

# **EDFC-II**

**Effective Development Financing & Coordination II**  
**Annual Progress Report 2022**

UK-FCDO:	GBP 2,000,000
Unfunded:	USD 437,298

**Total Estimated Programme Budget 2020 to 2024:**

TRAC	USD 500,000
Non-TRAC	GBP 2,000,000
Total:	USD 3,558,098

**Total Programme Budget 2022:**

TRAC	USD 168,000
Non-TRAC	USD 389,732
Total:	USD 557, 732

**Total Programme Expenditure till December 2022 (TRAC & NON-TRAC):**

USD 569,142.47

**Budget Utilisation Till 2022 (TRAC & NON-TRAC):**

102%

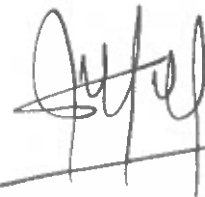
**Signature(s):**



**Dr Narayan Dhakal**

National Project Manager  
Under Secretary

Date: 23 April 2023



**Mr. Shreekrishna Nepal**

Executive- Project Board/NPD  
Joint Secretary

Date: 23 April 2023

# 1. PROGRAMME PROFILE

## About the Programme:

Programme Title:	Effective Development Financing & Coordination II (EDFC-II)
Award ID:	00126669

## Geographic Coverage of the Programme:

National level coverage (Yes/No):	Yes
Number of Regions covered:	N/A
Number of Districts Covered:	N/A
Number of Municipalities Covered:	N/A
Number of VDCs Covered:	N/A

## UNDP Strategic Plan Output 1.1.1:

Capacities developed across the whole of government to integrate the 2030 Agenda, the Paris Agreement, and other international agreements in development plans and budgets and to analyse progress towards the SDGs using innovative and data-driven solutions.

## UNDP Strategic Plan Output 1.2.2:

Enabling environment strengthened to expand public and private financing for the achievement of the SDGs.

## UNDAF Outcome 1:

By 2023, impoverished, especially economically vulnerable people will have access to sustainable livelihoods, safe and decent employment, and income opportunities.

## UNDAF/CPD Output: UNDAF/CPD Output 1.3:

Improved national capacities in planning, monitoring, financing and reporting on the 2030 agenda.

## Program Duration (day/month/year):

Start Date:	1 April 2020
End Date:	31 December 2024

## Implementing Partner(s):

Ministry of Finance

## Implementation Modality:

National Implementation (NIM)

## Programme Budget (USD):

UNDP Contribution:	USD 3,558,098
Government Commitment:	USD 0

## Donor Contributions:

## 2. ACRONYMS AND ABBREVIATIONS

<b>AMIS</b>	Aid Management Information System
<b>COVID</b>	Coronavirus Disease
<b>CPD</b>	Country Programme Document
<b>DCR</b>	Development Cooperation Report
<b>DFA</b>	Development Finance Assessment
<b>DFMIS</b>	Development Finance Information Management
<b>DPS</b>	Department of Planning and Statistics
<b>EDFC-II</b>	Effective Development Financing & Coordination II
<b>EXIM</b>	Export-Import Bank
<b>FCDO</b>	Foreign, Commonwealth & Development Office
<b>GBP</b>	Great British Pound
<b>GCF</b>	Green Climate Fund
<b>GON</b>	Government of Nepal
<b>GPEDC</b>	Global Partnership for Effective Development Cooperation
<b>IATI</b>	International Aid Transparency Initiative
<b>IBN</b>	Investment Board of Nepal
<b>ID</b>	Identification
<b>IDCP</b>	International Development Cooperation Policy
<b>IECCD</b>	International Economic Cooperation Coordination Division
<b>IFAD</b>	International Fund for Agricultural Development
<b>INGO</b>	International Non-Governmental Organisation
<b>IT</b>	Information Technology
<b>LDC</b>	Least Developed Country
<b>MOF</b>	Ministry of Finance
<b>NIM</b>	National Implementation Modality
<b>NPC</b>	National Planning Commission
<b>NPD</b>	National Project Director
<b>NRB</b>	Nepal Rastra Bank
<b>ODA</b>	Official Development Assistance
<b>SDG</b>	Sustainable Development Goals
<b>SSC</b>	South-South Cooperation
<b>TNA</b>	Training Needs Assessment
<b>TRAC</b>	Target for Resource Assignment from the Core
<b>UK</b>	United Kingdom
<b>UNDAF</b>	United Nations Development Assistance Framework
<b>UNDP</b>	United Nations Development Programme
<b>US</b>	United States
<b>USD</b>	United States Dollar

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### **3. EXECUTIVE SUMMARY**

The Effective Development Financing and Coordination (EDFC) II project aims to speed up sustainable development by making more development finance available and ensuring it is used effectively. EDFC-II considers a broader range of sources of development finance rather than just official development assistance (ODA).

In 2022, EDFC-II's main focus was to provide ongoing support for the continuous capacity building of government officials to mobilise and manage development finance effectively. EDFC-II conducted training programs at different provincial and local levels as part of its capacity development efforts. These training programs were designed to help officials mobilise development cooperation and improve development effectiveness. Three hundred sixty officials received training in various areas/topics as part of this training program.

The EDFC-II project specifically provided training on strategic planning, resource planning based on strategy, implementation, negotiation skills, project cycle management and documentation, and preparing a fiscal risk register. In addition, two workshops were held to focus on restructuring and designing the 2078/79 Economic Survey.

The project facilitated the delivery of international training in Kigali, Rwanda, and a study tour for IECCD officials focused on sharing experiences related to development cooperation management, aid transparency practices, local governance, and development practices. The learning gained during this study tour will be used to revise the IDCP and Development Cooperation Reports. EDFC also supported the production of knowledge products and research activities. As a result, the Development Cooperation Report 2020/21 was published and widely distributed to the intended audience, including development partner communities based in Kathmandu.

The project also supported the government's participation in International Aid Transparency Initiative (IATI) and Global Partnership for Effective Development Cooperation (GPEDC) meetings and the government's involvement in the Effective Development Cooperation Summit, held in Geneva, Switzerland, from December 12-14, 2022.

Though funding disbursement was below the initial projection, the program implementation has been encouraging given the budget size. Initially, the low disbursement impacted the implementation of targeted program. Finally, the fund disbursed was utilized fully to implement the program as per approved annual plan.

### **4. FIVE KEY RESULTS ACHIEVED IN 2022**

#### **4.1. CAPACITY DEVELOPMENT (TRAINING) ACTIVITIES**

- Three hundred sixty participants, including government officials, Provincial Governments (PGs), Local Governments (LGs), and Aid Management Information System (AMIS) focal points from the Department of Planning and Statistics (DPS) and international non-governmental organisations (INGOs), were capacitated in various thematic aspects of practical development cooperation, economic and financial policies, aid management, and strategic planning and resource management.
- Forty-six participants from Lumbini, Karnali, and Sudur-Paschim, including 24 Municipal/Rural Municipal governments, completed training on strategic planning, resource planning based on strategy, and implementation.
- Twenty-six government officials from the Ministry of Finance (MOF) and key ministries received training on negotiation skills.

- Sixty local government officials (26 males, four females) participated in a 2-day training on project cycle management and documentation covering aspects of development cooperation and project cycle management.
- 25 MOF officials completed English language training.
- Thirty-two government officials (29 males, three females) from the MOF's Economic Policy Division received training on preparing a fiscal risk register.
- Thirteen officials from the MOF and other relevant ministries participated in two workshops focused on restructuring and designing the 2078/79 Economic Survey.
- Nine government officials (2 Under Secretaries and seven officers, two females and seven males) participated in an international training and study tour to Kigali, Rwanda, from September 17-23, 2022, focused on sharing experiences related to development cooperation management, aid transparency practices, local governance, and development practices. The learning gained during this study tour will be applied to IDCP, and Development Cooperation Reports revisions.
- 160 government, Provincial, and local government officials received training on strategy-based resource planning for aid coordination and mobilisation.
- A policy interaction program was organised for the review and update of the International Development Cooperation Policy 2019, and consultative meetings were held with key peers and partners to gather suggestions for possible revisions. The primary objectives of this interaction were to:
  - Align the Government of Nepal's (GON) national development and planning priorities with ODA and other forms of development finance provided by Nepal's development partners.
  - Ensure that ODA and other forms of development finance are directed towards sustainable, high-impact, demand-driven initiatives that represent value for money for both the people of Nepal and their development partners.
  - Support and strengthen adequate and accountable institutional and regulatory frameworks and Standard Operating Procedures (SOPs) that facilitate the efficient and effective identification, negotiation, mobilisation, management, delivery, and monitoring of ODA and other forms of development finance.
  - Encourage more robust and inclusive multi-stakeholder partnerships between and within the GON, development partners, international and local civil society, the private sector, and other key stakeholder groups.

## **4.2. RESEARCH ACTIVITIES**

- Published the flagship publication—the Development Cooperation Report 2020/21 ([https://www.mof.gov.np/uploads/document/file/1661161034\\_1660713168\\_DCR%20Report%202021\\_7\\_2.pdf](https://www.mof.gov.np/uploads/document/file/1661161034_1660713168_DCR%20Report%202021_7_2.pdf)),
- Published (online) Development Partners Profile ([https://www.mof.gov.np/uploads/document/file/1667454524\\_Donor%20Profile.pdf](https://www.mof.gov.np/uploads/document/file/1667454524_Donor%20Profile.pdf)),
- Capitalising Green Finance for Nepal (<https://www.opml.co.uk/files/Publications/a1594-strengthening-the-disaster-risk-response-in-nepal/capitalising-green-finance-report.pdf?noredirect=1>)
- Nepal's graduation from the LDC category: Implications for international trade and development ([https://sawtee.org/publications/LDC\\_graduation\\_study\\_Sep\\_2022.pdf](https://sawtee.org/publications/LDC_graduation_study_Sep_2022.pdf))

## **4.3. IECCD LEADERSHIP PLAYED AN ACTIVE ROLE IN DIFFERENT GLOBAL INITIATIVES**

- The EDFC-II project supported the participation of government officials in the Effective Development Cooperation Summit held in Geneva, Switzerland, from December 12-14, 2022, the 2022 Asia-Pacific Regional Workshop on Strengthening Policies, Processes, and Data

Systems for Effective Development Cooperation in Bangkok, and meetings and seminars organised by the IATI data workshop held in Kigali, Rwanda. In addition, IECCD participated in a panel titled "Paving the Way for Endorsement of the New Global Partnership Monitoring" held in Cotonou, Benin.

- The project supported the participation of two government officials (1 Joint Secretary, 1 Under Secretary, 1 Official, and three males) from the Asian Development Bank's 55th Annual Meeting in Manila, Philippines.
- The project supported the participation of four government officials (1 Finance Secretary, 2 Under Secretaries, 1 Official, and four males) in the 33rd Green Climate Fund (GCF) meeting held from July 17-20 in Incheon, Republic of Korea. As Nepal continues to secure significant funding from the GCF, participation in this event is expected to help enhance national capacities to access, manage, deploy, and monitor GCF climate finance effectively and efficiently.

#### **4.4. PROJECT MONITORING**

- Twenty-six development projects funded by bilateral and multilateral development partners were monitored and observed.

#### **4.5. AID INFORMATION MANAGEMENT SYSTEM (AMIS)**

- The EDFC-II project aims to develop a fully functional, user-friendly website (AMIS) that serves as a vital source of information for practitioners, the government, development partners (DPs), and aid effectiveness actors globally. A comprehensive bid document titled "Provision of a Development Finance Information Management System (DFIMS) for Nepal" was developed in consultation with MOF officials, including the MOF-IT Department. This bid document outlines the current limitations AMIS users face, and the need to upgrade the existing AMIS to capture the diversity of development finance flows available to Nepal more efficiently and accurately. The technical evaluation of the proposals received has been completed, and the process is advancing.

### **5. BACKGROUND AND RATIONALE**

The EDFC-II project has focused on building the government's capacity to mobilise and manage Official Development Assistance (ODA). However, it is widely recognised that the development financing landscape is changing, with an increasing number of new partners and funding sources. To take advantage of these emerging sources of finance, particularly as Nepal approaches graduation from Least Developed Country status, and to ensure that they are integrated into practical systems and structures, EDFC-II has taken a broader view of development finance that goes beyond capacity development.

#### **BOX 1: NEPAL'S DEVELOPMENT COOPERATION LANDSCAPE**

Nepal's development cooperation landscape is currently marked by a focus on increasing economic growth, reducing poverty, and improving access to education and healthcare. The government of Nepal is working to implement a range of social and economic reforms aimed at achieving these goals, and economic growth has begun to recover after encountering challenges of past few years. However, Nepal also faces challenges from the evolving regional and global economic and geopolitical landscape, including supply chain disruptions and fuel price increases. Despite these challenges, Nepal is committed to working with its development partners, domestic and international civil society, and the private sector to ensure transparency and effectiveness in delivering development assistance. The government has set targets for the upcoming fiscal year, such as



achieving 8% economic growth, doubling exports and reducing imports by 20%, reducing inflation by 7%, and generating meaningful employment by enhancing domestic production.

The Government of Nepal (GON) has also been working to increase the involvement of the private sector in development activities and to promote public-private partnerships. In recent years, the GON has introduced new policies and strategies to improve the coordination and effectiveness of development cooperation, including the International Development Cooperation Policy (IDCP), launched in 2019. The IDCP aims to align Nepal's national development priorities with the assistance provided by development partners and to ensure that the aid is directed towards sustainable, high-impact initiatives that offer value for money for both Nepal and its development partners. The GON also works closely with non-state development actors (NGOs, INGOs, and CBOs) and civil society organisations to ensure their perspectives and contributions are considered in the development planning and implementation process.

The overall objective of EDFC-II is to accelerate sustainable development across sectors by increasing the availability and ensuring the effective use of diverse development finance. EDFC-II has two main objectives: (1) establishing structures and building the capacity of the government to mobilise and manage development finance effectively, and (2) increasing the availability and use of high-quality, comprehensive, and timely development finance data. These objectives are based on the following assumptions:

- Achieving Nepal's 2030 Agenda and Sustainable Development Goals (SDGs) will require significant and sustained investment. Existing sources of development finance need to be more comprehensive to meet resource gaps, and it is imperative to take advantage of new and under-utilised sources of finance.
- In addition to increased resource mobilisation, using resources more effectively to fund complex and interconnected development priorities is crucial.
- Effectiveness is achieved by making evidence-based resource allocation decisions linked to intended impacts (focusing on results) and drawing on the comparative advantages of all partners (inclusive partnerships).
- Timely, high-quality, and transparent data on development finance is essential to fully understand all financing sources available and ensure that development efforts can be coordinated, avoiding duplicative and fragmented support (transparency and accountability).
- The above is only possible with solid government leadership (country ownership). Therefore, we are putting in place policies and structures to support resource mobilisation and effective resource use. Building the capacity of government institutions and officials to oversee these arrangements is critical.

Specific areas of work for EDFC-II include strengthening the national development financing architecture, including revitalise the government-led multi-stakeholder development dialogue platform; increasing the use of non-ODA finance sources, such as blended finance, South-South Cooperation (SSC) and vertical funds; supporting Nepal's leadership role in financing and effectiveness global fora; and building the core competencies of government officials.

The goals and assumptions of EDFC-II remain equally crucial during and after the COVID-19 pandemic and financial crisis, which have threatened government revenue and fiscal space and highlighted the importance of seeking new and innovative sources of financing and more efficient spending.

## 6. PROGRAMME SUMMARY AND OBJECTIVES

### 6.1. PROJECT SUMMARY

EDFC-II aims to strengthen further the capacity of the Government of Nepal (GoN) for effective development cooperation, building on the work of the past. This will be achieved by supporting the policy and strategy efforts of the GoN and global development effectiveness initiatives, focusing on increasing aid transparency, accountability, and mutual aid information management capacity. The project also aims to enhance the evidence-based policy formulation and implementation capacity of the IECCD and line ministries and to develop a culture and system for operational learning, knowledge management, and monitoring and evaluation to measure development cooperation results. UNDP implements EDFC-II according to its standards, policies, and guidelines as a National Implementation Modality (NIM) project.

#### **Intended Outcome, as stated in the Country Programme Results and Resource Framework**

**UNDAF/CPD Outcome: 1:** By 2023, impoverished, especially economically vulnerable people will have access to sustainable livelihoods, safe and decent employment, and income opportunities

**Project Outcome:** Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihood.

**UNDAF/CPD Output 1.3:** Improved national capacities in planning, monitoring, financing and reporting on the 2030 agenda

#### **Project Output(s):**

**Output 1:** MOF/IECCD, line ministries, and sub-national governments have enhanced capacity for development effectiveness, including mobilising innovative financing tools such as blended finance, South-South and Triangulation Cooperation, and vertical funds.

**Output 2:** The capacity of IECCD/MoF and line ministries is strengthened for evidence-based decision-making, including the use of data generated through AMIS

## 7. PROGRAMMATIC REVISIONS

N/A

## 8. NARRATIVE ON KEY PROGRESS TOWARD THE UNDAF/CPD OUTCOMES

The EDFC-II project contributes to the goals outlined in the United Nations Development Assistance Framework (UNDAF) and the United Nations Development Programme (UNDP) Country Programme Document (CPD) for Nepal, which covers the period from 2018 to 2022. The relevant UNDAF/CPD outcome statement is:

*“By 2022, economically vulnerable, unemployed and under-employed people will have increased access to sustainable livelihoods and safe and decent employment and income opportunities.”*

As mentioned, EDFC-II was designed to help the government bridge the financing gap for the Sustainable Development Goals (SDGs). Increasing the availability of financing and improving the effectiveness of its use means that more resources will be available to support national development goals in all sectors and thematic areas, helping Nepal achieve its poverty reduction and economic growth targets.

Further, EDFC-II contributes to CPD output 1.3: Improved national capacities in planning, monitoring, financing and reporting on the 2030 Agenda.

In 2022, EDFC-II contributed to the UNDAF/CPD outcome by supporting the government's efforts to understand new sources of financing better. Specifically, EDFC-II supported the development and advancement of the Blended Finance Roadmap, which provides recommendations for creating an enabling environment for private sector engagement in Nepal and building government capacity to scale up this financing modality. The finalised roadmap incorporates feedback from key government entities, such as the Investment Board Nepal (IBN), the National Planning Commission (NPC), and the Nepal Rastra Bank (NRB), to ensure necessary support for its proposals. In addition, EDFC-II supported the generation of evidence on development financing and effectiveness issues through the Project Monitoring and Evaluation Missions; in 2022, 26 projects were monitored and observed.

## **8.1. OUTPUT-LEVEL RESULTS**

Activity Result 1: MOF/IECCD, line ministries and sub-national governments have enhanced capacity for development effectiveness, including mobilising innovative financing tools such as blended finance, South-South and Triangulation Cooperation, and vertical funds.

Activity Result 1: The following Output-Level Results were achieved in 2022:

### **8.1.1. CAPACITY DEVELOPMENT (TRAINING) ACTIVITIES**

In 2022, the EDFC-II project conducted various training programs (benefiting 360 officials) at the provincial and local levels to build the capacity of government officials in effective development cooperation and resource management. This included:

- Completing training on strategic planning, resource planning, and implementation for 46 participants from Lumbini, Karnali, and Sudur-Paschim Province, including 24 municipal/rural municipal governments.
- Conducting training on negotiation skills for 26 government officials from the Ministry of Finance and key ministries.
- Conducting two dynamics of development cooperation/project cycle management and documentation training programs for 60 local government officials, covering the dimensions of development cooperation and project cycle management.
- Providing English language training for 25 officials from the Ministry of Finance.
- Conducting training on preparing a fiscal risk register for 32 government officials from the Ministry of Finance's Economic Policy Division.
- Holding two workshops on restructuring and designing the 2078/79 Economic Survey for 13 officials from the Ministry of Finance and other relevant ministries.
- Conducting an international training and study tour for IECCD officials in Kigali, Rwanda, from 17-23 September 2022, focused on sharing experiences on development cooperation management, aid transparency practices, and local governance and development practices. The learning from this study tour will be applied to revisions to the IDCP and Development Cooperation Reports.

### **8.1.2. RESEARCH ACTIVITIES**

EDFC-II supported the production of knowledge products and research activities.

EDFC-II supported creating and disseminating the Development Cooperation Report 2020/21, distributed to relevant audiences, including development partners in Kathmandu.

- Published Development Cooperation Report 2020/21 ([https://www.mof.gov.np/uploads/document/file/1661161034\\_1660713168\\_DCR%20Report%202021\\_7\\_2.pdf](https://www.mof.gov.np/uploads/document/file/1661161034_1660713168_DCR%20Report%202021_7_2.pdf))
- Published (online) Development Partners Profile ([https://www.mof.gov.np/uploads/document/file/1667454524\\_Donor%20Profile.pdf](https://www.mof.gov.np/uploads/document/file/1667454524_Donor%20Profile.pdf))
- Capitalising Green Finance for Nepal (<https://www.opml.co.uk/files/Publications/a1594-strengthening-the-disaster-risk-response-in-nepal/capitalising-green-finance-report.pdf?noredirect=1>)
- Nepal's graduation from the LDC category: Implications for international trade and development ([https://sawtee.org/publications/LDC\\_graduation\\_study\\_Sep\\_2022.pdf](https://sawtee.org/publications/LDC_graduation_study_Sep_2022.pdf))

### **8.1.3. POLICY CONSULTATION/ENGAGEMENTS**

- The EDFC-II project organised a policy interaction program to review and update the International Development Cooperation Policy (IDCP) 2019. During this process, consultative meetings were held with key stakeholders and partners to gather suggestions for possible revisions. The main objective of this interaction was to provide qualitative and quantitative recommendations for the review process of the IDCP 2019.
- On September 6, 2022, the project facilitated Nepal's first in-person Development Partner Dialogue since the outbreak of the Covid-19 pandemic in early 2020. The Minister of Finance chaired the event and discussed social and economic reform initiatives with which development partners have been asked to align their support. Participants also used the opportunity to reflect on the various impacts of the Covid-19 pandemic, economic recovery efforts, and the formulation and implementation of Covid-19 fiscal and policy responses.
- In addition, the event launched the FY2020/21 Development Cooperation Report, an annual flagship report produced by the Ministry of Finance's International Economic Cooperation Coordination Division (IECCD). The report provides a comprehensive analysis of Nepal's international development assistance landscape, both quantitatively and qualitatively.

### **8.1.4. PARTICIPATION IN INTERNATIONAL PROGRAMS**

With the support of EDFC-II, officials from Nepal's Ministry of Finance (MOF) participated in several global events and initiatives:

- The Effective Development Cooperation Summit in Geneva, Switzerland, from December 12-14, 2022, with three MOF officials in attendance.
- The 2022 Asia-Pacific Regional workshop: Strengthening Policies, Processes, and Data Systems for Effective Development Cooperation in Bangkok, Thailand, with MOF officials participating in meetings and seminars arranged by the International Aid Transparency Initiative (IATI) data workshop in Kigali, Rwanda, and participating in a panel discussion titled "Paving the Way for Endorsement of the New Global Partnership Monitoring" held in Cotonou, Benin.
- The Asian Development Bank's 55th Annual Meeting in Manila, Philippines, with the project supporting the participation of two officials from the Government of Nepal (GON) (one Joint Secretary, one Under Secretary, and one official).
- The 33rd Green Climate Fund meeting in Incheon, Republic of Korea, with the project supporting the participation of four GON officials (one Finance Secretary, two Under Secretaries, and one official). This event is expected to help strengthen Nepal's national capacities to access, manage, deploy, and monitor Green Climate Fund climate finance effectively and efficiently as Nepal continues to secure significant volumes of GCF funding.

### 8.1.5. PROJECT MONITORING AND EVALUATION MISSIONS

- EDFC-II supported the monitoring and observation of 26 development projects that bilateral and multilateral development partners funded.

S.N and Place	Monitored Project List
Gandaki Province	With the support of EDFC-II, the construction and progress of the Pokhara International Airport and the Raghughat Hydropower Project were monitored. The Pokhara International Airport was found to be over 90% complete, with follow-up discussions focused on completing the remaining work and bringing the airport into operation. The Raghughat Hydropower Project, funded by a combination of a soft loan from the EXIM Bank of India and funding from the Nepal Electricity Authority, was found to require further coordination between the Gandaki Provincial Government and the Project Unit to facilitate progress at the construction site.
Bagmati Province	The EDFC-II project enabled monitoring of the Samriddhi - Rural Enterprises and Remittances Project, which is funded by the International Fund for Agricultural Development (IFAD) and aims to provide sustainable income sources to poor households. Through this monitoring, the project was able to address implementation issues at the local level and improve coordination between project stakeholders. The EDFC-II project also enabled monitoring of the Prime Ministers' Employment Programme, which is funded by the World Bank and implemented in Ratna Nagar Municipality, Chitwan District. This national flagship program aims to provide guaranteed employment and promote social protection in Nepal. However, difficulties in project execution were identified, including issues with the transfer of funds and coordination across different levels of government.
Sudur Paschim Province	The Rani Jamara Kulariya Irrigation Project in Kailali District was monitored as part of the EDFC-II project. Issues including delays in construction due to compensation claims and disputes with contractors were discussed during the monitoring visit. This project is a "National Pride" project, aimed at developing a canal system to serve a command area of 20,300 hectares.

**Activity Result 2:** The capacity of IECCD/MoF and line ministries is strengthened for evidence-based decision-making, including the use of data generated through AMIS

EDFC-II was designed to support the Nepal AMIS, a comprehensive system that collects and provides data on development cooperation resources in Nepal. The Nepal AMIS is an invaluable tool for the Government and development partners, as it helps to facilitate enhanced development planning and resource allocation. With EDFC-II support, the Nepal AMIS could continue functioning, ensuring that critical information on development cooperation was available to those who needed it.

In addition to supporting the continued functioning of the Nepal AMIS, EDFC-II also provided support for the further improvement of the system, including the development of the DFMIS, which is designed to provide even more detailed and comprehensive data on development financing in Nepal.

EDFC-II also played a vital role in producing the 2022 Development Cooperation Report, a flagship publication that analyses the distribution and allocation of ODA and INGO assistance in Nepal. The report includes in-depth sector/SDG and gender-based analysis and is designed to support

strengthened development planning and finance processes in the country. In addition, by providing a detailed understanding of how development assistance is being provided and used in Nepal, the Development Cooperation Report helps to ensure that support is targeted toward those who need it most, helping to drive progress toward the country's development goals.

## 8.2. PROGRESS ON PROGRAMME OUTPUTS

### 8.2.1. TABLE 1: PROGRESS ON OUTPUT INDICATORS

OUTPUT STATEMENT	OUTPUT INDICATOR	BASELINE	TARGET	PREVIOUS ACHIEVEMENT	2021 MILESTONE	2022 ACHIEVEMENT	DATA YEAR	DATA SOURCE
Improved national capacities in planning, monitoring, financing and reporting on the 2030 Agenda (UNDAF/CPD Output 1.3)	Extent to which updated and disaggregated data is being used to monitor progress on national development goals aligned with the SDGs (CPD 1.3.1/SDG 17.18)	Not adequately (CPD)	Largely (CPD)	n/a	n/a	Published DCR 2021, including sector, geographic and gender analysis	2022	2020 DCR
	National integrated financing framework for 2030 agenda is in place (CPD 1.3.2)	None (CPD)	Framework in Place (CPD)	DFA in English and Nepali (published in 2017)	n/a	n/a	n/a	n/a
MOF/IECCD, Line ministries and sub-national governments have enhanced capacity on development effectiveness including the mobilisation of innovative financing tools such as blended finance, South-South	# Of officials trained on various topics of development effectiveness	0	300	n/a	n/a	260 officials trained in various capacity building training	2022	Project documents
	Mutual Accountability Framework prepared jointly by IECCD and the DPs and practiced as a tool for accountability for development effectiveness	Framework not in place	Framework in place	n/a	n/a	n/a	n/a	n/a

and Triangulation Cooperation, and vertical funds (Project Output 1)	LCG emerges as a highly effective body with a strong development effectiveness outcome	LCG not in place	LCG in place	n/a	n/a	LCG meeting conducted virtually	n/a	Project Documents
	The principle and, outcomes of aid effectiveness and related issues are integrated in the civil service curriculum for training as a routine practice	Aid effectiveness not included in civil service training	Aid effectiveness included in civil service training	n/a	Conducting TNA	TNA completed and Received reports	n/a	Project Documents
	# Of officials trained on innovative financing	0	50	n/a	n/a	30 officials trained in Blended finance training completed virtually and in presence.	n/a	Project documents
	Total resources mobilised using innovating financing	0	n/a	n/a	n/a	n/a	n/a	n/a
Capacity of IECCD/MoF and line ministries is strengthened for evidence-based decision-making, including the use of data generated	A fully functional, user-friendly website (AMIS) serving as the key information source for practitioners, Government, DPs, and aid effectiveness actors globally	AMIS not used as data source	Increased AMIS data utilisation	n/a	n/a	Smooth operation of AMIS continued. Regular meetings with developers and stakeholders to further enhance AMIS	2021	Project Document



through AMIS (Project Output 2)	# Of reports/ knowledge products generated using AMIS data	0	5	n/a	n/a	Published 5 different reports/knowledge products.	2022	Project documents
	AMIS data integrated with government financial management system	No data integration	Systems integrated	n/a	n/a	n/a	n/a	n/a
	# Of officials of DPs, governments, and other stakeholders trained on AMIS	0	100	n/a	n/a	130	2022	Project documents
	Range of data imported from the IATI module increased	No data imported	n/a	n/a	n/a	n/a	n/a	n/a

## 9. BUDGET AND EXPENDITURE

The table below illustrates the budget and expenditure for 2022, broken down by output, as well as the sources of funds that have been budgeted and their utilisation.

**9.1. TABLE 2: OUTPUT-WISE ANNUAL BUDGET AND CORRESPONDING EXPENDITURE (AMOUNT IN USD)**

OUTPUT	ANNUAL BUDGET	ANNUAL EXPENDITURE THROUGH PROJECT	ANNUAL EXPENDITURE THROUGH UNDP	TOTAL EXPENDITURE	BUDGET UTILISATION %
Output 1	557,732	415,424.10	153,718.37	569,142.47	102%
<b>Total</b>	<b>557,732</b>	<b>415,424.10</b>	<b>153,718.37</b>	<b>569,142.47</b>	<b>102%</b>

**9.2. TABLE 3: SOURCES OF FUNDS BUDGET AND UTILISATION OF THE PROJECT PERIOD**

SOURCE OF FUND	FUNDING PERIOD (START – END DATE)	TOTAL PROJECT BUDGET	EXPENDITURE IN 2020	TOTAL EXPENDITURE TILL 2021	TOTAL EXPENDITURE TILL 2022	TOTAL BUDGET UTILISATION %	BUDGET BALANCE USD
UNDP	2020-2024	500,000	36,084	187,754	351,487	70%	148,513
FCDO	2020-2024	2,620,800	303,942	667,233	1,072,643	41%	1,548,157
<b>Total</b>		<b>3,120,800</b>	<b>340,026</b>	<b>854,987</b>	<b>1,424,130</b>	<b>46%</b>	<b>1,696,670</b>

### 9.3. NARRATIVE ON PROGRESS RELATED TO BUDGET AND EXPENDITURE

Of the total budget of USD 557,732 allocated for 2022, 102% or USD 569,143, has been spent as of December 2022. According to the final report, no qualified observations were found in the program's implementation for 2022.

## 10. CROSS-CUTTING ISSUES

The Cross-cutting issues are as follows: The following cross-cutting topics were addressed in EDFC-II implementation:

### 10.1. KNOWLEDGE NETWORKING AND MANAGEMENT PRODUCTS

- Published Development Cooperation Report 2021 and Drafting of DCR 2022
- Advancing and publishing Finance Bulletin (MoF)

## 11. FINAL EVALUATION OF EDFC-II PROJECT

N/A

## 12. IMPLEMENTATION CHALLENGES & LESSONS LEARNED

Despite budget challenges, EDFC-II made good progress during its second year. As a result, stakeholders could adapt and make necessary adjustments to continue working towards the project's long-term goals.

One ongoing challenge for the project has been the issue of development partners reporting to the AMIS system. In the past, it has been noted that AMIS data is often incomplete or not comprehensive and must be registered according to government timelines, leading to delays in analysis and use. Recognising this issue, EDFC-II has made efforts to improve the AMIS interface to facilitate easier reporting and emphasise the importance of data usage to incentivise reporting from development partners.

### **13. LOOKING FORWARD**

The project's ambition for 2023 is affected by the global economic crisis. This has led to a project funding crisis, resulting in activities' downsizing. However, the project will still focus on improving coordination among government and stakeholders, reviewing and updating the International Development Cooperation Policy, 2019, and strengthening project monitoring efforts.

It will also take forward recommendations from the Blended Finance Roadmap, including training, peer learning, consultations with donors and the private sector, and complementary research, ultimately creating a blended finance policy and relevant organisational structures.

The project will also support initial research on utilising non-ODA funding sources, such as climate finance. Based on the recommendations of the AMIS Assessment, a comprehensive evaluation of the "Provision of a Development Finance Information Management System (DFIMS) for Nepal" has been developed in consultation with MOF officials.

The project will also continue its engagement in the GPEDC, including providing strategic leadership through the Steering Committee and supporting engagement in IATI Governing Board Meetings and Nepal's leadership of the data quality workstream.