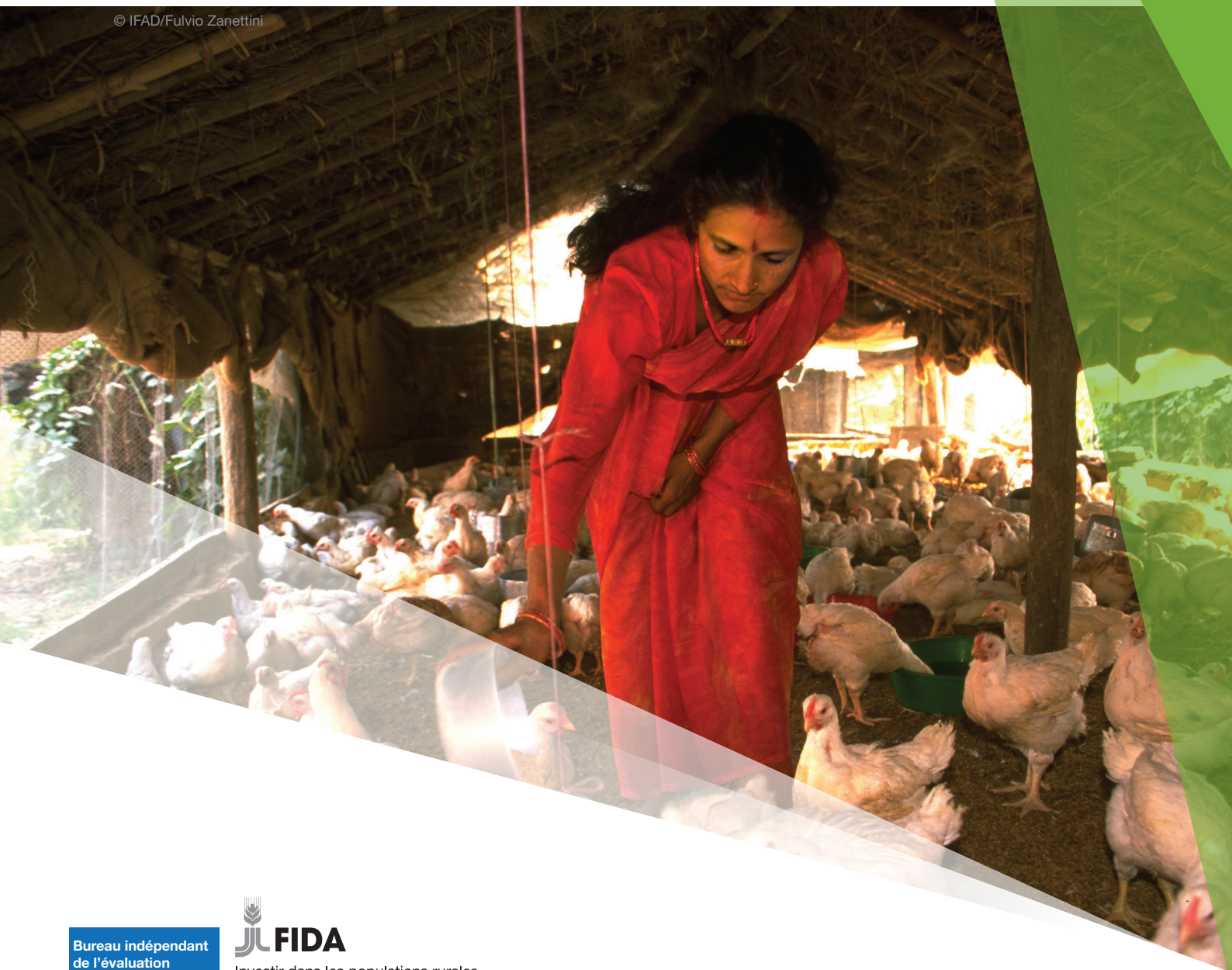


COUNTRY STRATEGY AND  
PROGRAMME EVALUATION

# Nepal

Executive summary

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Bureau indépendant  
de l'évaluation



Investir dans les populations rurales



# Executive summary

## A. Background

1. This is the third Country Strategy and Programme Evaluation (CSPE) conducted by the Independent Office of Evaluation of IFAD in Nepal and covers the period from 2013 to 2019. The previous ones were completed in 1999 and 2013. The main objectives of this CSPE are to: (i) assess the results and performance of the IFAD-financed strategy and programmes in Nepal; and (ii) generate findings and recommendations for the future partnership between IFAD and Nepal for enhanced development effectiveness, rural poverty eradication and rural transformation.
2. Since the beginning of its operations in Nepal, in 1978, IFAD has approved 17 projects for a total financial volume of US\$284 million (mostly concessional, with some grants from the Debt Sustainability Framework). Taking into account the counterpart funding from the Government, US\$84.7 million, and external cofinancing for US\$270.2 million, the estimated cost of these operation was US\$639 million.
3. This CSPE assesses the performance and results of the IFAD-funded operations since the 2013 Country strategic opportunities programme (COSOP), covering eight projects (WUPAP, LFLP, PAFP-II, HVAP, KUBK/ISFP, ASHA Project, SRERP and ASDP)<sup>1</sup> and a sample of regional and global grants.
4. **Country background.** Nepal has a population of 29.3 million people (2017), of whom 81 per cent live in rural areas. It is a low-income country with a per capita gross domestic product (GDP) of US\$960. Between the mid-1990s and mid-2000s, Nepal witnessed internal unrest and armed conflicts, concluding in 2006 with a comprehensive peace agreement and the end of the ruling monarchy in 2008. In 2015 a new Constitution was approved which introduced a three-tiered federal system (central level, states and municipalities, or *Palikas*).
5. Migration has a very important role in the Nepalese economy. An estimated two million Nepalese work outside the country. Remittance inflows account for about 25-30 per cent of the GDP, acting as a major source of foreign exchange and income for many households.
6. Nepal has witnessed rapid fall in poverty during the past three decades. Absolute poverty decreased from 42 per cent in 1995 to slightly under 22 per cent in 2015. Poverty is more prevalent in rural areas, at 33.2 per cent, compared to urban (7 per cent). Child stunting rate (below age 5) stands at 36 per cent (2016), which is high but has fallen from 49.2 per cent in 2006.
7. Nepal's economy is heavily dependent on agriculture, which represents 27 per cent of the GDP (2017). Average landholding is low (0.7 hectares (ha) per household), with 52 per cent of total agricultural households operating on less than 0.5 ha. Transitioning to higher-value products (crops but also livestock) per unit of land is a crucial element for agricultural development. Nepal's agriculture sector comes under the purview of the Agriculture Development Strategy 2015-35. Value chains and agricultural modernization and commercialization occupy an important role in this strategy, along with improved governance.

## B. Project portfolio performance

8. **Relevance.** The objectives of the projects were aligned well with the Government's stated policies, as outlined in the relevant five-year plans and the Agriculture

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<sup>1</sup> Western Uplands Poverty Alleviation Project (WUPAP), Leasehold Forestry and Livestock Programme (LFLP), Poverty Alleviation Fund Project II (PAFP-II), High value agricultural project in hill and mountain areas (HVAP), Kisanakalgi Unnat Biu-Bijan Karyakram/Improved Seeds for Farmers (KUBK/ISFP), Adaptation of Smallholders in Hilly Areas Project (ASHA Project), Samridhhi-Rural Enterprises and Remittances Programme (SRERP) and Agriculture Sector Development Programme (ASDP).

Development Strategy. Key thematic areas of the portfolio are relevant to rural poverty reduction and agricultural development in Nepal. For instance, the portfolio has focused on *higher-value crops* such as spices, fruits and off-season vegetables, and seed production. All of these have the potential for marketing within Nepal as well as abroad. Of special interest is seed production, for which there is unmet demand nationally. *Livestock development* is also a pathway to increasing farm productivity. Projects have mostly focused on improved goat breeds for meat production (e.g. LFLP, KUBK). While ideally suited to beneficiaries' needs, increasing livestock numbers may have adverse effects on the environment, if not properly managed. *Leasehold forestry* for very poor households is a relevant approach to restore degraded forest and enable greater fodder production to support livestock-rearing and the production of saleable non-timber forest products.

9. *Marketing and value chain development* are part of the strategy to increase smallholder farm profitability. The focus on value chain development was important in HVAP and its successor ASDP. KUBK's focus was on both production and marketing support (the latter particularly for seed, less so for livestock). SRERP was initially designed for rural enterprise support but is now refocusing towards value chain development.
10. However, in the portfolio there were several instances of complex and non-integrated project designs, which later required lengthy and costly amendment. In the case of WUPAP, the original five components, with multiple activities, required technical service delivery from different district line agencies, including agriculture, forestry, livestock and local development. SRERP also had a complex design, bringing together issues of migration, remittances, investment in value addition and in more sophisticated processing and marketing. Project staff requirements at the local level were often under-estimated, which led to the need for major redesign. Overall, the portfolio relevance is assessed as moderately satisfactory.
11. **Effectiveness.** The project portfolio effectiveness is rated as satisfactory, given that achievements of targets were relatively high and in spite of exogenous adverse factors (e.g. the 2015 earthquake). The leasehold forestry model has proved to be an effective approach to natural resource management. LFLP handed over a total of 20,450 ha of degraded forestland (target 31,000 ha) to 4,101 groups (88 per cent of the target) involving 40,638 households (92 per cent of the target). About 60 per cent of households adopted improved forage cultivation techniques, with half growing either Stylo, Napier, Molasses or other forage crops.
12. Cereal seed production (truthfully labelled seeds) fetched higher revenues (about 30 per cent) for smallholder farmers, compared to producing grains for animal feed. Sizeable grants (US\$93,000 or higher) were provided to five agribusinesses that agreed to purchase seeds from smallholder farmers. It is not clear whether these companies will continue purchasing after project completion.
13. HVAP supported high-value products. Some 13,357 households (83.7 per cent of the beneficiaries) reported increases in the productivity of high-value agriculture crops, such as apple, ginger, turmeric, timur, off-season vegetables and vegetable seeds, thanks to the use of quality seeds, improved on-farm management practices and irrigation. Under both HVAP and KUBK, multistakeholder platforms have been instrumental to promote business linkages and trust between agribusinesses, traders and people's organizations. The platforms have helped negotiate fixed prices, thus protecting farmers (but also buyers) from seasonal fluctuations.
14. Projects were generally effective at reaching women, low-caste groups and indigenous peoples, and other disadvantaged groups, through a combination of inclusive community targeting, direct targeting based on household assets and food-self-sufficiency levels, and self-targeting. However, some implementation practices, such as requesting upfront financial contributions from beneficiaries

(KUBK and ASHA Project) can challenge the participation of the poorest, who are typically cash-constrained.

15. **Efficiency** is assessed as moderately satisfactory. There have been delays at start-up and early year implementation. Delays have been linked to adjustment to project design, staff shortage, major policy changes (e.g. federalization), natural disaster (the 2015 earthquake) and turnover of IFAD and government staff. However, implementation pace accelerated after the mid-term review, and at the time of completion, projects achieved most of their targets. Programme management cost ratios were within IFAD standards: taking into account the difficult access to project sites (due to remoteness and limited infrastructure), these ratios represent a considerable achievement.
16. **Impact on rural poverty** is assessed as satisfactory. The available data suggest a generally positive impact on household income and net assets, with significant increases for groups raising livestock, producing seed and engaged in value chains (ISFP, HVAP, WUPAP). Moreover, increased access to group-based or cooperative financial services has reduced household indebtedness to moneylenders (PAFP-II, HVAP, ISFP).
17. Projects have also helped improve human and social capital. For example, a 2014 LFLP impact study showed an increase in the literacy rate of programme households from 49 per cent in 2006 to 86 per cent in 2013, probably thanks to adult literacy and numeracy initiatives. PAFP-II interventions generated social empowerment among members, particularly among women and the Dalit: increased self-esteem and reduced incidence of discrimination and abuse. Greater access to infrastructure reduced drudgery, particularly in water collection by women and children.
18. As to LFLP, data on food security increase are impressive but the degree of attribution is unclear. The fall of the proportion of households experiencing the first hungry season declined from 64 per cent in 2007 to 22 per cent in 2012, but this followed decreasing rates of poverty nationally. On the other hand, full attribution is plausible for the increase in cover on leasehold forest plots and fodder. Over 75 per cent of the leasehold groups reported reduced time required for the collection of fodder and firewood. Food insecurity (months with insufficient food to eat) has decreased among beneficiaries of KUBK, notably during the first hungry season, which occurs in different months between March and September in different districts.
19. **Sustainability of benefits** is assessed as moderately satisfactory. Leasehold forestry is now an established approach in Nepal for the implementation of community-based forest management and is enshrined in national policies.
20. For many community-based organizations supported by the projects, conversion into a cooperative or federation of cooperatives has been a key step towards sustainability. It gave them legal status, which in turn enabled access to additional resources, including funds from rural development banks.
21. In several projects, the maintenance of infrastructure is a matter of concern, due to lack of adequate engineering advice. In some cases (KUBK), the maintenance of equipment and infrastructure is not planned in a clear manner with the end-users.
22. **Innovation** is assessed as moderately satisfactory across the portfolio. The projects did not support major technological innovations but introduced new organizational approaches. Multistakeholder platforms for value chain development were new in the Nepali context. Promoted by the Netherlands Development Organisation, they linked producers with service providers, agribusinesses and traders and helped negotiate contractual conditions.

23. Community breeding of improved goats, as opposed to traditional breeding in research stations, is also a novelty in Nepal. Several breeder herd members had previously migrated for employment to India, Malaysia and Gulf countries, but now are able to stay in Nepal, thanks to additional income from goat-rearing. However, there is an urgent need to rotate the bucks to prevent inbreeding.
24. The introduction of "paying for service" mechanisms (e.g. PAFP-II) for grassroots communities can be considered as a novelty in a country where community development has been heavily dependent on external support (NGOs, donors). Grassroots groups are now introducing charges to their services (e.g. loan interest), in order to pay for service providers (e.g. financial service facilitators).
25. **Scaling up** has been assessed as moderately satisfactory. The continuation and expansion of leasehold forestry activities by District Forest Offices (out of their own resources) is an example of scaling up. The leasehold forestry concept has also been scaled up by other programmes not funded by IFAD, such as in eight Terai districts by the Biodiversity Sector Programme for Siwalik and Terai and in three hill districts by the Livelihoods and Forestry Programme and Multi-Stakeholder Forestry Programme.
26. In the case of inclusive value chain development, the fact that the Swiss Government will provide cofunding to ASDP (successor project to HVAP) and that HVAP provided inputs to the development of the Agricultural Development Strategy represent examples of scaling up.
27. **Gender equality and women's empowerment.** The participation of women in project activities and in decision-making roles has generally been high. Participation by women in projects has been between 44 and 80 per cent. Women have heavy workloads and are already engaged in long days in rural Nepal, also due to male migration. Addressing household workload is a prerequisite to their engagement in income-generating activities.
28. Village fodder nurseries in support of dairy production improvement (KUBK) and small ruminant rearing (LFLP, WUPAP, KUBK) have helped reduce women's workload. Small ruminant and dairy enterprises are particularly popular with women, providing regular income. Women have also successfully taken up several value chain enterprises, seed production and irrigated agriculture.
29. Engagement in economic activities, group leadership, involvement in markets and enterprises, and technical trainings have increased women's confidence and ability to engage outside their home. They have reduced their dependency on their husbands, and other male family members. Financial contribution by women to the family has also gained their respect from their relatives.
30. The rating for gender equality is satisfactory, given the strong focus on several dimensions of women's empowerment in project design and progress made in financial and social equality at implementation. However, a clear area for improvement is achieving better gender balance in the project teams.
31. **Natural resource management** is assessed as moderately satisfactory. Leasehold forestry interventions proved to be an effective pro-poor model for environmental conservation and poverty reduction. They had positive environmental effects, thanks to the conversion of degraded forest into productive forest, producing fodder, firewood and timber and non-timber products, combined with increased water retention and protection of steep slopes.
32. The long-term environmental consequence of livestock expansion, due to a corresponding increase in the demand for feed and fodder, is difficult to predict. All projects are promoting increased stall-fed feeding, which is beneficial to the environment, but there are no clear data on fodder cultivation and months during which stall-feeding is practiced. There may be environmental risks if the number of

livestock heads goes beyond carrying capacity. This risk needs to be regularly monitored.

33. Water management interventions in the form of small-scale irrigation canals, irrigation water ponds and recharge ponds have positive outcomes on the environment. However, in several projects, arrangements for water management (and maintenance of the community infrastructure) have not been set up clearly within the user groups.
34. **Climate change adaptation** is assessed as moderately satisfactory. The promotion of leasehold forestry can generate benefits for the greenhouse gas balance. A study by the Food and Agriculture Organization of the United Nations in 2012 estimated that leasehold forestry could lead to a reduction in greenhouse gas emissions and carbon sequestration equivalent to an average of 4.6 tons of carbon dioxide per ha per year.
35. ASHA Project is dedicated to climate change adaptation and expected to seek collaboration with different government and non-governmental organizations in the preparation and implementation of Local Adaptation Plans for Action. However, the majority of the activities selected by ASHA Project are similar to those of other projects that focus on crop production, drip irrigation, poly-tunnels, improved livestock sheds and farmer field schools, among others.
36. Although they do not focus on climate change adaptation, other projects have some environmentally smart interventions, such as poly-tunnels, water storage and micro-irrigation that can increase the ability of farmers to withstand climatic shocks.

### **C. Assessment of non-lending activities**

37. **Knowledge management.** The projects applied different types of knowledge dissemination mechanisms, such as workshop/seminars, meetings. For example, HVAP organized annual district-level workshops to bring together all communities and to discuss about innovation and new technologies. It has also developed a "How-to-Do" note on multi-stakeholder platforms, as a step-by step manual for the producer organizations and private sector service providers. All projects started using electronic media (websites, videos, uploading articles and how-to-do notes) for sharing and disseminating knowledge.
38. Knowledge management initiatives during the 2013 COSOP cycle have produced project-level products and processes but there have been little effort and resource to prepare knowledge products, based on the portfolio experience, that could contribute to national policy dialogue or to an IFAD regional knowledge repository. Other international organizations, through country-based working papers, research papers or monographs, produced with corporate support, have contributed to national policy level discussion or for donor forums. With a few exceptions, IFAD has not been active in availing such opportunities, which could have been pursued in collaboration with other partners.
39. **Partnerships.** Partnerships with governmental entities have been strong at the coordination level. Federal government functionaries highly appreciate IFAD's work and its sustained support to the country. IFAD's programme bears full alignment and coherence with government strategies in agriculture and rural economy (i.e. commercialization, agriculture modernization and value chain approaches).
40. Partnerships with provincial and local government (Palika) levels are evolving in light of changes in the Constitution and new federalization. The IFAD-financed projects are developing working relationships with these new decentralized structures. There have been implementation slow-downs due to lack of clear delineation of authorities among the tiers of the government and due to shortage of staff.



41. With the World Bank, IFAD had a longstanding cofinancing partnership. IFAD was a co-financing partner of PAFP, and the partnership effectively supported this national programme from 2008 until December 2018, through two financing cycles. IFAD's partnership with the World Bank in this initiative afforded an outreach and coverage which would have been impossible for IFAD to accomplish single-handedly. During most of the 2013 COSOP period, beyond PAFP, the partnership engagement with the World Bank was at a low ebb, with lack of new common ground to work as partners. In the context of the next COSOP, discussions are underway to reinvigorate this partnership and cofinance a rural enterprise project.
42. The Partnership with the Netherlands Development Organisation (SNV) is an example of infusion of technical expertise. SNV played a vital role in turning the value chain concepts into practical plans and arrangements and in developing manuals. The positive partnership experience generated a collaborative relationship with the Swiss Development Cooperation (SDC), which is funding technical assistance support to ASDP. However, SDC is now requesting that ASDP more explicitly support the new federal system and this may require some renegotiation with SDC and the Government.
43. IFAD has had little collaboration with UN agencies and Rome-based agencies during the 2013 COSOP period, due to limited Country Office staffing. IFAD is a signatory of the United Nations Development Assistance Framework (UNDAF) and is committed to supporting the Sustainable Development Goals in Nepal. However, its level of participation with the relevant UNDAF coordination groups and UN Country Team is infrequent.
44. Partnerships have begun with the private sector in IFAD-funded projects. Working partnerships were developed by HVAP, ISFP/KUBK and SRERP with private agribusiness companies as buyers of produce from smallholder farmers. Some of them have exported to international markets. However, in the case of seeds (KUBK), private sector collaboration has been tied to sizeable grants and without clear commitment to continue after project closure.
45. **Engagement in policy dialogue.** At the national level, IFAD and ADB provided financing to the development of the Agricultural Development Strategy, joined by another 11 development partners at a later stage. IFAD is a member of the Local Donor Group and a core member of National Portfolio Performance Review. Individual projects had some policy support initiatives. The latest amendment in the Forest Policy, incorporating the provisions of shared benefits to leaseholders, is an example of policy input through IFAD's experience in leasehold forestry.
46. Engagement in policy processes in the country is severely constrained by the resources of the Country Office (a single national staff member). Policy engagement is relatively a longer-term process, which needs regular dialogue and interactions at various levels of the government and with the donor partners. IFAD CPMs have a pivotal role to play in bringing to government's attention proven project successes and advocate to government policymakers for their scaling up. Frequent CPM rotations created a critical void in policy engagement with national authorities and development partners.

## **D. Country programme strategy performance**

47. **Relevance.** The 2013 COSOP was formulated following a consultative process with the Government, and with the participation of a wide cross-section of stakeholders. While emphasizing commercialization of agriculture, it maintained a focus on the inclusion of poor and disadvantaged groups such as Dalit, Janajati and women. On the other hand, the COSOP de-emphasized the "traditional" approaches that supported basic needs and services in more remote areas, in spite of their overall good performance.



48. The 2013 COSOP was prepared before federalization and the latter challenges the *modus operandi* of IFAD and other development organizations. IFAD's current strategy as well as project design and implementation are guided by a centrally driven mindset, as has been the case with most development agencies.
49. **Effectiveness.** Under Strategic Objective 1, *Promoting rural income diversification and stimulating employment*, the programme helped increase the productivity of high-value agricultural crops and seed. It promoted linkages between small-scale producers of fruits, spices, vegetables and high-value crops with aggregators, processors and exporters. Promotion of market linkages was less strong for livestock. Projects recorded a generally upward trend in household incomes and net assets of beneficiaries.
50. Under Strategic Objective 2, *Strengthening food security and resilience to climatic and other risks*, projects have contributed to an increase in crop and livestock productivity and incomes, which exerted a positive impact on food availability. Overall, projects paid moderate attention to climate change adaptation. One project (ASHA Project) was in principle fully dedicated to climate adaptation, although to date it has supported productive activities which could be found in other projects as well.
51. Under Strategic Objective 3, *Promoting inclusive, accountable and sustainable rural institutions*, projects across the board supported community-level savings and credit institutions, which had varying degrees of sustainability. The groups that were able to consolidate into cooperatives gained access to further financing, from rural banks and government initiatives. LFLP helped institutionalize leasehold forestry, through the establishment of a Leasehold Forestry Division within the Department of Forest. HVAP and KUBK have introduced multistakeholder platforms to make the governance of value chain more inclusive. So far, these platforms have consisted of a single annual meeting and there is not yet sign of an evolution to more regular exchanges. However, the approach has attracted the interest of the District Chambers of Commerce, which plan to continue their support.
52. IFAD's engagement in non-lending activities was foreseen as an instrument to achieve all three strategic objectives. The performance of non-lending activities improved compared to the previous CSPE, thanks to initiatives funded by the projects. However, they have been undercut by key limiting factors, including: (i) IFAD's limited country presence, with only one resident staff member; (ii) unclearly defined lines of responsibility in IFAD for pursuing non-lending activities; and (iii) the regional and global nature of grants, which did not help strong linkages with the loan portfolio to be forged.

## E. Conclusions

53. The overall programme effectiveness and impacts on rural poverty have improved, compared to the situation at the time of the previous CSPE in Nepal. The progressive emphasis on high-value products and inclusive commercialization of agriculture has been relevant to the context of rural poverty in Nepal and to national strategies and initiatives. As farm fragmentation and low productivity of staple crops challenge the economic viability of traditional farming systems, the emphasis of the IFAD-funded programme on higher-value products contributes to increasing the value of farm production and its profitability.
54. Linking small-scale farmers with value chains was important to enhance their economic opportunities, and the IFAD-funded programme has made significant progress. It has improved farmers' access to markets, including international markets, but also contributed to some transparency of contracting and predictability of prices.
55. Interventions on value chain governance are still at an early stage but have generated interest in local institutions such as the District Chambers of Commerce.

They have promoted the engagement of private sector actors such as traders, agribusinesses and processors. In the case of cereal seed commodities, producer-buyer linkages are still dependent on sizable project subsidies to selected agribusinesses and these are yet to be reflected in a long-term engagement to cooperate with small-scale producers.

56. The IFAD-funded programme also recorded positive experiences in traditional community-based and integrated rural development in more remote areas. However, attention to these approaches has decreased significantly, in spite of their importance and good track record. Interventions in marginal areas were effective at creating basic welfare and production conditions, which could have been built upon through more market-oriented approaches. However, this opportunity was not actively pursued, and this traditional approach has tended to disappear from the portfolio since the completion of PAFP-II.
57. There is a contrast between the important results achieved so far and the implementation delays and challenges faced by most projects. The serious challenges to work in rural Nepal with isolated communities and underdeveloped infrastructure (notably roads and potable water) cannot be overstated. At the same time, there have been endogenous factors for the delays, such as design complexity and under-estimation of project staffing requirements at the local level.
58. The current strategy and organizational arrangements of the IFAD-funded programme in Nepal, as well as of several other development agencies, were devised before the introduction of the new federalization system. The challenge is not only to adapt IFAD project design to the new system, it is also to help develop the capacity of new system, particularly at the state (Province) and Palika levels, to support smallholder agriculture, rural poverty reduction and rural transformation.
59. IFAD's Country Office in Nepal is under-resourced and has received limited corporate support. The office has been run by a single but qualified and committed staff member. However, the increasing portfolio size and the number of corporate requests have severely constrained strategic knowledge management and higher-level partnership and policy engagement, nationally and regionally.

## **F. Recommendations**

60. **Recommendation 1. Support federalization as an integral part of the preparation of the new COSOP and project design.** The focus should not only be on how to adapt the project architecture (e.g. budgeting, transfer of funds, monitoring and evaluation, fiduciary controls) to the new system, but also on how to support local governments in promoting rural development, including local infrastructure, extension and advisory services, and economic opportunities. IFAD will need to collaborate with other like-minded development agencies.
61. **Recommendation 2. Continue the support to value chain development with renewed emphasis on inclusiveness.** IFAD and the Government need to continue emphasis on the inclusion of poor and very poor small-scale producers (e.g. Dalit, Janajati, women) and youth by making special provision for them in the project design. The current prefinancing requirements for beneficiaries, which create disincentives for very poor producers, need to be revisited. Another priority is to strengthen the consultation forums between value chain stakeholders (e.g. multi-stakeholder platforms) so that they can become instruments to improve value chain governance in a more inclusive manner.
62. **Recommendation 3. Bring back to the spectrum of IFAD funding the support to community development, basic infrastructure and services as a preparatory step for further economic opportunities.** In areas where commercialization of agriculture has not yet emerged, working on local infrastructure (e.g. feeder roads, bridges, potable water), services and functional literacy can create the basis for further economic development. These can be

further built upon through a more pronounced market and value chain orientation in a follow-up project phase.

63. **Recommendation 4. Integrate natural resource management and climate change adaptation in all project designs.** The Government and IFAD can build upon their experience in leasehold forestry and low external input agriculture. It may be more effective and efficient to include climate change-proofing elements in all projects, rather than funding a single dedicated project on this topic. Given the portfolio's ubiquitous investment in livestock, the environmental consequences on forests and grasslands need to be monitored systematically.
64. **Recommendation 5. Strengthen partnerships for specialized technical support and for cofinancing.** IFAD should explore further cooperation opportunities with development agencies, NGOs and other development partners that have demonstrated technical experience in crucial portfolio areas (e.g. value chain development, support to decentralization, community-based development). This would enhance the quality and innovativeness of project design and implementation, but also open opportunities for policy engagement and for scaling up of results.
65. **Recommendation 6. Enhance portfolio management and implementation preparedness.** IFAD could aim to approve a single new project (excluding loans for project top-up) in any given Performance-based Allocation cycle, so as to keep the number of ongoing projects in check. Project design will require a more proactive role for the Government in the formulation process and in validating the technical proposals. In order to enhance implementation preparedness, IFAD could make use of its newly introduced instruments for pre-financing project implementation and for building capacity for implementation.
66. **Recommendation 7. IFAD needs to strengthen its Country Office in Nepal and its corporate support to the country programme.** The staffing of the Country Office needs strengthening and, preferably, should have a resident country director. In addition, thematic support from the subregional hub and headquarters, combined with country-specific grants, could help IFAD engage in higher-level knowledge management and policy engagement.