with a varying focus and priority, including DFID, JICA, Norway, Denmark and Switzerland. EU's support to infrastructure is currently happening outside of EU's country assistance envelope; such as, EIB support on Tanhau hydropower project. On the other hand, there are also a number of DPs supporting education, and several DPs are supporting skills development, private sector development, employment generation, local governance reform and health sectors. Agriculture sector is also supported by many DPs.

13. To make these priority sector operations effective and sustainable, most DPs also emphasize on cross-cutting thematic assistance including gender equity and social inclusion (GESI), public financial management (PFM), governance and human rights, anti-corruption, climate change adaptation and disaster risk management. Keeping in mind that the private sector investments in promising infrastructure such as hydropower and competitive industries are also called for to accelerate inclusive growth, there is also an increasing attention to improve business environment and enterprise development, along with the regional integration with the neighboring economies through trade facilitation and export promotion.

14. In accordance with the principles of the Paris Declaration and other international forums, DPs' assistance strategies are increasingly aligned with the development strategies of the Government of Nepal. Use of country systems and DP harmonization, which are further advocated under the draft Development Cooperation Policy, have also seen progress, as demonstrated in the sector wide approaches (SWAPs) in health, education, and local governance and community development program (LGCDP: phase II). Coordination and harmonization efforts are also made by DP working groups in the concerned sectors and themes. However, many DPs feel that further progress in the use of national systems will call for strengthening in various governance aspects. They are such as, addressing their structural constraints in procurement, work execution and supervision, PFM including financial reporting and internal and external audit, anti-corruption, and associated human resources and capacity weaknesses. Similarly, building on the recent development such as roll-out of the Treasury Single Accounts in all 75 districts and appointments of few officials in constitutional and parliamentary oversight bodies are equally important.

15. The following section provides the brief overview of the DP assistance strategies.

- (i) **ADB.** Under the CPS (2013-2017), ADB will support the government's development objective of accelerated, sustainable, inclusive economic growth. Faster growth in economic opportunities will be pursued through investments in infrastructure (energy, transport, urban, irrigation and rural infrastructure). Access to economic opportunities will be enhanced through investments in education including skills development and agriculture transformation. As cross cutting themes, the assistance will mainstream GESI, PFM and good governance, climate change and disaster resilience, private sector development, and regional cooperation and integration (in energy, transport, and trade facilitation). Significant focus has been placed to strengthen the institutional basis to provide sound portfolio performance and quality sector operations.
- (ii) **Australia.** In line with the Paris, Acra and Busan frameworks, Australia has been working through the Government system in support of its health and education sector programs. Australia also works with the Government in supporting micro-entrepreneurship development with the objective of alleviating poverty. Since 2008, Australia's aid program in Nepal has almost tripled. Australia's official development assistance to Nepal is AU\$30.2 million in 2013-14. Australia is currently preparing a four-year investment strategy, expected to be completed by early 2015.

- (iii) **Denmark.** The overall objectives for Denmark's partnership policy with Nepal are twofold: i) contribute to the consolidation of peace and to strengthen respect for human rights and deepen democracy; and ii) contribute to reducing poverty. Denmark works closely with government, multi- and bilateral DPs, civil society and private sector as key partners. Peace, rights and governance; renewable energy; inclusive growth and private sector development are key areas for Danish development assistance to Nepal. Denmark's support in 2012-13 amounted to approximately \$40 million.
- (iv) **DFID.** DFID prepared an Operational Plan for Nepal during 2010. This plan commits up to £331 million of UK official development assistance during the period 2011-2015. DFID's Operational Plan is set around four pillars that it believes are critical to secure long term peace and development in Nepal. They are: (i) governance and security (ii) inclusive wealth creation, (iii) service delivery (iv) climate and disaster resilience. Gender and social inclusion is a major cross-cutting theme throughout all of DFID's work and is reflected in its results.
- (v) **EU.** The Second EU Country Strategy Paper CSP (2007-2013) included the following priority sectors: (i) education, (ii) stability and peace building and (iii) trade facilitation and economic capacity building. In 2012 the EU also engaged in PFM sector reforms. The total allocation for this CSP was of €120 million. Starting 2014, the EU is formulating a Multi-Annual Indicative Program (MIP) which is aligned with the National Development Strategies of beneficiary countries. The 2014-2020 MIP for Nepal is currently being finalized and it is expected that it will be adopted in the second half of 2014. The EU is envisaging supporting the infrastructure (rural infrastructure) in the upcoming MIP. The indicative envelope will triple in comparison to the total allocation under the CSP 2007-2013. The MIP identifies three focal sectors. They are: (i) sustainable rural development, (ii) education, including technical and vocational training and (iii) Strengthening democracy and decentralization (this sector will also include further support to PFM reforms).
- (vi) **Finland.** The Finnish Country Strategy for Nepal aims to address the most marginalized and vulnerable people in the society by enhancing their livelihoods and improving their access to basic services. It systematically mainstreams the human rights, gender and other cross-cutting objectives. Finland will continue to support education, water supply & sanitation and forestry sectors. Main thrust will be directed to remote rural areas. Maintaining stability and peace is prerequisite for achieving development results. Finland in close cooperation with other DPs continues to support Nepal's peace process, transition to democratic federal state and promotion of the rule of law.
- (vii) **IFAD.** In the new country strategic opportunities program (COSOP, 2013-2018), IFAD's investments in Nepal aim at promoting inclusive and resilient growth in the rural areas and contributing to peace consolidation. The COSOP has been designed in line with the new Agricultural Development Strategy (ADS) and the 2012 Country Program Evaluation (CPE) recommendations. The COSOP has three strategic objectives. They are: (i) promote rural income diversification and stimulate employment; (ii) strengthen food security and resilience to climatic and other risks; and (iii) promote inclusive, accountable and sustainable rural institutions.
- (viii) **Norway.** The current MOU signed for 2013-2017 sets a framework that Norway will concentrate its assistance to the following sectors: (i) energy both on and off grid; (ii) education; and (iii) democracy and inclusive governance. It will also support implementation of cross cutting issues such as environment, gender equality and

anti-corruption that are of high priority for both Nepal and Norway. The cooperation aims at supporting Government's actions to realize the vision and main objectives of the 13th Development Plan 2013-2015, and subsequent national development policy documents in energy, education, and democracy and inclusive governance areas. Norwegian support includes funding from Norad, MFA and the Embassy in Katmandu to I/NGOs, multilateral, bilateral and private sectors in Nepal.

- (ix) **JICA.** JICA has been extending its cooperation under three priority areas including (i) infrastructure and institutional development for sustainable economic growth; (ii) consolidation of peace and a steady transition to a democratic state; and (iii) rural poverty reduction. There are nine cooperation programs. A total of ¥19.07 billion has been extended for commitment in the Japanese fiscal year 2012.⁵ The economic infrastructure development area has received 92% of the allocation, followed by democratization support (5%) and rural poverty reduction area 3%. The bigger size on infrastructure is also because of the activation of loan to Tanahu Hydropower Project.

- (x) **Switzerland.** The Swiss cooperation strategy for Nepal (2013–2017) provides the strategic orientation for the activities of the Swiss Government to support inclusive democratic state-building, and to promote human security and socio-economic development in Nepal (rural infrastructure, agriculture, forestry, employment, migration). Conflict Sensitive Program Management gender equity and disadvantaged group targeting are an integral part of planning, implementation and monitoring. Switzerland coordinates with other major DPs (LGCDP, Forestry, rural infrastructure). The whole assistance provided by Switzerland is in grants; 60% goes to national programs and 40% of the development cooperation is implemented in two geographic cluster areas, namely in central Nepal in Ramechhap, Okhaldhunga, and Khotang; and in western Nepal in the districts of Dailekh, Achham, Jajarkot and Kalikot.

- (xi) **UNCT.** UNCT support is delivered through the framework of the UNDAF (2013-2017). The UNDAF has 10 broad outcomes that are in line with national priorities. They are: (i) equitable access to basic services; (ii) access to economic opportunities, productive assets and social protection; (iii) reducing discrimination; (iv) rule of law; (v) good governance; (vi) support to new constitution and transition to a federal republic; (vii) managing natural hazards and risks; (viii) people induced hazards and support to conflict victims; and (ix) promoting international cooperation.

- (xii) **USAID.** Under the Country Development Cooperation Strategy (CDCS) 2014–2019, USAID will model a more bottom-up approach to development and democracy—coupled with top-down, national-level approaches—leading to integrated and resilience-focused development results. USAID will implement a number of policy and operational reforms to increase integration across sectors, and use and strengthen local organizations and Government entities. Hosting three Presidential Initiatives—Global Health Initiatives (GHI), Feed the Future (FtF), and Global Climate Change (GCC)—in addition to a first-of-its kind, inter-agency Disaster Risk Reduction Office, USAID/Nepal envisage supporting more sustainable development efforts and maximize the long-term value of U.S. Government (USG) investments in Nepal. USAID activities will be increasingly co-located within 20 core districts in the middle hills and the Terai portions of Nepal's Far-Western, Mid-Western, and Western Development Regions. This area has a higher level of poverty than the national average.

⁵ Japanese fiscal year -JFY 2012 refers the period of 1 April 2012 to 31 March 2013.

- (xiii) **The World Bank.** The World Bank Group (WBG) supports Nepal's increasing economic growth through increased investments in key sectors. The new CPS will cover four years from FY2014-2018. The WBG support to Nepal will be aligned to its twin global goals—eliminating extreme poverty and boosting shared prosperity. In this context the International Development Association (IDA), the International Finance Corporation (IFC) and the Multi-lateral Investment Guarantee Agency (MIGA) will continue to foster its ongoing collaboration to make maximum use of its joint comparative advantage. WBG efforts will be organized within two pillars. Under pillar 1, it will support increasing economic growth and competitiveness, and will focus on hydroelectric power generation, enhancing transport connectivity, and improving the business environment. Under pillar 2, the WBG will provide support to increasing inclusive growth and opportunities for shared prosperity, by enhancing the productivity of agriculture, equalizing access to health care, skills development and social protection. Cutting across these pillars, WBG activities will contribute to improve the effectiveness, efficiency and accountability of public expenditure. The IDA17 Program and Pipeline is envisaged to have significantly higher resource envelope compared to IDA16.

III. ONGOING PROGRAMS AND PROJECTS

16. According to the data of Aid Management Platform by MOF, overall commitment and disbursement of DPs have fluctuated over the last three years. In FY2011, FY2012, and FY2013, total DP commitment reached \$2,062.5 million, \$1,302.9 million, and \$1,493.0 million. The commitment by NPPR participating DPs are shown below. The outstanding commitments by the larger NPPR core DPs include ADB (\$1,554 million), World Bank (\$1,534 million), and DFID (\$709 million equivalent). However, the AMP data appear different to the data presented by the DPs in other sections. The AMP data are not reconciled with the DPs year-end data.

Table: Annual Commitment of DPs (\$ million)

DPs	FY2011	FY2012	FY2013
Asian Development Bank	302.45	295.17	198.40
Australia*	27.85	33.31	33.38
Denmark	12.90	24.90	37.90
European Investment Bank	0.00	0.00	70.00
European Union	54.05	34.87	32.14
Finland	5.79	17.75	0.00
Japan	18.79	88.47	185.81
Norway*	45.0	45.5	50.1
Switzerland	44.93	39.90	38.20
USAID	72.55	106.55	63.71
United Kingdom	138.48	68.59	139.57
United Nations	194.12	146.80	86.67
World Bank Group	813.25	122.01	328.56
Others ^a	345.71	286.62	186.72
TOTAL	2,075.87	1,310.44	1,451.16

^a Others mainly include China, Germany, India, Korea, and OFID, among others.

*Figures for Australia and Norway are as provided by the Australian Embassy and Norwegian Embassy

Source: Ministry of Finance.

17. The table in the next pages presents the ongoing portfolio of DPs participating in the NPPR as core DPs. The project wise details of the major DPs are in Appendix 1.

Table: Ongoing Portfolio of NPPR Core DPs

S.N.	DPs	Portfolio (as of December 2013)	Portfolio Description
1	ADB	ADB has 37 active projects and programs amounted to \$1,554 million. ⁶	The area of intervention includes infrastructure such as energy (19%), transport and communication (21%), urban and water supply (32%), education and skills development (5%), and agriculture including rural finance (18%). ADB portfolio also includes public finance management and ICT. In 2013, total contract awards for on-going loans and grants amounted to \$229 million and the contract award ratio for ADF loans and grants (including programs) in 2013 was 23.7%. Total disbursements in 2013 amounted to \$159.4 million and the disbursement ratio for ADF loans and grants in 2013 was 16.3%. As of 31 December 2013, the uncommitted and undisbursed is \$865.5 million (56%) and \$1,097.1 million (71%), respectively of the active portfolio.
2	Australia	Australia's portfolio in 2013-14 stands at A\$30.2 million.	The portfolio focusses mainly on health, education and livelihoods improvement. In 2012-2013, Australia's disbursement in its bilateral program was comprised of livelihoods (30%), education (28%), health (25%), public financial management (5%) and WASH (12%). A total of AU\$3.8 million was disbursed in providing 35 scholarships in education, governance, health and livelihoods.
3	Denmark	Denmark's portfolio in 2012-13 was approximately \$40 million.	Denmark's disbursement in 2012-2013 comprises renewable energy (41 %), human rights and good governance (18 %), peace support (17%), education (12%), growth (9 %) and minor projects (3 %).
4	DFID	UK's official development assistance during the period 2011-15 stands at £331 million. UK had disbursed £55.9 million in bilateral development assistance to Nepal in 2012-13 plus £5.56 million in debt relief. Present net commitment is £430 million.	DFID's disbursement in 2012 – 2013 comprises climate change (17%), education (9%), governance and security (31%), water and sanitation (4%), and wealth creation (29%).
5	EU	EU's portfolio for the period of Country Strategy Paper 2007–2013 was €114 million.	On-going portfolios are mainly at education, peace building, and public finance management (PFM), trade facilitation and renewable energy. The contract award and disbursement during the CSP were €86.1 million and €54.5 million respectively. This adds up to €140.6 million—more than the CSP envelope of €120 million if other thematic and regional cooperation projects are included.
6	Finland	Finland's level of disbursement per year is approximately €20 million.	The portfolio includes 12 projects on education, water and forestry.
7	IFAD	IFAD has currently 5 on-going projects worth of \$370 million.	IFAD's portfolios are on food and agriculture. The disbursement in 2012 -2013 was \$6.5 million.

⁶ This includes 19 ADF loans amounting to \$990.50 million and 28 grants amounting to \$563.25 million.

S.N.	DPs	Portfolio (as of December 2013)	Portfolio Description
8	JICA	JICA has nine on-going program/projects in 2012 (1 April 2012 to 31 March 2013) with ¥19.07 billion of portfolio.	The portfolio ranges from infrastructure such as Transport, power generation, transmission and distribution, urban environment and private sector development; rural poverty reduction with agriculture and rural development and education; and peace and discretization supports.
9	Norway	Nepal receives annually NOK200 million from Norway	Norway's main interventions are on clean energy and climate change (NOK50 million), education (NOK 50 million), democracy and inclusive governance (NOK50 million), and other cross cutting and peace building initiatives (NOK50 million).
10	Switzerland	Switzerland has 22 on-going programs/projects/TAs worth of CHF155 million. Annual disbursements in 2012 and 2013 was resp. 38 and 40 million CHF	The portfolio encompasses State building programmes at the central and local level, human right support, as well as rural development consisting of a combination of agriculture/food security, forestry, vocational training, communication infrastructure (rural roads and trail bridges) and safer migration supports.
11	UNCT	In 2013, UNCT delivered \$130.4 million in total out of which \$89.5 million was for development assistance and \$40.8 million was for humanitarian assistance.	Portfolios are on development of infrastructure and humanitarian assistance. The UNCT delivers its development assistance based on the United Nations Assistance Framework (UNDAF). The current UNDAF (2013-2017) is centred on the following areas: (1) advancing equality through equality; (2) protecting development gains; and (3) creating an enabling environment for enhanced international cooperation.
12	USAID	USAID/Nepal currently maintains 11 active projects with \$71 million.	The portfolio covers on democracy and governance, climate changes, agriculture and food security, inclusive growth, and health sector.
13	WB	The current portfolio with the World Bank comprises of 20 active projects with amount of \$1506 million. The portfolio includes 17 active IDA projects.	The net commitment is of about \$1375 million. Current IDA disbursement is \$660.77 million, that is, about 48% of net commitments. The World Bank portfolio includes infrastructure such as Energy, Transport, Urban, agriculture, education and health sector.

IV. PORTOLIO PERFORMANCE REVIEW ANALYSIS

A. Progress in Millennium Development Goals (MDG)

18. Nepal's progress on MDGs continues to be inspiring in spite of low economic performance and political instability. According to Nepal MDG report 2013, Nepal is likely to meet many of the MDG targets by 2015. Its poverty rate has declined consistently and has come down to 23.8% and is close to the 2015 target of 21%. Of the three targets relating to hunger, Nepal has already achieved two: reducing the number of underweight children and reducing the proportion of the population below the minimum level of dietary energy consumption. Stunting however is still a big challenge. With some additional effort to reach out to under-served and difficult to reach groups, Nepal is likely to achieve a 100% school enrolment rate by 2015. However, progress on keeping students in school through grade five and improving the literacy rate are below then what are necessary to meet the 2015 targets. Nepal has had mixed results on gender goal. Gender parity at the primary school level has been achieved, and it is very close at the secondary level, but a large gap remains in post-secondary institutions.

19. Under the MDG goal 4, infant mortality and under MDG goal-5 maternal health or maternal mortality rates have fallen significantly since 2000. The rate of child immunization is also very close to the 2015 target. The maternal mortality ratio has reduced by more than half in the last decade, and Nepal is considered on track to achieve its 2015 targets. However, the challenges in meeting MDG 4 and MDG 5 targets remain in effectively reaching out to the difficult-to-reach segment of the society and strengthen quality and coverage of health services. Nepal has been successful not only in stabilizing HIV prevalence but also in reversing the spread: HIV prevalence among those 15-24 year age group has been reduced from 0.15% in 2005 to 0.12% in 2012. However, several amongst the Most at Risk Population will need more effort. While ensuring environmental sustainability has been highly challenging, Nepal has made progress in maintaining and protecting forest areas. Community forestry has been instrumental not only in restoring degraded land and greenery and in increasing and conserving bio-diversity; it has also contributed to poverty reduction by providing increased supply of forest products for rural livelihoods. Over one-fourth of existing forest has already been handed over to forest user groups, comprising about 40% of Nepal's households. Similarly, protected areas cover 23.23% of Nepal's land area. Nepal is performing well in ensuring access to drinking water. But while 85% of households have access to good water—above the 2015 target of 73%—more than one-third of people are still without proper sanitation, and achieving 80% coverage by 2015 will be a difficult target.

B. Government's Capital Expenditure – A Proxy for Portfolio Performance

20. As a major concern relevant to NPPR process, the spending capacity of Government entities has not increased over the past years. Capital expenditure has been quite low as compared to GDP (Table below). As infrastructure development is not possible without capital expenditure, enhancing spending capacity of public entities is a must, along with delivery of quality outputs. In FY2014, Government's planned capital expenditure is NRs85.1 billion (4.4% of GDP), whereas actual capital expenditure will likely be below 3.5% of GDP. The recent study conducted by the World Bank has estimated that the country would require \$13-18 billion in the present decade to address the infrastructure bottlenecks, which would account for nearly 10% of GDP. On the other hand, total capital budget allocation for FY2013 remained at NRs53.6 billion, which was lower than actual expenditure of NRs76.1 billion in FY 2010. Reversing the trend and accelerating capital investments in physical and human capital is critically required for the country to achieve much higher rates of annual economic growth.

Table: Actual Expenditure as % of GDP

% of GDP	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Actual expenditure	15.2	15.9	19.6	19.0	18.7	19.2	18.3
Recurrent	10.6	11.2	12.9	12.7	15.3	15.9	15.2
Capital	4.6	4.7	6.6	6.4	3.4	3.3	3.1

21. If Nepal is to graduate to a status of developing country by 2022, it is necessary that Nepal accelerates the level of investment in infrastructures and be able to achieve the annual growth rate at high single digit figure—more than double the current growth rate. Infrastructure development through optimum utilization of the government, private and foreign investment sources amid the constraint of funding source of the government, and carry on the task of social transformation is still another challenge. However, the share of capital expenditure has been decreasing over the years. Figure below shows expenditure trend on capital and recurrent—as % total (actual) expenditure. It shows the dwindling capital expenditure over the 10 years.

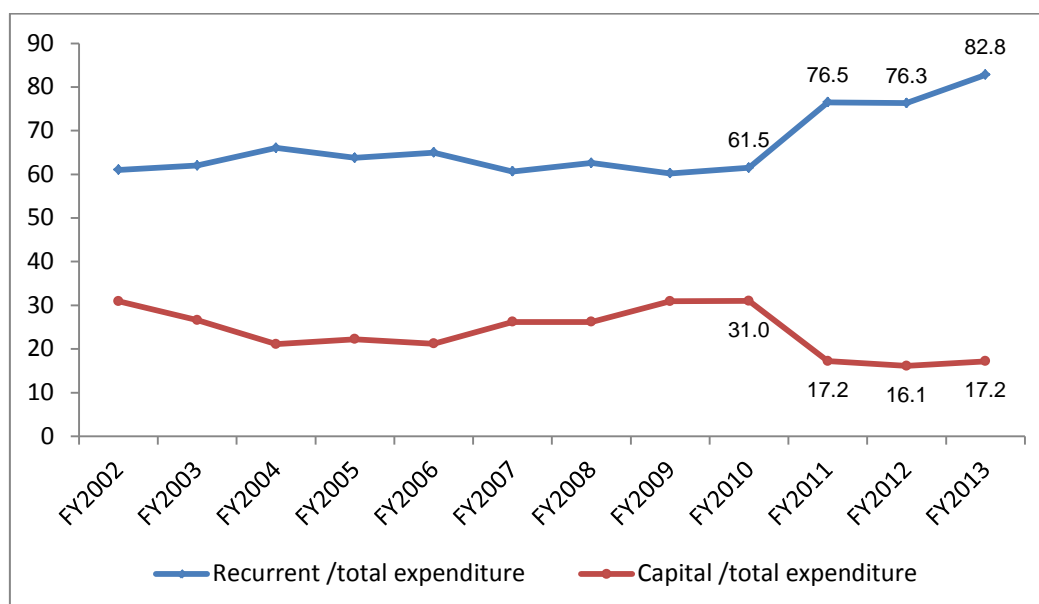


Figure: Expenditure trend as % total (actual)

C. Disbursement Performance of DP-Assisted Projects

22. In FY2011–FY2013, annual disbursement of DP-assisted projects and programs reached \$1,123.9 million, \$1,093.8 million, and \$970.8 million, respectively. This is against the annual commitment of \$2,062.5 million, \$1,302.9 million, and \$1,493.0 million, respectively. Annual commitments have been much higher than annual disbursements, indicating that there is an accumulation of undisbursed commitments in DP-assisted projects. Annual disbursement over the period also reduced, which is a main concern of portfolio performance of DP assisted projects, particularly for major DPs such as World Bank, ADB, and JICA, among others. Whereas, many other bilateral DPs have much narrower gaps between the commitment and disbursement. The following table presents the data based on the Government's AMP. However, the AMP data appear different to the data presented by the DPs in other sections. The AMP data are not reconciled with the DP's year-end data.

Table: Annual Disbursement of NPPR DPs (\$ million)

DPs	FY2011	FY2012	FY2013
Asian Development Bank	183.80	193.84	101.20
Australia*	27.85	33.10	33.80
Denmark	20.66	30.45	30.55
European Investment Bank	0.00	0.00	0.00
European Union	48.22	44.56	28.64
Finland	22.15	13.02	6.47
Japan	58.69	44.09	65.76
Norway*	43.10	38.50	30.10
Switzerland	28.19	33.00	41.03
USAID	47.37	42.55	67.20
United Kingdom	125.23	88.24	96.79
United Nations	107.14	115.59	68.66
World Bank	237.72	187.10	177.75
Others ^a	159.52	144.32	179.99
TOTAL	1,109.64	1,008.36	927.94

^a Others mainly include China, Germany, India, Korea, and OFID, among others.

* Figures for Australia and Norway are as provided by the Australian Embassy and Norwegian Embassy

Source: Ministry of Finance.

23. Of the total amount of disbursement in FY2013, \$525.9 million was disbursed through the Government's treasury system (accounting for 54% of the total disbursement under the red book). About 60% of this amount is attributed to the disbursement from the programs assisted by the World Bank and ADB, of which performance trend in the past years are presented below.

- (i) **The World Bank.** Under the IDA portfolio, disbursements have significantly improved, from \$83.4 million in December 2013 to \$129.5 million as of February 2014. Disbursement ratio improved from 8.5% in December 2013 to 14.9% in February 2014. Nepal's annual target of achieving 25% disbursement ratio in 2013/2014 is likely to be achieved. The figure below illustrates Nepal's disbursement ratio trend of five fiscal years for IDA portfolios:

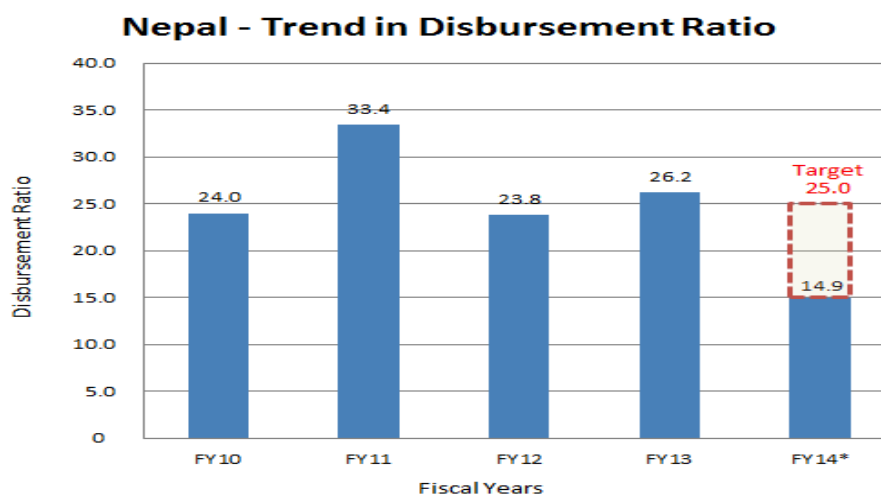


Figure: Trend in Disbursement Ratio (IDA)

In overall, despite Nepal's fragile country context, it has maintained a relatively stable track record in disbursements, better than similar other IDA countries. During the past four years, disbursements averaged about 27%, except for the F/Y 2011 which had an exceptional ratio of 33.4%. Table below shows the trend in development in IDA portfolio over the years.

Table: Development of IDA Portfolio FY2010-2014* (in \$ million)

Fiscal year	2010	2011	2012	2013	2014*
Number of Projects	15	17	18	19	17
Net Commitments (\$ million)	1,079	1,259	1,346	1,534	1,375
Undisbursed Balance (\$ million) [% of commitments]	730 [67.6%]	806 [64.0%]	693 [51.4%]	740 [48.2%]	719 [52.2%]
Annual Disbursement (\$ million)	125.00	237.72	187.10	177.75	129.49
Number of Problem Projects	3	3	2	5	5
Disbursement Ratio (%)	25	31	24	26	15

*As of February 28, 2014

- (ii) **ADB.** Figure below shows the disbursement trends with ADB portfolio over the last five calendar years. Due to partial budget resulting dissolution of Constituent Assembly, law and order problems for half of the year 2012, the portfolio has performed poorly resulting only 9.3% of disbursement. However, year 2013 has shown relatively better performance, although still having a large gap than the ideally should have been for over 20%.

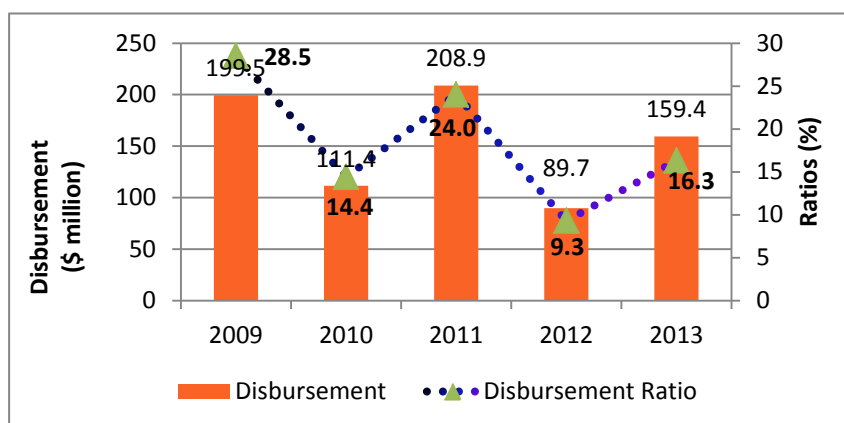


Figure: Disbursement trends with ADB portfolio over the years

Table: Development of ADB Portfolio FY2010-2013 (in US\$ million)

Fiscal year	2010	2011	2012	2013
Number of Projects	38	41	33	37
Net Commitments (US\$ million)	1,230	1,346	1,231	1,554
Undisbursed Balance (US\$ million) [% of total Commitment]	850 [69.1%]	905 [67.2%]	910 [73.9%]	1,097 [70.5%]
Disbursement (US\$ million)	111	209	90	159
Disbursement Ratio %	14.4	24.0	9.4	16.3
Number of Problem Projects	0	3	2	0

Although the project implementation has been gradually improving since 2006, the progress has been slow due to ongoing political stalemate and deteriorating law and order situation across the country. The portfolio managing quite challenging with a large number of projects spread across most of 73 districts of the country (excluding sector loans). With increased sectoral allocation of portfolio in infrastructure sectors, performance of energy, water and transport sectors are critical. This also emphasizes importance of project readiness, and advance actions on procurement and consultant selection process for newly approved projects.

D. Overall Performance Rating/ Issues of DP-Assisted Projects and Programs

24. Overall, DPs' background papers generally noted that the portfolio performance is rated "moderately satisfactory", with some positive developments in the recent years. However, the quality and implementation progress including fulfilling the compliance still remains a challenge. The following are summaries of the core NPPR DPs on the basis of DPs provided performance information:

- (i) **The World Bank.** Currently, there are 11 projects at-risk, which comprise about 55% of the portfolio. Of this, five projects (25%) are actual problem projects. Generic implementation issues affecting the portfolio are identified as: (a) Delays in approval of work plan that include procurement plan, (b) Frequent turnover of project staff, (c) Weak safeguard capacity, (d) Weak procurement and financial management capacity, and (e) Weak monitoring and evaluation capacity. As of 28 February 2014, WB's overall portfolio performance is "moderately satisfactory" with about 80% of ongoing projects on-track for meeting their end-project targets. The portfolio currently has three projects with zero disbursements in FY2014. They are: (a) Bridges Improvement and Maintenance Support Program (the P4R instrument), (b) Kali Gandaki-A Hydropower Plant Rehabilitation Project, and (c) the Second HNP and HIV/AIDS Project.
- (ii) **ADB.** ADB revised the portfolio indicators and ratings system in 2011, after which overall risk ratio of the portfolio has increased. As of December 2013, there were 6 projects rated as potential problems, comprising 18% of the portfolio. The figure below shows the trend in the project performance ratings over the past three years. While the number of actual problem projects is reduced, this was primarily due to the re-examination and restructuring of the projects with cancellation of savings and unutilized amount, and revision of projections. With the performance based allocation of ADB resources, 'project at risk' indicator will directly affect the ADB resources allocation to Nepal. Key challenges affecting the portfolio performance includes (a) inadequate selectivity and focus; (b) low level of readiness at approval; (c) weak human resources capacities and management; (d) limited capacities in procurement management; (e) weak public financial management; and (f) low level of performance of contractors and supervision consultants.

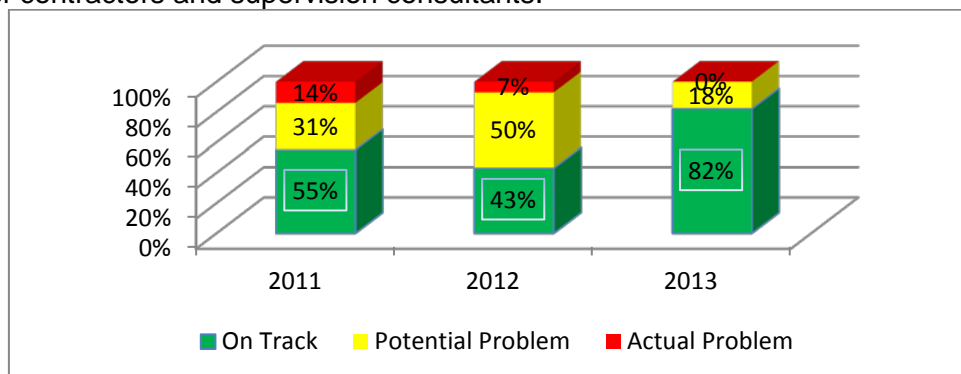


Figure: Trend in the project performance ratings over three years

- (iii) **DFID.** Financial year 2012/13 is the first full year for which reviews were conducted using DFID's new scoring approach. All planned reviews in FY2012/2013 were undertaken using the scoring system described in the following figure:

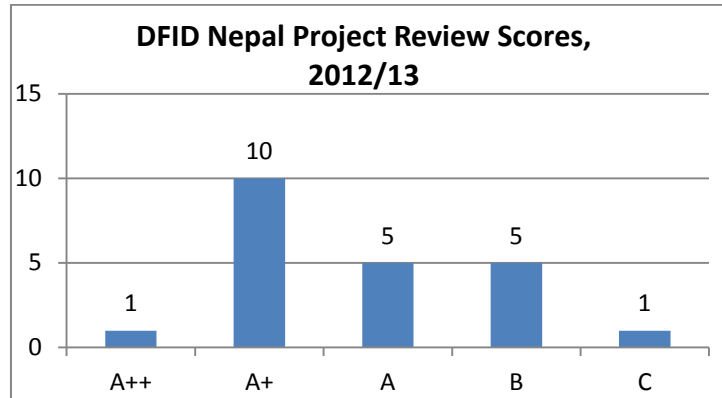


Figure: DFID Nepal Project Review Scores 2012/013

The above figure indicates strong performance over the year, with 16 (73%) projects reviewed in 2012/13 scoring 'A' or above, indicating projects assessed as having at least met expectation. However, it is also important to contextualize review scores through assessment of the level of risk related to each project. The figure below presents at the overall project score set against the assessed risk of the project, the risk score reflecting the risks that threaten successful delivery of project results as measured by the specific project outputs. The chart shows that 11 of the 16 projects that scored 'A' or above were rated as medium or high risk. Of the 6 projects not meeting expectations, 5 were rated as medium or high risk, with one project scoring at C as high risk. Overall DFID Nepal's portfolio performance is strong in 2012/13, especially given the challenging context.

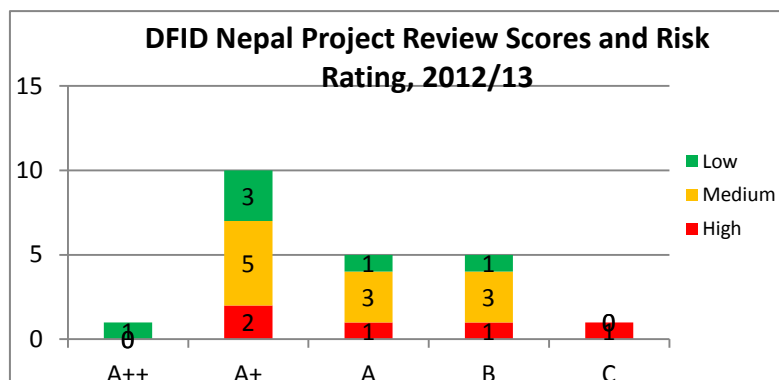


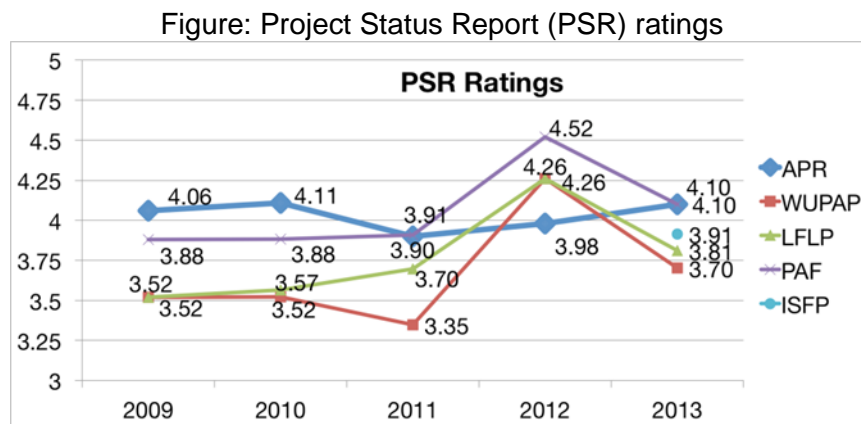
Figure: DFID Project Review Scores and Risk Rating

- (iv) **JICA.** The portfolio of JICA comprises economic infrastructure development (92%), democratization support (5%), and rural poverty reduction (3%). As portfolio performance issue, JICA pointed out that weaker government capacity in procurement management has resulted in delay in implementation. Similarly, frequent transfer of the key officials involved in the projects has also been hampering smooth implementation.

- (v) **UNCT.** In 2013, the UN delivered \$130.3 million (primarily through off-treasury system), comprising \$89.5 million for development assistance and \$40.8 million for humanitarian assistance, plus \$9 million through UN Peace Fund. As a subject relevant to NPPR, the UN country team assisted strengthening of local bodies to develop VDC accounting software and municipality accrual accounting software, integrated inclusive plans, gender responsive and social inclusive audit guidelines, minimum conditions and performance measures assessment (based on which 85% of DDCs and 91% municipalities received additional performance-based grant). An online Aide Management Portal was also released in June 2013 as a major leap towards aid accountability, which also provides a good basis to prepare Development Cooperation Report with a good overview and assessments of foreign aids in terms of effectiveness in light of important mutual accountability principles.
- (vi) **Australia.** In 2012-13, Australia's total contribution to Nepal was over AU\$33.5 million, covering the areas of basic and higher education, health, water supply and sanitation, access to finance, and micro-enterprise development. Of its seven active bilateral activities in 2012-2013, except for one, Australia assessed six of its activities as being satisfactory but with three operating in a high risk environment. High risk was assessed in relation to public financial management and procurement, poor (lack of) internal audit, delays in the finalization, dissemination and application of financial guidelines, and high staff turn-over.
- (vii) **Denmark.** In 2012-13, Denmark disbursed \$36.8 million equivalent, covering the areas of renewable energy, education, peace support, human rights and good governance, research, and culture and development. Overall, Denmark sees that public budget execution and spending continue to be a real challenge and major bottleneck. The implementation performance and expenditure management on large infrastructure projects remain low and slowing down economic growth. It is crucial that public budget planning and execution are being improved. Same goes with implementation of large infrastructure projects in energy, roads and other infrastructure areas. While several programs are using the national system, the lack of improvements in public finance management and risks of corruption limit opportunities for Denmark to fully rely on national procedures and systems. Due to this, funding is also channelled through civil society organisations, which Denmark also recognises as important actors. It is very important to improve public finance management with public sector reforms. Such efforts should be central to the discussions on mutual accountability and aid modalities.
- (viii) **EU.** In FY2013, EU's disbursement reached \$28.6 million equivalent (including off-treasury assistance), covering the areas of peace building, empowering women and excluded groups, poverty reduction, education, trade facilitation and integration with international economy, rural development and irrigation, and renewable energy. The main issues related to the current EU assistance to Nepal are high fiduciary risks in budget support operations. The share of development aid that will be implemented through budget support in future operations will depend on the quality of the country's PFM systems. In the case of Nepal, the weakness of the PFM system has been flagged and major challenges remain in capital project implementation, procurement, internal control, professional qualification and high turnover of key staff, lack of qualified accountants and auditors. While the reforms in PFM are starting delivering their initial outputs, a long term government commitment is needed to achieve structural improvements in management of public resources and quality of service delivery. The EU expects a strong political commitment leadership of the Ministry of Finance and its PEFA Secretariat.
- (ix) **Finland.** The portfolio includes 12 projects. The performance assessment is based on qualitative criteria by project. The overall assessment is that the all the projects

are on track. Finnish disbursements are largely according to schedule and the Nepalese authorities have provided financing according to plan excluding one forestry project. As to performance issues, project steering mechanisms may require improvement, in terms of their preparation with more detailed agenda and the points of decision-making, preparation and circulation of the minutes, follow up of the decision of the previous meetings. The decision-making should be clearly separated from the discussion on the themes. Furthermore, the Ministry of Foreign Affairs of Finland is bound by certain regulations related to auditing. There are requirements to use international level auditors for certain functions. Thus, the reliance on the national audit is not always perceived as adequate. The regulations on audit should be such that the audit requirements decided in the inter-governmental agreement are honored.

- (x) **IFAD.** In the FY2012–2013, IFAD operations in Nepal faced several challenges. Ranging from issues of procurement to the ineffectiveness of monitoring and evaluation practices, the challenges had significant negative impacts on project performances. According to the IFAD annual performance ratings, IFAD projects in Nepal are performing below the regional average. In 2012 and 2013, the overall Nepal performance was rated as moderately satisfactory (4 on the scale of 1-6). The graph below presents the Project Status Reports Ratings of the five ongoing IFAD projects in Nepal from 2009 to 2013.



Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory

IFAD's poor portfolio performance was a result of the delay in the announcement of a complete and final national budget last year, directly linked to the delay in reimbursement claims by the projects. As of 15 July 2013, the outstanding claims from HVAP alone, waiting for reimbursement, amounted to NPR 41,517,318 or \$ 0.43 million.⁷ This year, however, due to the timely announcement of the budget, it is expected to improve. In addition to the national budget issues, disbursements were also negatively affected by the challenges in public procurement and human resource management.

- (xi) **Norway.** The disbursement of Norwegian assistance reached \$32.8 million, of which \$20.1 million was through on-treasury system. Key areas of coverage include energy, education, peace process, local governance, participation of women, and human rights. For Norwegian government, NPPR has been an important instrument for strengthening the portfolio performance. The Government is encouraged to pay special attention and prioritize further the performance/result based incentive systems at both national as well as district level and to make concrete and visible

⁷ As per UN Exchange Rate of 30 June 2013, USD 1 = NPR 95.2

results in all five areas in 2014. Norway supports any initiative to derive good results of these five thematic areas in the selected sectors as a pilot especially on local governance, education and energy sectors in the 2014 NPPR that have a direct impact on people's livelihood. Norway strongly argues to conduct local elections as soon as possible or to ensure the alternative mechanism for addressing ownership, transparency and accountability of the aid management and measuring results and service delivery mechanism to public.

- (xii) **Switzerland.** For 2013, Switzerland assessed its portfolio performance in both domains of cooperation (State Building, Human Security, Rule of Law; Improved Livelihoods for Disadvantaged Groups) as satisfactory, with 2 projects of 22 assessed as moderately satisfactory. The collaboration with the Government of Nepal is very intensive and fruitful. Switzerland works with many ministries at the central level in direct implementation. At local level too, Switzerland enjoys an intensive and open cooperation with the authorities. Over the years, Switzerland have observed the following:
- (1) Budget approval only in the end of the preceding fiscal year or beginning of the concerned fiscal year makes advance planning and timely implementation difficult.
 - (2) Late budget authority to the district: even if the budget is announced on time, it usually takes at least 3 months before it reaches the district.
 - (3) Transfer of staff: Lately the transfer of staff has seen some improvements. However, whenever there are transfers, there is a need for a thorough handing over process to allow continuity. In addition, in many instances, LDOs and chiefs of line agencies frequently are away from their duty stations. This hampers the day to day execution of regular works. For example, there are many instances where payments to the UCs and others have been delayed due to key staffs' absences.
 - (4) Though things have improved over the years, there seems to be little respect for the block grant guidelines at the local level (DDCs and VDCs)
 - (5) Capacity of DDC to coordinate all development works is weak. Offices of line agencies, NGOs and INGOs works are implemented with very limited coordination - resulting in duplication, less quality work, no accountability etc.
 - (6) Alignment of planning process of different Ministries such as Ministry of Agriculture Development is not necessarily coherent with the 14 steps planning cycle and process of MOFALD.
 - (7) Local elected bodies are crucial for the program effectiveness.
- (xiii) **USAID.** USAID is providing support in the areas of democracy and governance; adapting to global climate change; agriculture, food security and inclusive economic growth; and health, and has just completed the Country Development Cooperation Strategy for 2014–2019. With the exception of new projects, which take time to roll out before achieving maximum results, the Mission feels that the existing portfolio is on target with expected results. USAID will provide targeted support to address and mitigate risk while laying the foundation for greater use of host country systems and promoting increased mutual accountability. The latter calls for strengthening of PFM systems from the central down to the district levels. USAID will seek to help targeted VDCs and municipalities design and implement public expenditure tracking systems with the goal of increased budget coordination and harmonization between USAID and other DPs for the more effective governance of Nepal.

V. PORTFOLIO PERFORMANCE ISSUES

A. Thematic Issues

25. **Low Capital Spending and Delay in Budget Execution.** Nepal suffers from low level of capital expenditure (actual expenditure has reduced even in nominal terms from NRs76.1 billion to NRs53.1 billion between FY 2010 and FY2013), as well as chronic underutilization of capital spending. Underutilization is caused by delayed approval of annual budget. In FY2013, budget was approved in three phases allocating one third each, causing severe constraints for expenditure management. As for FY2014, while the full budget was approved on time, many civil servants were engaged in election duties in November 2013, affecting the performance of capital expenditure. As of 13 March 2014, the percentage of utilization in capital expenditure stood at only 22.6% of the allocation.⁸ Improving the budget execution performance calls for timely approval of annual budget by the Parliament, expenditure authorization upon approval of annual work plan and budget (AWPB) of programs/projects (including procurement plan) by the National Planning Commission (NPC), timely processing of procurement and work execution by sector agencies, and enforcement of trimester budget release against planned budget. In this context, the Government has initiated the preparation of a new Fiscal Accountability and Budget Management Act to set out key milestones, timelines, and institutional arrangements to ensure sound fiscal discipline and timely budget planning and execution. There is also a need to establish linkages to the project and sector level outputs in Annual Work Program and Budget (AWPBs) for individual projects and sectors, which will make possible the monitoring of sector level outputs and outcomes.

26. **Frequent Turnover of Senior Government Officials and Project Staff.** This is perennial issue that is constantly raised on every NPPR. Still, little progress has been observed in terms of ensuring continuity of project staff. The issue of transfer of project implementation staff at the center and district levels without proper handing over of responsibilities has been a major concern that has been repeatedly raised in past NPPRs. Although the Government reiterates that the staff transfer has been carried out in accordance with the Civil Service Act, frequent changes of key implementing staff have resulted in further implementation delays, disruption in project implementation momentum and loss of institutional memory.

27. Untimely transfer of senior government officials and project staff has been a crucial challenge. In particular, strong leadership is most essential to pursue sound sector operations with institutional reforms and development, a precondition to enhance and sustain the investments in physical and human capital with quality assurance. During recent years, however, frequent turnover of line ministry secretaries led to deferrals of key policy decisions in many sectors. For example, in the Ministry of Federal Affairs and Local Development, there has been three changes in Secretary since 2011; in the Ministry of Irrigation and Ministry of Agriculture Development, there has been three changes in the last two years; the Ministry of Energy witnessed three changes in the last two years; the Ministry of Education had five changes in Secretary in the last two years; the Public Procurement Monitoring Office (PPMO) had five changes and the Financial Comptroller General Office (FCGO) had five Financial Comptroller Generals over the last three years.

28. At the project level, many projects also witnessed frequent turnover of Project Managers/ Directors and other technical and finance staff. A number of projects suffered due to untimely transfer of accounts staff. Frequent changes of project managers and accounts officers seriously contribute to implementation delays. First, it takes at least six months for new incumbents to understand the project, and second, change of either the project manager or the finance officer, delay the disbursement process as it takes some time to

⁸ According to FCGO, and quoted by the Kathmandu Post on 14 March 2014.

establish new authorized signatories. The specific cases where frequent changes in project staff affected portfolio performance includes **Technical and Vocational Education Project** (assisted by World Bank, suffering from three abrupt changes of PD since initiation), and **Secondary Towns Integrated Urban Environmental Improvement Project** (assisted by ADB, suffering from frequent changes in local development officials in the districts, and CEOs in municipalities).

29. As emphasized in previous NPPR forums, much more serious efforts and commitment are needed to ensure stringent implementation and enforcement of the Guidelines for Staff Transfer, which has been established under the Civil Services Act that rule out the transfer before two years of appointment in a position (except for the unavoidable cases such as underperformance or promotion). A high level commitment in this regard might be pursued during the NPPR 2013/14.

30. **Weakness in Public Financial Management (PFM).** National and sub-national PFM systems in Nepal are generally weak and deficient in many ways. Delays and poor performance are systemic key areas, including approval, release, and implementation of budgets, reporting of expenditure, and auditing, among others. The assessment in 2007 Public Expenditure and Financial Accountability (PEFA) report found that Nepal's PFM system was well designed but unevenly implemented. Significantly, it rated the fiduciary risk environment "high". In August 2009, the Government's PFM steering committee developed a PFM reform program (PFMRP) based on the action plan contained in the PFM report. It was planned to be implemented in a phased manner, starting with relatively technical reform areas such as establishing the treasury single account (TSA) and compliance with the international public sector accounting standards, before gradually move into more sensitive reform areas. PEFA units in the line ministries are not yet operational although this is a priority of the PFMRP. Nevertheless, the PFMRP has provided a basis for advancing PFM reforms.

31. Over the recent years, there has been some progress observed, such as roll-out of the TSA to all 75 districts which is noteworthy, as well as the appointment of the heads of the Auditor General and the Chief Commissioner of the Commission for Investigation of Abuse of Authorities (CIAA). However, development programs (including particularly those having adopted SWAP such as education, health, and LGCDP) face major challenges in disbursing funds with sound internal control due to the shortcomings in internal control, basic financial reporting, internal audit, external audit, and limited timely follow up on audit recommendations. The Nepal Peace Trust Fund is also an example of joint funding mechanism suffering from the PFM weaknesses mentioned above.

32. At the project level, finding a skilled finance staff is a challenge. Due to increasing demand on financial management (beyond pure accountancy functions), capacity building efforts need to be enhanced in financial management. One option could be the addition of outsourced expertise from the market to supplement the capacity depending on the nature of the project. The market has adequate supply of good financial management experts. Some projects which are already adding such additional resource have been able to demonstrate better results, for example, Project for Agricultural Commercialization and Trade (PACT), Alternate Energy Promotion Center (AEPC), Peace Support Project, Rural Access Project to name a few. As of 28February 2014, six out of eleven projects categorized as risky in the World Bank portfolio have been noted as related to financial management flag.

33. Improving PFM performance is critical for the DPs to meet the Government's preference for more development assistance to be provided through use of the Government systems and SWAP. In order to gain DP support to this direction, the Government needs to continue to give greater confidence that major obstacles are being tackled. Specifically, tangible improvements in the implementation of activities in addressing structural issues,

such as those raised in the NPPR matrix. Likewise, concrete advancement is called for the implementation the existing action plans; such as PFMRP and Fiduciary Risk Reduction Action Plan for MOFALD, and Financial Management Improvement Action Plans in education and health sectors. Timely implementation of the second PEFA Assessment scheduled in 2014 will enable DPs to review the case for channeling more fund using country systems with provision of necessary technical assistance. Also, stronger political commitment is needed to address PFM weaknesses by advancing the set reform actions.

34. **Project Audit Effectiveness.** As per the loan/grant agreements of the World Bank and ADB, certification and submission of Audited Project Financial Statements (APFS) within the stipulated period is required, which is also essential to ascertain PFM performance. The performance in terms of timely submission is mixed, with the World Bank reporting that this is complied by only 45% of the project as of February 2014. On the other hand, there are issues such as capacity constraints, lack of adequate staff at the field level, lack of orientation on requirement of project account, and poor monitoring, reporting, and non-functional internal audit systems. It is generally observed that the quality of audit reports need to be improved, with inclusion of (i) management letter; (ii) financial covenant compliance; (iii) status on statement of expenditure and imprest account; and (iv) status on the action of last fiscal year's APFS management letter in the audit report. It may be worth to initiate risk based sample auditing and strengthening the performance of auditing system.

35. **Public Procurement.** Timeliness and quality of procurement in DP-assisted projects continue to be challenging. Delay in procurement planning (for inclusion in project and sector level AWBP, as well as master procurement plans), and processing of procurement remain a major delaying factor for project implementation and timely expenditure of annual budget.⁹ At the project level, most of the projects have problems in attracting dedicated procurement staff or lack the required procurement capacity. Many institutions do not have dedicated procurement expertise. Procurement assessments of several implementing agencies confirm that procurement experts are not available within the government system. Although provision has been made to obtain procurement experts from the market in almost all projects, many projects do not take timely action in getting the experts either due to budgetary issue or some reluctance in recruiting such external experts, or, the market has limited supply of such experts resulting in a mismatch between supply and demand. Hence, there is a need for a strategic assessment at broader government level to develop a phased action plan – with short, medium and long term actions -- for an overall capacity building program. Given the shortage of the expertise, the project teams can share procurement experts between projects so that many projects can benefit from their expertise.

36. The procurement processes are governed by 2007 Public Procurement Act (PPA) and 2008 Public Procurement Regulation (PPR). However, enforcement of PPA and PPR has been weak due to the limited capacity of the procurement entities and the Public Procurement Monitoring Office (PPMO). Key areas of concern include the absence of timely procurement planning; collusion, intimidation, and insecurity; and uneven ex-post physical verification. The environment is particularly challenging at the local or sub-national levels where capacity to implement procurement is severely limited. As a step to strengthen the public procurement systems and institutions, the Government with the support of ADB, JICA, and the World Bank developed and approved Nepal Public Procurement Strategic Framework (NPPSF) in July 2010. The NPPSF envisages comprehensive strengthening of the system with (i) human resources and management capacity building; (ii) establishment of procurement monitoring and grievance handling systems; (iii) procurement standardization with standard bidding documents; and (iv) development and roll-out of e-procurement systems. With the support of the World Bank, the NPPSF Phase 2 covering the period of FY2014 to FY 2016 is being prepared and finalized.

⁹ According to the data of ADB project in 2013, the number of days taken from advertisement to contract signing ranged from 87 days in urban, 109 days in agriculture, 168 days in transport, and 173 days in energy sectors.

37. As a means to enhance efficiency, transparency, and wider bidder participation, PPMO is advancing the establishment of e-procurement system (up to submission) with strengthening of its personnel and hardware and software including the establishment of public procurement portal. It is expected that the system will be rolled out in major infrastructure departments procuring works at the local level, including Department of Local Infrastructure Development and Agriculture Road (DOLIDAR), Department of Water Supply and Sanitation (DWSS), and Department of Irrigation (DOI), among others. Nevertheless, successful roll-out will require sufficient human resources and management capacity building of PPMO, IT system strengthening including a backup, as well as those of the line departments.

38. **Performance of Contractors and Consultants:** As a related issue hampering the timely progress of development projects, there are notable number of cases where the non-performance of consultants and contractors in terms of (i) delays in decision making (technical); (ii) weak monitoring; (iii) absence of lead firm personnel in project sites; (iv) frequent extension of contract period; and (v) slow project implementation. Similarly, for the consultant there has been delay in mobilization and replacement of key personnel at site and frequent replacement. A systematic monitoring tool is called for to review physical and financial progress of ongoing contracts for necessary troubleshooting, as well as to review and ensure satisfactory consultant performance. ADB is undertaking a comprehensive review to strengthen construction management and consultant performance management. The draft output will be discussed with the executing agencies to define appropriate action plan.

39. **Quality at Entry.** There is a tendency that a significant proportion of DP-assisted projects consistently experience startup delays, which “snow ball” into substantial delays in implementation with slow contract awards and disbursement. These startup delays are often caused by long time taken to sign loan/grant agreement (calling for cabinet approval) and declare effectiveness, but also insufficient project preparation including due diligence studies, land acquisition, establishment of project implementation unit, and appointment of project staff. Similarly, grant projects of bilateral DPs often face considerable delays due to slow approval processes and the late introduction of additional requirements. To prevent the startup delays, one of the earlier NPPRs had agreed for project readiness filters to ensure sufficient readiness is achieved by the time of project approval, including advanced detailed design, procurement and consultant engagement, and timely staff appointment and project management office establishment.

40. **Limited Safeguard Capacity.** One of the main challenges observed in the portfolio is a weak capacity and associated lack of safeguard staff in implementing and enforcing the requisite social and environmental safeguards. Implementation is often slow and inefficient due to (i) lack of updated national policy on safeguards;¹⁰ (ii) almost two decade old environment protection policy and regulation that does not capture important and evolving issues; (iii) inadequate agency capacity and resources to monitor and enforce safeguards issues at national and project levels; (iv) weak inter-sectoral and inter-government coordination and lack of centralized database; and (v) insufficient capacity of private sector in particular consultants providing relevant services.

41. While almost all projects have provision for capacity building and need-based recruitment of social and environmental specialists. Some projects have made use of such provisions for hiring required expertise, while others have failed to pursue to obtain such expertise on time or retain experts where recruited. Monitoring of safeguard implementation

¹⁰ The Government through NPC has initiated the preparation of a new Land Acquisition, Resettlement and Rehabilitation Policy in line with the latest international standards, and amendment of Land Acquisition Act.

also remains weak in almost all projects. In the recent portfolio, energy and transport sector projects have been hampered by safeguards issues.

B. Portfolio Performance Related Issues in Key Sectors

42. This section provides an overview of the sector level portfolio status, performance, and related issues affecting the performance, on the basis of the submitted background papers by the core NPPR DPs.

1. Energy Sector

43. In response to the chronic electricity shortages having multiple and cascading impacts on economic growth, increasing number of DPs are involved in the sector according higher priorities. Major DPs in the sector includes World Bank, ADB, Germany, JICA, China, India, Korea, Norway, EIB/EU, DFID, and USAID.

44. Despite the higher level of DP commitments and further interests, portfolio performance of the sector projects/ programs continue to face a number of constraints, including in particular lengthy procurement processes, problems encountered in land acquisition and right of way (ROW) as well as forestry and environmental clearance, and execution delays due to weak supervision and performance of contractors. According to information of ADB projects, the period taken from tender advertisement to contract award was 173 days in 2013 on average. There was an improvement from 201 days in 2012, thanks to the decentralization of decision making authority from the Board of Nepal Electricity Authority (NEA) to its Management, in line with the PPA and PPR, which needs to be fully institutionalized with efforts to further reduce the number of days with stronger internal coordination. This has resulted less disbursement of the committed fund. For instance, Norway could make only NOK13 million against its target of NOK100 million in 2013. On the other hand, **Power Development Project** assisted by the World Bank closed in December 2013 with unsatisfactory exit after remaining in a problem status for more than two years due to land acquisition and ROW problems at the locality. Similarly, land acquisition and delayed forestry clearance are also affecting the performance of ADB's **Energy Access and Efficiency Improvement Project**. The effectiveness of the **Tanahu Hydropower Project** co-financed by ADB, European Investment Bank, and JICA is delayed due to the difficulties encountered in mobilizing another co-financier (although effectiveness per se is not a critical path at the moment). The **Kali Gandaki Hydropower Project Rehabilitation** financed by the World Bank took seven month to become effective since it was approved. In terms of project implementation, sufficient supervision remains to be an issue, for which NEA needs to consider engaging supervision consultants for effective project management.

2. Road Transport Sector

45. Enhancing connectivity of road transport network has been prioritized by several DPs including World Bank, ADB, JICA, Switzerland, and DFID, among others. In general, the portfolio performance of the sector projects is rated moderately satisfactory to satisfactory by DPs. However, according to information of ADB projects, the period taken from tender advertisement to contract award deteriorated on average from 149 days in 2012 to 168 days in 2013, due to increased representations by the unsuccessful bidders and longer times taken by project authorities at large. As to the individual project performance, the **Bridges Improvement and Maintenance Support Program** supported by the World Bank is currently rated unsatisfactory, due to the limited expenditure of the implementing agency on bridge maintenance (accorded with less priority compared with local roads network bridge construction). In the **Sub-regional Transport Enhancement Project** financed by ADB, implementation of a high proportion of contract packages were found slow, due to the

suboptimal performance of contractors and weak supervision by the consultants. The need is high to ensure the mobilization of qualified contractors without delegating the inexperienced JV partners, while keeping stringent monitoring of the performance of the supervision consultants. Sufficient resources must also be planned for the maintenance of the road infrastructure after the completion of the project.

3. Local Development Sector

46. Key operations in the sector includes rural infrastructure (including rural road and water supply & sanitation), and Local Governance and Community Development Program (LGCDP) and associated programs. Major DPs active in the sector includes ADB, World Bank, DFID, Finland, Switzerland, UNDP, Denmark, Norway, and Japan, among others. In general, the portfolio performance of the sector projects is rated moderately satisfactory to satisfactory by DPs.

47. In the context of supporting the local development funding mechanisms through LGCDP, improving local PFM and oversight functions and absence of elected body remains a critical challenge. To address the weaknesses, the **Strengthening Public Management Program** co-financed by ADB, DFID, and EU was initiated in 2013 to support (i) implementing Public Expenditure and Financial Accountability Reform and Fiduciary Risk Reduction Action Plan; (ii) strengthening local bodies accounting system; (iii) strengthening external and internal audit of local bodies, including risk based internal audit; (iv) undertaking public and social audits to strengthen management and accountability of user groups; and (v) enhancing transparency by developing websites to disclose revenue and expenditures of local bodies, among others. While implementation has been initiated, there is a need to (i) strengthen leadership and ownership of the Government by integrating the program under the purview of PFM Steering Committee, and (ii) ensuring deployment of sufficiently qualified accountants and their assistants.

4. Agriculture Sector

48. Transforming agriculture into modern, productive, and competitive enterprises, while ensuring food security and livelihood of the rural poor has been prioritized by many DPs, including ADB, the World Bank, IFAD, UNDP, USAID, Switzerland, EU, Germany, Norway, Denmark, and JICA. According to the background paper submitted by the DPs, the portfolio performance for the sector is also rated as moderately satisfactory or satisfactory. In general, implementation of agriculture sector projects are challenging, due to the difficult access to the implementation site often scattered across remote areas, limited implementation capacity, and the need for intensive support for social mobilization, capacity building, and participatory implementation with a large number of stakeholders.

49. Nevertheless, due progress has been reported by the World Bank (**Project for Agriculture Commercialization and Trade, and Irrigation and Water Resources Management Project**); USAID (**Agriculture, Food Security and Inclusive Economic Growth program**); and IFAD, although three projects assisted by IFAD were rated less than moderately satisfactory in 2013, due to the delay in budgetary processes. ADB-assisted **High Mountain Agribusiness, Livelihood Project, Raising the Incomes of Small and Marginal Farmers Project**, and **Community Irrigation Project** are also rated on track, although the initial implementation process is falling behind the schedule for about a year. The number of days taken from tender advertisement and contract award in ADB assisted projects was also reduced from 154 days in 2012 to 109 days in 2013, thanks to increased awareness of the staff of the newly approved projects.

5. Education Sector

50. The majority of the education sector assistance is provided to the Government's School Sector Reform Program (SSRP) through SWAP with nine DPs as pooling partners, and key DPs include World Bank, ADB, EU, Denmark, UN agencies, Norway, DFID, Australia, Finland, USAID, and JICA.

51. In general, performance of SSRP has been rated satisfactory, with upward trends in key performance indicators related to basic education. Apart from the remaining challenges in improving access and gender parity, quality of education and learning outcomes with stronger capacity building of management systems of service delivery, improving PFM in the sector has also been a critical issue. In this relation, the OAG report in FY2012 noted that the sector has one of the highest volumes of irregularities. Enhanced efforts are needed to address systemic PFM issues including improving the timeliness of releases of funds to districts and schools; enhancing accounting, record, and asset management; strengthening control systems; and allocating for resources for capacity development, improving monitoring systems, among others. To address the weaknesses, Financial Management Improvement Action Plan has been prepared, and is seeing positive albeit slow progress. Improvements include separating budget codes for major expenditure items for more effective management with transparency. The recently completed Public Expenditure Tracking and Quality Service Delivery Survey indicated a number of improvement areas to be considered at the district and local levels.

6. Health Sector

52. The health sector assistance is provided to the Government's Health Sector Reform Program through SWAP with four pooling partners and about 15 other DPs supporting as non-pooling partners supporting the implementation of national health strategy. The pooling partners include DFID, GAVI, Australia, kfw and the World Bank, and there are 19 non-pooling partners that include UN agencies and USAID. Although sectoral targets are being achieved, key challenges in the sector include weak governance which includes weak public financial management and public procurement. The Office of Auditor General in its report has been raising concerns for last few years on weak control environment and need for improving the management of health service delivery. Generic issues experienced in the health sector are related to numerous procurement complaints, delay in financial reporting, delay in audits and outstanding unresolved audit issues and irregularities. A high level attention is required to focus on fiduciary concerns in order to contribute improved management of service delivery. To this effort, the Ministry has recently constituted a working group for PFM and a Financial Management Improvement Action Plan has been prepared. The challenge is the need for high level monitoring on the implementation of the Action Plan to see improved results in improved financial accountability.

VI. CONCLUSION AND RECOMMENDATIONS

53. The Nepal Portfolio Performance Review (NPPR) aims to increase public investment efficiency and effectively achieve anticipated results. Improvement of budget execution and identification of channels to improve portfolio performance are its main intents. The NPPR platform focus is on the identification of key cross cutting issues that impede portfolio execution, act and monitor jointly agreed remedial actions that could advance project completion date and inform decision makers, both internal and external stakeholders, of the status of budget portfolio execution that have over bearing impacts on budget execution itself. NPPR has been focusing on five cross-cutting themes, namely: (i) Public Financial Management, (ii) Procurement Management, (iii) Human Resource Management, (iv) Managing for Development Results, and (v) Mutual Accountability (theme introduced in NPPR 2011).

54. Many of identified generic implementation issues center around the five thematic areas that include, among others: delayed program and budget approval process, delayed preparation of financial statements, delayed audits, increasing volume of irregularities, delay in procurement decisions, frequent turnover of key staff of projects, lack of compliance with legal covenants, etc. Addressing these systemic issues will improve investment efficacy. Since past NPPRs were more input focused, process-oriented, and were short-term in nature, that may have resulted in sub-optimal achievement of expected results. As such, the linkages between the actions taken and the improved performance indicators in terms of portfolio performance, project outputs, and outcomes have not been well established.

55. To ensure higher effectiveness of the NPPR 2013/14 and future forums, the following recommendations have been provided by core NPPR DPs for consideration.

A. Overall Management

56. The NPPR should be an important accountability mechanism of the aid architecture in Nepal. It has historically focused only on key portfolio implementation issues. Only in the last few years, it has included discussions on strategic issues; tracking development results and aid effectiveness commitments. The NPPR has yet to be sufficiently effective on key public sector reforms in human resource management, public procurement and public financial management. The NPPR 2013/14 should gear towards providing more of the result/impact driven emphasis. In addition to reviewing portfolio performance, the NPPR needs to gear towards improving service delivery and accelerating economic growth and:

- become more strategic, focusing on the delivery of development results; ideally the NPPR would report against the country's 3-Year Development Plan – for which still only an approach paper exists – and an overarching development results framework based on the Plan;
- provide clear and transparent tracking of key indicators of Government and development partner commitments;
- provide priority to building country systems that addresses governance (including anti-corruption and public financial management reforms including budgetary performance).

B. Government Commitment and Leadership

57. NPPR has facilitated the progress of key reforms, for example, in the area of PFM. However, a long term government commitment is needed to achieve structural improvements in management of public resources and quality of services delivery. DPs expect a strong political commitment leadership of the Ministry of Finance and its PEFA Secretariat to pursue and expand the initiated transformation. Obtaining political commitment of major parties would also be desirable.

C. PFM – Budgetary Process Management

58. The NPPR 2014 should aim to increase public investment efficiency and effectively achieve anticipated results. Improvement of budget execution (including bringing back budget realism, lowering bunching of expenditure in last trimester, etc.) and identification of channels to improve portfolio performance should be its main intents. The NPPR platform should be able to focus in identification of key cross cutting issues that impede portfolio execution, act and monitor jointly agreed remedial actions that could advance project completion date and inform decision makers, both internal and external stakeholders, of the status of budget portfolio execution that have over bearing impacts on budget execution itself.

D. PFM – Fiduciary Risk Management

59. Issues regarding accountability, transparency and public financial management within national institutions and at local level are still of great concern. High level of fiduciary risk in budget support operations remains one of the main issues related to the DP's assistance to Nepal. This implies that, the share of development aid that will be implemented through budget support or use of national systems in future operations will depend on the quality of country's PFM systems.

60. PFM actions should be more strategic and draw a collective commitment of the MOF, FCGO, OAG, together with the concerned sectoral ministries for making the PFM and procurement works more open, participatory, and transparent. In particular and more specifically, concrete advancement in implementing the Fiduciary Risk Reduction Action Plan (FRRAP) for MOFALD and Financial Management Improvement Action Plans for education and health sectors. The implementation of these plans could be placed under the close supervision and guidance of the PEFA steering committee.

61. DPs are keen on having a more regular dialogue with the Government on PFM through the already existing structure such as the PFM Steering Committee or the NPPR process in order to give more emphasis of PFM and monitor the PFM related results.

62. The recent governance reform action plan with more focus on performance based results systems within the Government is very encouraging. DPs appreciate the new Government putting priority on anti-corruption, which needs consolidated efforts and political will for its effective implementation including UNCAC Action Plan.

E. PFM – Local Level

63. Though there has been improvement on PFM at local level over the years, there seems to be little respect for the block grant guidelines at the local level (DDCs and VDCs), which needs strong control mechanism, as well as a proper monitoring and oversight system. It is equally important to have local level planning and expenditure guided by locally elected representatives as soon as possible to strengthen downward accountability.

64. Effective and due implementation of FRRAP and education and health sector FMIPs is still constrained by insufficient and under-qualified accounting and internal audit personnel at the district and lower levels, as well as their limited capacity and awareness.

65. NPPR may strengthen integrated bottom up planning process and delivery of basic services (including of sectoral agencies) under the leadership of local bodies.

F. Public Procurement

66. The Public Procurement Monitoring Office (PPMO) has developed a single national portal e-GP system. The phase-I (for e-submission) of the e-GP has been pilot tested in July 2013, and the development of phase-II (a full-fledged system; including opening, evaluation, award, and payment) is in the process. The PPMO, in October 2013 directed to all ministries and departments to roll-out the national single portal e-GP. These are some of the positive developments in public procurement. However, there is a challenge for its effective roll-out and ascertaining sound performance of central systems —through robust hardware, and qualified and trained personnel. Rollout of the single portal e-GP system—at least in some of the key infrastructure agencies like DOLIDAR, DWSS and DOI should be started urgently. Lack of human resource and infrastructure in the PPMO as well as in these agencies have severely constrained the e-GP roll out. There is a need for establishing and strengthening

strong monitoring mechanism in the PPMO —in terms of agency procurement planning, processing and implementation of Public Procurement Management Information System (PPMIS), and for regulatory functions to roll out for international competitive bidding process. There are more challenges before the PPMO for implementation of the road map envisaged in NPPSF.

G. Frequent Staff Turnover/ Human Resources Management

67. Staff turnover has been a critical issue. High level commitment ensuring the compliance with the existing Guidelines under the Civil Services Act is needed, for stability in personnel movement, and building institutional capacities for sound sector operations with qualified and dynamic leadership. Whenever there are transfers, a thorough handing over process should be followed for the institutional continuity.

H. Management for Development Result

68. DPs expect the finalization and operationalization of the 13th Plan, which must include an overarching and clear development result framework. The plan must also establish clear linkages with the medium-term budgetary framework and AWPB.

I. Mutual Accountability – Development Cooperation Policy (DCP)

69. DPs request the Government to pursue further consultation (including ministerial level engagement) for the Draft DCP. The Government is encouraged to find a common platform through a continuous dialogue and consultation among development actors including the civil society and private sectors for wider ownership. DPs are concerned about the elements of the Draft DCP, which have been raised with the MoF at several occasions already. Mutual commitment from the concerned parties including the Government (for strengthening the soundness of the national systems) is also important in this context.

70. Some of the DPs are required to adhere to their requirements to place international tenders for selecting technical assistance inputs use international level auditors for certain functions. Thus the reliance on the national audit is not always perceived as adequate. The regulations on audit should be such that the audit requirements decided in the inter-governmental agreement are honored.

J. Follow-up, Monitoring, and Evaluation

71. The Government is encouraged to consider including key reform actions identified under the NPPR 2013/14 in the forthcoming budget speech, and establishing high level monitoring and guidance mechanisms to guide the implementation.

72. Efforts directed to improve processes and systems need to be institutionalized, and, this calls for evaluation process, that in itself becomes part of reform process. This process improvement effort is the corner stone upon which higher level plan outcomes can be attained through timely execution of the budget, and which can leverage sectors' outputs.

K. Reforms of NPPR for the Future

73. In light of the limitations of the existing NPPR process (as shown in para. 52 above), a challenge is how to transform the NPPR platform to result focus agreeing on key monitorable indicators that show improved portfolio performance. One suggested medium-

term approach is to take the NPPR platform to the next level to demonstrate leveraging of budget funds to annual budget targets through monitoring specific budget results—intermediate (milestones, process and output) indicators. The other short-term approach is to take the recommendations of the working groups of these five thematic areas, integrate into the budget and policy announcement the need for reforms in these areas, and to attach incentives for the successful implementation of such actions. Monitoring of these actions should be integrated into the national monitoring system, or National Development Action Committee (NDAC) chaired by Prime Minister. A constructive dialogue for the necessary reforms could be initiated as soon as possible.

74. Finally, DPs reiterate the need for having a separate forum of policy level dialogues between the Government and DPs to discuss key political, social, economic, sector, and thematic issues to achieve developmental results (on top of processes and inputs affecting portfolio performance covered under the NPPR). As indicated by IECCD/MOF, the process of Nepal Development Forum might be initiated as relevant initiative. DPs urge the Government to consider planning a Nepal Development Forum as the key event for high level policy dialogue on development cooperation.

ATTACHMENT :

***(Note: Information from a few NPPR DPs
– Norway, UNCT and US AID are not available)***

ADB – Ongoing Portfolio (US\$ million)

S. No.	Sector/Ministry/EA	Loan/Grant No.	Project Name	Milestone Dates				Net Amount
				Approval	Signing	Affectivity	Orig/Revised Closing	
Agriculture and Natural Resources								
1.	Ministry of Irrigation	2102	Community Managed Irrigated Agriculture Sector	17 Nov 04	23 Dec 05	13 Jan 06	31 Mar 14	18.9
2.	Ministry of Women Children and Social Welfare	2143	Gender Equality and Empowerment of Women ^{1/}	16 Dec 04	09 Jun 06	28 Nov 06	30 Jun 13	7.4
3.	Ministry of Agriculture Development	0063	Commercial Agriculture Development ^{1/}	16 Nov 06	23 Feb 07	06 Aug 07	30 Jun 13	15.0
4.	Ministry of Agriculture Development	0233	Raising Income of Small and medium Farmers	24 Nov 10	24 Nov 10	14 Jun 11	30 Jun 18	20.1
5.	Ministry of Agriculture Development	0248	Highland Mountain Agribusiness and Livelihood	25 Mar 11	25 Mar 11	26 Sep 11	31 Oct 17	20.0
6.	Ministry of Irrigation	0299	Water Resources Project Preparatory Facility	27 Jul 12	02 Nov 12	13 Dec 12	30 Jun 17	11.0
			Subtotal					92.4
Education								
7.	Ministry of Education	0272	School Sector Program	22 Nov 11	13 Feb 12	26 Mar 12	31 Dec 14	65.0
8.	Ministry of Education	0345	Skills Development	25 Jun 13	12 Jul 13	24 Oct 13	15 Jan 19	20.0
			Subtotal					85.0
Finance								
9.	Ministry of Finance/Agriculture Development Bank Limited	2641/0208	Second Rural Finance Sector Development	18 Jun 10	23 Dec 10	26 Dec 10	31 Dec 12	72.7
10.	Ministry of Finance	0270	Capital Market and Infrastructure Capacity Support	19 Apr 11	09 Aug 11	09 Aug 11	30 Nov 14	5.0
			Subtotal					77.7
Rural Roads/ Governance								
11.	Ministry of Federal Affairs and Local Development	0093	Rural Reconstruction and Rehabilitation Sector Dev. ^{1/}	12 Dec 07	14 Jan 08	01 Feb 08	30 Jun 12	50.0
12.	Ministry of Federal Affairs and Local Development	0219	Community Irrigation Project	27 Sep 10	08 Feb 11	05 May 11	31 Aug 17	26.4
13.	Ministry of Federal Affairs and Local Development	2796/0267	Decentralized Rural Infra & Livelihood Project-AF	31 Oct 11	01 Feb 12	23 Apr 12	30 Jun 17	24.6
14.	Ministry of Federal Affairs and Local Development	0305	Strengthening Public Management	26 Sep 12	27 Dec 12		31 Oct 15	21.0

S. No.	Sector/Ministry/EA	Loan/Grant No.	Project Name	Milestone Dates				Net Amount
				Approval	Signing	Affectivity	Orig/Revised Closing	
			Subtotal					122.0
	Transport /Multi-sector							
15.	Ministry of Physical Planning and Works	0051	Road Connectivity Sector	10 Aug 06	11 Sep 06	20 Nov 06	31 Jul 14	53.2
16.	Ministry of Physical Planning and Works	0150	Emergency Flood Damage Rehabilitation	21 Apr 09	03 Aug 09	25 Aug 09	31 Dec 12	25.6
17.	Ministry of Physical Planning and Works	2658,G0225	Sub regional Transport Facilitation Project	27 Oct 10	04 Mar 11	26 Apr 11	30 Jun 15	39.9
18.	Ministry of Physical Planning and Works	2656,G0212	Kathmandu Sustainable Urban Transport Project	22 Jul 10	26 Oct 10	05 Jan 11	30 Jun 15	20.6
19.	Ministry of Physical Planning and Works	0227	Transport Project Preparatory Facility	29 Oct 10	04 Mar 11	25 Apr 11	30 Jun 13	12.0
20.	Ministry of Physical Planning and Works	3021	SASEC Road Connectivity					75.5
			Subtotal					226.8
	Water Supply and Municipal Infrastructure							
21.	Ministry of Urban Development	1820	Melamchi Water Supply	21 Dec 00	24 Jan 01	28 Nov 01	31 Mar 08	142.5
22.	Ministry of Urban Development	2059	Kathmandu Valley Water Services Sector Development	18 Dec 03	08 Apr 04	07 Dec 04	30 Jun 11	10.7
23.	Ministry of Urban Development	0157	Second Small Towns Water Supply Sanitation Sector	17 Sep 09	27 Nov 09	14 Jan 10	31 Mar 16	45.1
24.	Ministry of Urban Development	2650	Secondary Towns Integrated Urban Environmental Improvement	06 Jul 10	26 Oct 10	18 Jan 11	30 Jun 16	62.9
23.	Ministry of Urban Development	2776	Kathmandu Valley Water Supply Improvement Project	15 Sep 11	10 Nov 11	07 Feb 12	30 Jun 17	77.6
24.	Ministry of Urban Development	0284/2851	Integrated Urban Development Project	14 Feb 12	08 May 12	04 Jul 12	31 Dec 17	55.7
25.	Ministry of Urban Development	3000	Kathmandu Valley Wastewater Management	26 Apr 13	08 May 12	08 Oct 13	31 Dec 17	81.8
26.	Ministry of Urban Development	0367/3057	Bagmati River Basin Improvement	31 Oct 13			25 Feb 20	30.3
			Subtotal					506.6

S. No.	Sector/Ministry/EA	Loan/Grant No.	Project Name	Milestone Dates				Net Amount
				Approval	Signing	Affectivity	Orig/Revised Closing	
	Energy Sector							
27.	Ministry of Energy	2587	Energy Access and Efficiency Improvement Project	27 Nov 09	11 Mar 10	04 Jun 10	30 Mar 15	58.1
28.	Ministry of Energy	0215	Detailed Engineering Study for Upper Seti	02 Sep 10	23 Dec 10	23 Mar 11	31 Mar 13	2.5
29.	Ministry of Energy	0270/2808	Electricity Transmission Expansion & Supply Improvement	15 Nov 11	23 Mar 12	21 Jun 12	31 Dec 17	73.6
30.	Ministry of Energy	2990/2991	Tanahu Hydropower Project	21 Feb 13	22 Apr 13		30 Jun 21	149.9
31.	Ministry of Energy	0361	Project Prep Facility for Energy	24 Sep 13			30 Jun 19	21.0
			Subtotal					284.1
	Communication/ Air Transport and Tourism							
32.	Ministry of Information and Communication	0099	SASEC Information Highway	17 Dec 07	09 Feb 09	02 Jul 09	31 Dec 14	9.0
33.	Office of Prime Minister and council of Ministers	0106	ICT Development	28 Jan 08	23 May 08	25 Jul 08	31 Dec 14	25.0
34.	Ministry of Tourism, Culture and Civil Aviation	2581, '0181	Air Transport Capacity Enhancement	23 Nov 09	25 May 10	06 Dec 10	30 Jun 15	78.2
		0227	Transport Project Preparatory Facility	29 Oct 10	04 Mar 11	25 Apr 11	30 Jun 13	
35.	Ministry of Tourism, Culture and Civil Aviation	2579,0179	South Asia Tourism Infrastructure Development	16 Nov 09	25 May 10	03 Sep 10	15 Mar 15	25.4
36.	Department of Customs	0322	SASEC Trade Facilitation Program	29 Nov 12	15 Feb 13	10 Apr 13	31 Dec 15	15.0
			Subtotal					152.6
			Total					1,547.15

¹¹ In the process of financial closure

AUSTRALIA

(\$ = AU\$)

INITIATIVES	PARTNERS	Total project funding & duration	Disbursements		2013-14 Commitment	Performance	Risk Assessment	Audit Report status
			2011-12	2012-13				
Nepal Health Sector Program II(NHSP II)	Government of Nepal (DfID, World Bank, KfW, GAVI)	\$26m (2010–15)	\$6.74m	\$3.65m	\$5.2m	Satisfactory	Very High	Delayed qualified audit reports
Nepal School Sector Reform program (SSRP)	Government of Nepal (and nine pooling donors) Asian Development Bank for school safety	\$21m (2011–14)	\$3.9m	\$4m	\$4m	Satisfactory	Very High	Delayed qualified audit reports
Micro-enterprise Development Program III (MEDEP III)	UNDP (and Government of Nepal)	\$13.445m (2006–2012)	\$3.1m	\$3.8m	-	Satisfactory	Medium	
Micro-enterprise Development Program IV (MEDEP IV)	UNDP (and Government of Nepal)	\$33.9m (2013-2017)	-	-	\$6m		High	
Rural water supply and sanitation for improved health	Water Aid	\$7.4m (2009-13)	\$2.4m	-	-	Satisfactory	Medium	

INITIATIVES	PARTNERS	Total project funding & duration	Disbursements		2013-14 Commitment	Performance	Risk Assessment	Audit Report status
			2011-12	2012-13				
Public Financial Management Multi-Donor Trust Fund	World Bank (DfID, Denmark, Norway, Government of Nepal)	\$2.8m (2011-16)	\$0.8m	\$0.55m	-	Satisfactory	Medium	
Scaling up of Nutrition Initiative Technical Assistance (SUNITA)	World Bank	\$2.8 m (2011-13)	\$0.4m	-	-	Implementation slow	Medium	
Rights, Democracy and Inclusion Fund	DfID (SDC, Denmark)	\$7.38m (2006-2012)	\$0.04m	-	-	Satisfactory	High	
Australia Awards	Government of Nepal and Australian Institutions	Ongoing	\$3.7m	\$4.2m	-	Satisfactory	Medium	

DENMARK

Programmes	DANIDA Commitment (DKK)	DANIDA Expenditure for 2013 (DKK)	Disbursed fully or partial through GoN
EDUCATION Phase II: (commitment of DKK 125,000,000; 2012 to 2013)			
School Sector Reform Programme (SRRP)	115,000,000	13,100,000	√
Institutional Development for MoE	8,000,000	4,078,855	√
Technical assistance, review and others	2,000,000	980,966	
RENEWABLE ENERGY- Nepal Rural Renewable Energy Programme: (commitment of DKK 205,000,000; 2013 to 2017)			
Institutional strengthening of the rural energy sector programme, AEPC & others	115,000,000	27,391,202	√
Central Rural Energy Fund	65,000,000	31,393,395	√
Productive end-use	25,000,000	2,649,816	√
HUMAN RIGHTS AND GOOD GOVERNANCE III: (commitment of DKK 170,000,000; 2009 to 2013)			
Inclusive Democracy Programme	32,800,000	11,387,600	
Local Governance and Community Development Programme (LGCDP)	70,920,400	0	√
Human Rights and Justice Programme	35,473,300	9,348,397	
Technical assistance, PIU and others	30,806,300	6,368,957	
PEACE SUPPORT PROGRAMME: (commitment of DKK 70,000,000; 2011 to 2013)			
Nepal Peace Trust Fund (NPTF)	30,000,000	10,000,000	√
United Nations Department Political Affairs	10,000,000	600,000	
Access to Justice	3,700,000	3,700,000	
TAF NTTP & Mediation	12,000,000	6,457,000	
International Alert, Safer World and Search for Common ground	11,500,000	3,471,308	

Technical assistance and others	3,950,000	2,075,341	
UNNATI PROGRAMME: (commitment of DKK 400,000,000; 2013 to 2018)			
Value Chains	105,000,000	13,300,000	√
Rural Infrastructure	190,000,000	0	√
Enabling Environment	35,000,000	0	
Technical assistance, M&E & unallocated funds	78,000,000	0	
MINOR PROJECTS: (total commitment of DKK 19,685,443; 2011 to 2014)			
Local Grant Authority (LGA)	24,685,443	5,226,896	
Total Commitment and Expenditure	754,685,443	149,667,823	

Nepal Portfolio information for 2013

DFID

DFID NEPAL BILATERAL PORTFOLIO INFORMATION for 2012/13

S. N.	Name of Programmes	Principal Implementing Partner	Total DFID Commitment	Location	Results 2012/13	Comment
1	Nepal Peace Support	Nepal Peace Trust Fund (GoN), UNPFN & UNDP	£33,000,000	Nationwide	<ul style="list-style-type: none"> Reached target of 2171 minors & late recruited former moist combatants given training & reintegration support. 100 gender friendly police units have been reconstructed. 	Operational
2	Peace and Development Strategy fund	UN & Contractors	£950,000	Nationwide	<ul style="list-style-type: none"> Nepal Peace Trust Fund capacity on Public Financial Management strengthened. UN Peace building work supported. 	Completed Jan 2013
3	Risk Management Office	RMO, co-funded with GIZ	£1,555,818	Nationwide	<ul style="list-style-type: none"> Ability of DFID & partners to continue operating safely and effectively for the development in Nepal. 	Completed and New phase started from September 2013
4	Enabling State Programme	DFID appointed contractor GRM International	£33,300,000	Nationwide	<ul style="list-style-type: none"> Approximately 200,000 people with increased awareness of human rights issues, through ESP reaching 90% of Nepal's districts. Information on Rights to Information (RTI) provided through the establishment of an RTI Centre, with almost 1000 phone calls received and over 100 RTI application drafting services provided to citizens. Through Forum Theatres, 3000 men and women in Nepal with increased understanding of Gender Based Violence issues. 	Completed January 2014

S. N.	Name of Programmes	Principal Implementing Partner	Total DFID Commitment	Location	Results 2012/13	Comment
5	Social Inclusion Action Programme	World Bank, UNDP and DFID contractors	£2,700,000	Nationwide	<ul style="list-style-type: none"> Covered by ESP Programme now. 	Completed July 2012
6	Support to UNICEF Women's Para Legal Committee	UNICEF	£6,510,000	Nationwide	<ul style="list-style-type: none"> 12,684 women & girls with improved access to security & justice services 950 service providers (e.g. police officers, public prosecutors, judges, court personnel and criminal defence lawyers) are trained on child and gender sensitive investigative and court procedures. 	Operational
7	Public Financial Management and Accountability	ADB Crown Agents	£8,000,000	Nationwide	too early for results	Operational and only became effective in September 2013
8	Public Financial Management	World Bank	£3,600,000	Nationwide	Treasury Single Account operational in 75 districts. About 90% of GON expenditure and about 95% of GON revenue is now captured in this system.	Operational
			£89,615,818			
9	School Sector Reform Programme	GoN, EC	£12,520,000	Nationwide	<ul style="list-style-type: none"> 34,326 children in primary education supported by DFID 13,674 children in lower secondary education supported by DFID 	Operational
			£12,520,000			
10	Support to Nepal Health Sector Programme II	GoN & DFID appointed contractor - Options	£55,200,000	Nationwide	<ul style="list-style-type: none"> 3,200 unwanted pregnancies averted 18,093 births delivered with the help of nurses, midwives or doctors 35,916 additional women using modern methods of family planning 	Operational
11	Family Planning Project	GoN & DFID appointed contractor	£15,290,000	Nationwide		Project started September 2013

S. N.	Name of Programmes	Principal Implementing Partner	Total DFID Commitment	Location	Results 2012/13	Comment
			£70,490,000			
12	Local Governance and Community Development Programme (LGCDP)	GoN	£12,150,000	Nationwide	<ul style="list-style-type: none"> • 24,520 people supported to have choice and control over their own development and to hold decision makers to account. • 52% of local government bodies that conduct public audits for every project. • 1,234,340 households benefitted from community infrastructures built 	Completed June 2013)
13	Community Support Programme - Phase 2 (CSP)	CARE Nepal & RRN	£18,130,000	Gorkha, Sarlahi, Mahottari and Dhanusha.	<ul style="list-style-type: none"> • School 285, health post- 84, Water and sanitation- 108, irrigation- 79, bridges/culverts- 79 Rural energy 85 and community building- 85 Total – 739 projects constructed. Total beneficiaries- 132,282 • 151,855 people supported for climate resilience 	Operational
			£30,280,000			
14	Rural Water and Sanitation Programme Phase IV	Gurkha Welfare Scheme	£3,539,873	Myagdi, Parbat, Kaski, Lamjung, Gorkha, Dhading, Dolakha, Solukhumbu, Khotang, Sankhuwsabha, Taplejung, Terathum, Panchthar, Dhankuta, Ilam, Morang, Sunsari, Bhojpur, Okhaldhunga, Ramechhap, Chitwan, Nawalparasi, Tanahun, Palpa, Syangja, Arghkhanchi, Dang, Gulmi, Pyuthan, Rolpa & Baglung	<ul style="list-style-type: none"> • 31 water systems built 6,057 population benefited • 166 toilets built benefited 1,188 people 	Completed June 2012

S. N.	Name of Programmes	Principal Implementing Partner	Total DFID Commitment	Location	Results 2012/13	Comment
15	Rural Water and Sanitation Programme Phase V	Gurkha Welfare Scheme	£3,800,000	Taplejung, Terhathum, Ilam, Sankhuwasabha, Khotang, Udaypur, Solukhumbu, Okhaldhunga, Ramechhap, Nuwakot, Parsa, Dhading, Chitwan, Gorkha, Lamjung, Tanahun, Nawalparasi, Kaski, Syangja, Myagdi, Gulmi, Pyuthan, Rolpa	too early for results	Operational
			£7,339,873			
16	Support to the Employment Fund	Helvetas	£9,000,000	Nationwide	<ul style="list-style-type: none"> 10,310 jobs created 	Operational
17	RAP Phase II	DFID appointed contractor: International Management Consulting (IMC)	£39,900,000	Doti, Achham, Dailekh, Sankhuwasabha, Tehrathum, Bhojpur & Khotang	<ul style="list-style-type: none"> 18,200 jobs created 1,204 Km roads build or maintained 	Completed November 2013
18	Rural Access Programme 3	DFID appointed contractor: International Management Consulting (IMC)	£35,150,000	Humla, Mugu, Bajura, Kalikot, Jumla, Dailekh and Achham	too early for results	Started October 2013

S. N.	Name of Programmes	Principal Implementing Partner	Total DFID Commitment	Location	Results 2012/13	Comment
19	Rural Reconstruction and Rehabilitation Sector Development Programme (RRRSDP)	GoN/ADB	£14,180,000	Dhankuta, Ilam, Jhapa, Morang, Panchthar, Sunsari, Bhaktapur, Chitwan, Dolakha, Kavre, Kathmandu, Lalitpur, Sindhuli, Sindhupalchowk, Manang, Mustang, Parbat, Rolpa, Rukum & Dadeldhura	<ul style="list-style-type: none"> 6,160 jobs created 120 Km roads build or maintained 	Completed November 2013
20	Centre for Inclusive Growth	DFID appointed contractor Adam Smith International (ASI)	£12,800,000	Nationwide	<ul style="list-style-type: none"> 3 projects to address binding inclusive growth constraints identified and implemented. 3 partnerships with Nepali institutions strengthen domain expertise. 	Operational
21	Nepal Investment Climate Reform Programme	International Finance Corporation (IFC)	£4,679,843	Nationwide	<ul style="list-style-type: none"> 169,328 people lifted out of poverty [(based on 2.4% GDP/Capita) which is not directly attributable but to which various programmes contribute] Nepal improves its Doing Business' ranking to 107 which is 9 places above (baseline was 127) 	Operational
22	Great Himalayan Trail Development Programme	SNV	£2,450,000	Taplejung, Solukhumbu, Gorkha, Dolpa & Humla	<ul style="list-style-type: none"> 395 jobs created 	Completed December 2013
23	Nepal Market Development Programme	DFID appointed contractor Adam Smith International	£14,540,293	Nationwide	<ul style="list-style-type: none"> 11,256 jobs created 	Operational
24	Social Protection Support Project	DFID appointed consultants	£100,000	Nationwide	<ul style="list-style-type: none"> Investment in Poverty Diagnostics served to leverage over £200,000 in additional investment in a larger study on Chronic Poverty and Vulnerability in the Mid Far West. 	Completed August 2012

S. N.	Name of Programmes	Principal Implementing Partner	Total DFID Commitment	Location	Results 2012/13	Comment
25	Adolescent Girls Employment Initiative	WB	£2,000,000	Nationwide	- 4,410 young women trained -80 percent in employment after training	Completed Feb 2013
26	Market Access to Small holder Farmers Programme	IDE & Practical Action	£2,500,000	Saptari, Siraha, Dhanusha, Bara, Rautahat, Rupandehi, Kapilbastu, Palpa, Syangja, Kaski, Tanahu, Nawalparasi, Gulmi, Chitwan, Dhading, Gorkha	22,690 households with increased income of Rs 16,664 through vegetable farming -12,367 households with increased income of Rs 52,733 through dairy farming	Completed June 2012
			£137,300,136			
27	Livelihoods and Forestry Programme	DFID appointed contractor (CIDT)	£25,872,400	Dang, Baglung, Myagdi, Parbat, Kapilbastu, Rupandehi, Nawalparasi, Bhojpur, Sankhuwasabha, Dhankuta, Taplejung, Tehrathum, Pyuthan, Rolpa, Rukum	<ul style="list-style-type: none"> • More than 660,000 (53%) of households benefitted in LFP districts • \$ 1,326,000 people lifted out of poverty in LFP area • 700,000 tonnes of carbon captured annually from community forests in LFP areas 	Completed December 2012
28	Nepal Climate Change Support Programme	GoN	£11,850,000	Humla, Mugu, Dolpa, Bajura, Jumla, Jajarkot, Rukum, Achham, Dailekh, Rolpa, Kailali, Bardiya and Dang	<ul style="list-style-type: none"> • 250,000 people supported for climate resilience • 28,000 people with improved access to clean energy 	Operational
29	Multi-Stakeholder Forestry Programme	SDC	£20,000,000	Bajhang, Achham, Kalikot, Dailekh, Jajarkot, Rukum, Salyan, Dang, Rolpa, Pyuthan, Baglung, Myagdi, Parbat,	<ul style="list-style-type: none"> • 2,000 people lifted out of poverty • 5,000 improve their rights in land & property • Deforestation and degradation avoided in 1,425 hectares 	Operational

S. N.	Name of Programmes	Principal Implementing Partner	Total DFID Commitment	Location	Results 2012/13	Comment
				Kapilbastu, Rupandehi, Nawalparasi, Ramechhap, Okhaldhunga, Khotang, Bhojpur, Sankhuwasabha, Dhankuta & Tehrathum	<ul style="list-style-type: none"> 185,000 people supported for climate resilience 2,673 jobs created 	
30	Support to Build Earthquake Resilience in Nepal	UNDP, INGOs, ICRC, BRC & DFID appointed contractors	£17,614,980	Kathmandu, Lalitpur, Bhaktapur, Kaski, Taplejung, Panchthar, Kailali, Kanchanpur, Accham, Bajhang, Bajura, Doti, Baitadi, Dadeldhura, Darchula, Kalikot, Jumla, Humla, Dolpa, Mugu, Dailekh, Jajarkot, Surkhet, Rukum, Pyuthan, Dhankuta, Terathum, Okhaldhunga, Udayapur, Gorkha, Dang, Banke, Salyan, Rolpa, Bardia, Ilam, Jhapa, Morang, Sunsari, Sankhuwasabha, Bhojpur, Solukhumbu, Khotang, Siraha & Saptari	<ul style="list-style-type: none"> 134 community based disaster management committees established Over 300 masons trained in earthquake resistant construction technology 747 small scale community infrastructure projects constructed using seismically resilient techniques 1,360 people (volunteers, first responders and Armed Police Force officials) trained in first aid 235 government staff trained in first response and 120 first responders trained in light search and rescue Rapid vulnerability assessments completed in 60 hospitals 132 school blocks damaged during September 2011 earthquake have been reconstructed / retrofitted. 	Operational
			£75,337,380			
31	UK Multilateral Debt Relief Initiative	Government of Nepal	£19,418,081			
			£19,418,081.00			

EUROPEAN UNION

EU portfolio contained 93 on-going projects (€):

Sector	Number of contracts	Contracted	Paid
Bilateral co-operation	22	107,942,745.77	69,373,654.55
Non State Actors & Local authorities	30	15,590,918.13	10,603,045.87
Food security	3	8,744,677.00	4,394,978.88
Humanitarian assistance	5	5,612,807.62	3,624,734.76
European Instrument for Democracy & HR	24	3,711,683.73	2,419,086.02
Health thematic line	3	2,838,331.00	2,221,226.39
Migration thematic line	3	3,061,528.00	1,638,077.80
Education thematic line	1	1,479,687.00	1,331,718.30
Instrument for Stability	1	399,691.00	161,932.00
Environment thematic line	1	7,600,000.00	600,000.00
TOTAL	93	156,982,069.25	96,368,454.57

FINLAND

Table below is an Indicative budget frame for Country Program 2013–2016 (€ million).

Sectors	2013	2014	2015	2016
Education Sector				
Education Sector Support Program	3.5	3.5	5.75	5.5
TA support for TEVT	0.35	0.35	0.3	
Finnish Board of Education Advisory Services	0.2			
Sector Total	4.05	3.85	6.05	5.5
Forestry Sector				
Multi-stakeholder Forestry Program	3.06	2.5	3.07	3.9
Forest Resources Assessment Project	0.6	0.52		
Sector Total	3.66	3.02	3.07	3.9
Water Sector				
Rural Village Water Resources Management Project (RVWRMP)	3	3.7	4.08	4
Rural Water Supply and Sanitation Project (RWSSP-WN)	3.2	3.51	3.24	3
UNICEF WASH	1.9	1.9	1.9	2
Sector Total	8.1	9.11	9.22	9
Environment Sector				
Strengthening of Environmental Administration at Local Level (SEAM)	1	1	-	-
Sector Total	1	1	-	-
Peace Process And Human Rights				
UNDP Support to Rule of Law and Human Rights	0.55	1.7	2.0	2.1
UNWOMEN Nepal's National Action Plan 1325	0.32	0.2	0.3	1
Unallocated Support to Rule of Law and Human Rights	1	1	0.76	1.24
Sector Total	1.87	2.9	3.06	4.34
Unallocated Program Support	0.89	0.42		0.86
Total Budget Frame	19.57	20.3	21.4	23.6

IFAD

There are currently five ongoing projects under the portfolio and additional two are in pipeline. In addition to the country financing window, IFAD also supports Nepal through several regional grants linked to the ongoing-projects. IFAD also contributed a grant of US\$ 0.5 million for the development of the Agriculture Development Strategy (ADS) in 2011/2012.

Ongoing and upcoming projects

Ongoing activities	Lead agency	Loan effective from	Closing year	Total costs (US\$ Millions)
WUPAP	Ministry of Cooperatives and Poverty Reduction	Jan 2003	2016	14.82
LFLP	Ministry of Forests and Soil Conservation & Ministry of Agriculture and Cooperatives	Sep 2005	2014	16.30
PAF II	Poverty Alleviation Fund Board	Jul 2008	2017	260+
HVAP	Ministry of Agriculture Development	Jun 2010	2018	18.87
KUBK/ISFP	Ministry of Agriculture Development	Dec 2012	2019	59.91
Upcoming Projects: COSOP III – First Programming Cycle (2013-2015)				
Adaptation for Smallholders in Hilly Areas (ASHA)		2015	2020	35.30
Rural Enterprises and Remittances (RER)		2015	2022	78.00

JICA

Table below highlights the JICA's key projects corresponding to various cooperation programs.

JICA Cooperation Programs	Ongoing Projects
A.1 Transport Infrastructure Development Program	A.1.1 Construction of Sindhuli Road (Section III) (Grant Aid) A.1.2 Project of the Operation and Maintenance of Sindhuli Road (Technical Cooperation) A.1.3 Community Access Improvement Project (Rural Road Bridge Construction) (Grant Aid) A.1.4 Tribhuvan International Airport Modernization Project (Surveillance System) (Grant Aid)
A.2 Power Generation, Transmission and Distribution Capacity Improvement Program	A.2.1 Tanahu Hydropower Project (ODA Loan)
A.3 Urban Environment Improvement Program	A.3.1 Melamchi Water Supply Project (Water Treatment Plant) (ODA Loan) A.3.2 Project for Assessment of Earthquake Disaster Risk for the Kathmandu Valley (pipeline)
A.4 Private Sector Development Program	
B.1 Democratization Process Support Program	B.1.1 Strengthening Community Mediation Capacity for Peaceful and Harmonious Society Project (Technical Cooperation)
B.2 Public Administration Capacity Development Program	B.2.1 Strengthening the Monitoring and Evaluation System in Nepal Phase II (Technical Cooperation) B.2.2 Participatory Watershed Management and Local Governance Project (Technical Cooperation)
C.1 Agricultural and Rural Development Program	
C.2 EFA: Education for All Program	C.2.1 Project for Basic Education Improvement in Support of the School Sector Reform (Grant Aid) C.2.2 Support for Improvement of Primary School Management Phase II (Technical Cooperation)
C.3 Community Health Situation Improvement Program	

SWITZERLAND

SN	Project Name	Concerned Ministry	Start Date	End date	Amount CHF (million)
1.	Trail Bridge Sub-Sector Program, Phase III	Ministry of Federal Affairs and Local Development	01.01.2011	31.07.2015	12.38
2.	District Roads Support Program (DRSP) Phase IV	Ministry of Federal Affairs and Local Development	17.07.2010	15.07.2014	21.87
3.	Local Infrastructure for Livelihood Improvement Phase II	Ministry of Federal Affairs Local Development	01.08.2009	31.07.2014	11.48
4.	Sustainable Soil Management Programme, SSMP Phase IV	Ministry of Agriculture Development	01.01.2011	31.12.2014	7.00
5.	Hill Maize Research Project (HMRP) Phase IV	Ministry of Agriculture Development	01.08.2010	31.07.2014	4.05
6.	Vegetable Seed Project (VSP), Phase III	Ministry of Agriculture Development	01.01.2011	31.12.2014	2.36
7.	Home Garden, Phase III	Ministry of Agriculture Development	01.04.2009	16.01.2014	0.98
8.	Motor able (Local Road) Bridges Program Phase I	Ministry of Federal Affairs and Local Development	01.02.2011	31.07.2015	16.90
9.	River Protection Works in East Chitwan Phase I	Ministry of Federal Affairs and Local Development	01.02.2011	31.03.2014	3.70
10.	Support to National Human Rights Commission Phase II	National Human Rights Commission	01.12.2009	30.06.2014	0.70
11.	State Building at Local Level Phase I	Ministry of Federal Affairs and Local Development	01.08.2011	31.07.2015	4.73
12.	Employment Fund Phase I	Ministry of Education	01.03.2010	30.06.2015	6.00

SN	Project Name	Concerned Ministry	Start Date	End date	Amount CHF (million)
13.	Multi stakeholder Forestry Program	Ministry of Forest and Soil Conservation	01.04.2010	15.07.2015	14.0
14.	DRILP Rural Infrastructure & Livelihood Phase II	Ministry of Federal Affairs and Local Development	01.01.2012	31.12.2015	5.00
15.	Legal Aid to Improve People's Access to Criminal Justice	Ministry of Law, Justice, Constituent Assembly and Parliament Affairs	15.12.2012	14.12.2014	0.49
16.	Local Road Improvement Program Phase I	Ministry of Federal Affairs and Local Development	01.08.2014	31.07.2018	9.70
17.	Salleri Chyalsa Hydropower Project	Ministry of Energy	01.09.2011	31.12.2014	0.69
18.	Safer Migration Project Phase II	Ministry of Labor & Employment	16.07.2013	15.07.2017	9.00
19.	Strengthening the Accountability of Local Government Project Phase I	Ministry of Federal Affairs and Local Development	16.07.2013	30.06.2017	4.95
20.	Strengthening BOG's Secretariat Phase III	Ministry of Finance	01.10.2013	30.09.2016	0.50
21.	Local Governance and Community Development Project Phase II	Ministry of Federal Affairs and Local Development	16.07.2013	15.07.2017	10.00
22.	Support to Peace Process in Nepal Phase IV	Ministry of Peace & Reconstruction	01.05.2013	28.02.2015	9.00

THE WORLD BANK

FY2013/14 Disbursements by Ongoing and Disbursing Projects
(As of March 31, 2014)

FY2013/14 Disbursements by Ongoing and Disbursing Projects (As of March 31, 2014)													
Month:	FY 14-09												
Date:	13-Mar-14												
													USD in Million
S.N.	Project ID	Project Name	IDA Credit/Grant Number	Board Approval	Effective Date	Closing Date	Age (yrs)	Net Comm. Amt.	ERA 1/	Disb. FY14+	Total Cum. Disb.	Percent Disb.	Total Undisb. Balance
1	2	3	4	4	5	6	7	8	9	10	11	12	13
IDA Ongoing Projects													
1	P099296	Irrigation & Water Resources Mgmt. Project Irrigation & Water Resources Mgmt. Project Additional Financing (1) Irrigation & Water Resources Mgmt. Project Additional Financing (2)	IDA H3380 IDA 45150 IDA 53440	12/06/2007 09/29/2008 12/23/2013	04/24/2008 01/30/2009 04/10/2014	06/30/2014	6.4 5.5 0.3	50.00 14.24 50.00	49.98 14.20 50.54	11.33 0 0	42.69 11.93 0	85.4% 84.0% 0.0%	7.29 2.27 50.54
2	P113002	Social Safety Nets Project Social Safety Nets Project Additional Financing (1)	IDA 45100 IDA 47500	09/29/2008 05/26/2010	01/28/2009 10/06/2010	09/30/2014	5.5 3.9	14.12 45.03	13.84 46.36	0.09 0.33	13.14 39.23	95.0% 84.6%	0.70 7.13
3	P105860	Poverty Alleviation Fund II Poverty Alleviation Fund II Additional Financing (1) Poverty Alleviation Fund II Additional Financing (2)	IDA H3370 IDA H6720 IDA H8570	12/06/2007 06/02/2011 06/05/2013	03/19/2008 10/11/2011 10/04/2013	06/30/2014	6.4 2.9 0.9	99.97 65.00 80.00	99.46 63.44 82.54	0 24.00 0	99.46 63.34 0	100.0% 99.8% 0.0%	0.00 0.10 82.54
4	P087140	Agriculture Commercialization and Trade Project Agriculture Commercialization and Trade Project Additional Financing (1)	IDA 46030 IDA 51800	06/04/2009 11/15/2012	11/13/2009 03/18/2013	06/30/2015 06/30/2018	4.9 1.4	20.00 40.00	20.82 40.19	1.66 0	8.70 0	41.8% 0.0%	12.12 40.19
5	P118179	Rani Jamara Kulariya Irrigation Project	IDA 49810	07/05/2011	11/30/2011	09/30/2016	2.8	43.00	41.88	2.99	11.15	26.6%	30.73
6	P112893	Kabeli Transmission Project	IDA 49320	05/10/2011	09/21/2011	06/30/2015	2.9	38.00	36.97	3.73	9.45	25.6%	27.52
7	P095977	Road Sector Development Project Additional Financing (1) Road Sector Development Project Additional Financing (2)	IDA 48320 IDA 50020	11/23/2010 06/02/2011	04/11/2011 07/08/2011	06/30/2015	3.4 2.9	41.26 33.74	40.97 33.51	4.11 6.00	40.53 6.00	98.9% 17.9%	0.44 27.51
8	P120265	Emerging Towns	IDA 49050	05/10/2011	10/02/2011	07/31/2016	2.9	18.45	18.14	2.63	7.69	42.4%	10.45
9	P090967	Second Higher Education Project	IDA H2740	02/22/2007	07/27/2007	06/30/2014	7.1	60.00	64.10	11.69	53.59	83.6%	10.51
10	P113441	School Sector Reform Program School Sector Reform Program Additional Financing (1)	IDA H5180 IDA 52500	09/22/2009 05/15/2013	12/23/2009 09/03/2013	12/15/2014 07/15/2016	4.6 0.9	130.00 100.00	128.57 103.23	6.19 20.15	128.54 20.15	100.0% 19.5%	0.03 83.08
11	P104015	Enhanced Vocational Educ & Trng	IDA H6730	04/21/2011	08/23/2011	10/30/2015	3.0	39.50	38.90	5.66	12.45	32.0%	26.45
12	P117417	Second HNP and HIV/AIDS Project	IDA H5570	04/20/2010	10/04/2010	07/15/2015	4.0	129.15	128.22	0	68.99	53.8%	59.23
13	P110672	Peace Support Project	IDA H3670	05/06/2008	09/19/2008	06/30/2014	5.9	36.50	35.35	5.61	34.67	98.1%	0.68
14	P125359	Community Action for Nutrition Project (Sunaula Hazar Din)	IDA H7860	06/26/2012	08/24/2012	06/30/2017	1.8	40.00	39.97	0.04	2.04	5.1%	37.93
15	P125495	Bridges Improvement and Maintenance Program Support	IDA 51380	06/28/2012	12/20/2012	07/15/2017	1.8	60.00	59.30	0	14.44	24.3%	44.86
16	P132289	Kali Gandaki A Hydropower Plant Rehabilitation Project (KGAHPRP)	IDA 52460	05/15/2013	12/31/2013	06/30/2017	0.9	27.26	28.13	0	0	0.0%	28.13
17	P132750	Project for Strengthening the National Rural Transport Program	IDA 53360	12/23/2013	04/02/2014	07/15/2019	0.3	100.00	100.78	0	0	0.0%	100.78
TOTAL							3.6	1,375.22	1,379.38	106.21	688.18	49.9%	691.20
S.N.	Project ID	Project Name	IDA Credit/Grant Number	Board Approval	Effective Date	Closing Date	Age (yrs)	Net Comm. Amt.	ERA 1/	Disb. FY14+	Total Cum. Disb.	Percent Disb.	Total Undisb. Balance
1	2	3	4	4	5	6	7	8	9	10	11	12	13
IDA Closed Projects													
1	P043311	Power Development Project (C) Power Development Project Additional Financing (1) (C)	IDA H0390 IDA 46370	05/22/2003 06/18/2009	03/25/2004 11/19/2009	12/31/2013	10.9 4.8	58.97 53.17	66.07 55.36	3.07 0.65	61.69 54.95	93.4% 99.3%	4.38 0.41
2	P083923	Rural Access Improve. & Decentraliz (C) Rural Access Improve. & Decentraliz Additional Financing (1) (C)	IDA H1710 IDA 46640	06/21/2005 12/17/2009	08/16/2005 07/14/2010	12/31/2013	8.8 4.3	32.0 42.0	32.7 37.4	0 18.8	32.7 35.1	100.0% 93.8%	0.0 2.3
3	P095977	Road Sector Development Project (IDA Grant H3390) (C)	IDA H3390	12/06/2007	02/21/2008	12/31/2013	6.4	42.60	42.79	0	42.79	100.0%	0
4	P129929	Financial Sector Stability DPC (Budget Support) (C)	IDA 52820	06/27/2013	09/04/2013	12/31/2013	0.8	30.00	30.80	30.80	30.80	100.0%	0
TOTAL							8.5	258.72	265.19	53.29	258.09	97.3%	7.10
GRAND TOTAL (Ongoing + Closed)							4.3	1,633.94	1,644.57	159.50	946.27	57.5%	698.30

FY2013/14 Disbursements by Ongoing Trust Fund Projects
(As of March 31, 2014)

USD in Million

S. No.	Project ID	Trust Fund Number	Project	Effective Date	Closing Date	Net Commit. Amount	Disb. FY14	Total Cum. Disb.	% Disb.	Undisb. Balance
1	P090038	TF 56440	Nepal - Biogas Program	3-May-06	31-Jul-15	7.00	1.57	3.55	50.73%	3.45
2	P095978	TF 90264	Nepal - Village Micro Hydro	30-Jun-07	15-Dec-15	1.96	0.00	0.00	0.00%	1.96
3	P090967	TF 93397	Japan Social Development Fund Grant for Pro-poor Targeted Secondary School Stipend Project (C)	2-Jan-09	15-Jan-14	1.90	0.18	1.58	82.87%	0.33
4	P125198	TF 94724	Nepal REDD Readiness Preparation Program	26-Aug-09	30-Jun-15	3.60	0.73	1.43	39.64%	2.17
5	P119113	TF 98650	Program to Promote Demand for Good Governance (C)	24-Jan-11	31-Dec-13	1.41	0.19	1.32	93.53%	0.09
6	P123653	TF 97889	ADKF Small Grants Program	1-Mar-11	28-Feb-14	1.00	0.00	1.00	100.00%	0.00
7	P113441	TF 98235	Nepal: School Sector Reform Program	21-Mar-11	15-Dec-14	120.00	13.41	116.33	96.94%	3.67
8	P125891	TF 99675	Strengthening Institutional Capacity of the DNPWC for the Effective Management of Mountain Protected Areas	25-Aug-11	25-Aug-14	0.50	0.16	0.33	66.04%	0.17
9	P125331	TF 99288	Nepal: Human Development - Social Protection Pilot Project	29-Aug-11	31-Jul-14	1.50	0.34	0.79	52.69%	0.71
10	P124088	TF 99274	Additional Financing to the Poverty Alleviation Fund II	11-Oct-11	30-Jun-14	10.00	0.47	10.00	100.00%	0.00
11	P125770	TF 10452	Strengthening PFM Systems in Nepal	31-Oct-11	30-Jun-15	4.30	1.49	3.15	73.33%	1.15
12	P128744	TF 11208	Nepal: Making markets work for the conflict affected in Nepal	17-Feb-12	17-Feb-16	2.65	0.43	0.79	29.72%	1.86
13	P127040	TF 10455	NP: Strengthening the Office of the Auditor General	23-Feb-12	30-Jun-15	2.30	0.64	0.99	43.24%	1.31
14	P130089	TF 12273	Zoonoses Control Project (ZCP) (C)	5-Jul-12	31-Mar-14	10.00	3.56	5.06	50.60%	4.94
15	P129177	TF 11452	Nepal: Pilot Project for Seismic School Safety in the kathmandu	23-Jul-12	30-Jun-14	1.37	0.10	0.10	7.30%	1.27
16	P131860	TF 12485	Nepal PFM-MDTF Strengthening Civil Society Organizations' use of Social Accountability to improve PFM in Nepal	30-Aug-12	30-Jun-14	0.80	0.35	0.70	87.41%	0.10
17	P127508	TF 13557	Building Resilience to Climate Related Hazards	20-Jun-13	30-Nov-18	15.00	0.00	0.00	0.00%	15.00
	P127508	TF 13665				16.00	6.00	6.00	37.50%	10.00
18	P130461	TF 13464	Output-Based Aid for Municipal Solid Waste Management	21-Jun-13	30-Jun-17	4.29	0.26	0.26	6.10%	4.03
19	P128905	TF 13719	Nepal Agriculture and Food Security Project	30-Apr-13	31-Mar-18	46.50	4.25	4.25	9.14%	42.25
20	P145359	TF 15780	JSDF for Pro-Poor Urban Regeneration Pilot Project	10-Feb-14	30-Sep-17	2.75	0.00	0.00	0.00%	2.75
21	P145736	TF 16296	Adolescent Girls Employment Initiative II	10-Feb-14	30-Sep-17	0.58	0.00	0.00	0.00%	0.58
TOTAL						255.40	34.12	157.62	61.72%	97.78
S. No.	Project ID	COFN Number	Project	Effective Date	Closing Date	Net Commit. Amount	Disb. FY14	Total Cum. Disb.	% Disb.	Undisb. Balance
20	P105860	COFN C1200	Poverty Alleviation Fund II	31-Jul-08	31-Dec-14	3.94	0.09	3.81	94.29%	0.13
Project Preparation Fund										
S. No.	Project ID	PPF Number	Name of Disbursing PPF	Effective Date	Closing Date	Net Commit. Amount	Disb. FY14	Total Cum. Disb.	% Disb.	Undisb. Balance
20	P143036	IDA Q8700	Rural Water Supply and Sanitation Improvement Project	24-Sep-13	30-Jun-14	3.00	0.00	0.00	0.00%	3.00

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