

## **Nepal Country Programme Evaluation**

**National Roundtable Workshop, Kathmandu, 23 January 2013**

**Speaking Points - Mr Ashwani Muthoo, Acting Director,  
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- Honourable Minister of Finance,
- Distinguished representatives of government agencies,
- Ladies and Gentlemen,

### **A. Introduction to the Evaluation, IOE and the purpose of the workshop**

- First of all, I would like to welcome you and thank you very much for participating in today's National Roundtable Workshop on the Nepal country programme evaluation. I am really pleased to see so many participants from very diverse organizations and backgrounds, which will enrich the debate and exchange that we shall have during the day.
- The Independent Office of Evaluation of IFAD is an integral division in the organizational architecture of the Fund. However, our independence as an office is primarily derived by the fact that we report directly to the Executive Board of IFAD. The mandate of our office is to undertake evaluations of projects, country programmes – such as for example the country programme evaluation in Nepal - and corporate policies, with the aim of assessing results achieved, and generating lessons for further strengthening the performance of IFAD-financed operations on the ground. In particular, the purpose of the Nepal country programme evaluation is therefore to provide building blocks that can assist Government, IFAD and other concerned partners in developing the next country strategy - COSOP - and projects financed by IFAD in the country.
- As some of you may know, this is the second country programme evaluation done by the Independent Office of Evaluation in Nepal. The first one was completed in 1999. Given that our Office conducts only around 5 to 7 country program evaluations per year in all regions of the world, having conducted two country programme evaluations in this country may be considered as an indicator of the importance IFAD attributes to its partnership and overall collaboration with Nepal.

- The objective of the workshop today is to have an opportunity to discuss with you the main findings and recommendations from the Nepal country programme evaluation, and reflect on their implications for the future co-operation between IFAD and Nepal. In particular, the workshop will provide valuable inputs towards the preparation of the evaluation's Agreement at Completion Point. The Agreement at Completion Point is a short document that will be formulated soon after the workshop, containing the main recommendations from the country programme evaluation that Government of Nepal and IFAD Management agreed to adopt and implement within specific timeframes. As per IFAD's Evaluation Policy, the Agreement at Completion Point will be signed by the designated representative of the Government and IFAD's Associate Vice President for Programmes or his representative.
- Moreover, I would like to inform you that, as per a recent decision taken by IFAD Governing Bodies, country programme evaluations inclusive of the corresponding Agreement at Completion Point will be discussed in IFAD's Executive Board at the same time when the Fund submits the next COSOP for consideration of the Board. Therefore, the Nepal CPE will be discussed in the Executive Board together with the forthcoming COSOP, which is likely to happen at the September 2013 of the Board.

## **B. Highlights from the Nepal CPE**

- Later this morning, my colleague Konstantin Atanesyan, Senior Evaluation Officer and lead evaluator for the Nepal country programme evaluation, will present you the main findings and recommendations from the evaluation. Hence, at this stage, I will confine myself to highlighting only a few findings from the evaluation, as a more comprehensive presentation will shortly be made by my colleague.
- This Nepal country programme evaluation covers over a decade of IFAD's cooperation with Nepal (1999-2012). During this period, and in spite of moderate economic growth, Nepal has achieved visible gains in poverty reduction, mainly driven by increased remittances, greater connectivity and urbanization. Despite these improvements, poverty remains severe, with problems of food security and malnutrition. IFAD's support during the evaluated period has concentrated on rural poverty alleviation through integrated agricultural and rural development programmes; leasehold forestry; and agricultural value-chain development.
- Overall, the IFAD/Nepal partnership for the period reviewed is assessed to be moderately satisfactory, considering improvements in the later part of the period. The IFAD-supported programme portfolio is rated moderately satisfactory mainly owing to recent improvements in support to leasehold

forestry and the satisfactory performance of the IFAD-financed Poverty Alleviation Fund, the PAF, a successful nationwide programme, mainly owing to its demand-driven approach to rural development.

- IFAD also has led efforts to support the introduction of leasehold forestry for the poorest rural households in Nepal. The two IFAD-supported programmes have contributed to poverty reduction, in particular by distributing livestock as well as by improving the environment. Forest cover has been re-established in many areas, and many leasehold groups had been created and are operational, albeit with mixed sustainability potential.
- While the overall portfolio is relevant and many quantitative targets have indeed been achieved, the efficiency in delivery, sustainability of benefits, and Government performance were less successful areas. These are three important inter-related dimensions that will need attention moving forward. Support to rural finance was weak, which is also a critical ingredient for ensuring greater investments by the target group for better productivity and food security and incomes.
- The evaluation did however find that the design of the more recent IFAD-supported operations, namely the high value agriculture and seeds for farmers programs, has taken into account some of the aforementioned issues, and provided more focused support in specific thematic and geographic areas.
- IFAD's strategic approach in Nepal (as reflected in past two COSOPs) was overall relevant, although it somewhat underestimated the challenges of lack of responsive local governments in conflict and post-conflict situations. Despite the fact that the Fund's proxy field presence was upgraded to an IFAD country office in 2008, with an effective national country programme coordinator, the COSOPs did not seem to have allocated sufficient resources to maintain an appropriate level of knowledge management, policy dialogue and participation in donor coordination activities. I was however pleased to learn that, in spite of the constrained budget allocations, IFAD made useful contributions in the formulation of the country's Agricultural Development Strategy and the latest UNDAF.
- IFAD emphasized partnerships with civil society organizations that were well positioned to work in conflict and post-conflict situations. Such partnerships worked well when facilitated by grants: in fact, a number of country-specific grants delivered good results and impact, notably those for local livelihoods and high-value agriculture based on an inclusive business approach. There is however opportunity for pursuing better linkages between IFAD's regional and sub-regional grants programme and the Nepal country programme in

general, so that grant findings can further strengthen outcomes at the local level in the country.

- Overall, the CPE concluded that IFAD's country programme has contributed to alleviation of rural poverty (making many rural households less poor), but it has made only a relatively modest contribution to poverty reduction (helping people escape poverty for good). The evaluation does however believe that with continued collective efforts, the Nepal/IFAD partnership - with a special focus on small scale farm development in rural areas - has the potential of making an important contribution to agricultural growth, food self-sufficiency, and better livelihoods in the country.
- Looking forward, the CPE offers recommendations in three broad areas: (i) overall country strategy, including a paradigm shift to a two-pronged strategy combining a focus on developing profitable enterprises of economic scale along road corridors with poverty alleviation and addressing basic needs in remote areas – as well as factoring in the role of remittances and the overall fragility of the country context; (ii) policy dialogue, including early identification of important policy issues; and (iii) operations and programme management, including finding alternative means (such as partnerships and project financing) to address common problem areas in IFAD-supported programmes.
- In conclusion, I would like to express a heartfelt appreciation to the Government of Nepal, in particular to the Ministry of Finance, for their invaluable support and collaboration throughout this country programme evaluation process, and especially in the organization of today's workshop. My thanks are also due to the Head of IFAD's Corporate Services Department, Ms Lakshmi Menon for making a special effort to travel with us to Nepal, as a representative of IFAD's Senior Management Team, which is a further illustration of the importance IFAD attributes to its relationship with Nepal. Last but not least, I am grateful to Ms Honnae Kim, the Director of IFAD's Asia and Pacific Region and the IFAD Nepal Country Team (especially Thierry Benoit and Bashu Aryal) for their valuable inputs, openness and constructive attitude towards this country programme evaluation in general.