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EXECUTIVE SUMMARY

In the past two decades, Nepal has undergone a dramatic political change, transforming from an absolute monarchy to a federal democratic republic and successfully maintaining peace since the internal conflict that ended in 2006. Nepal has made significant progress in achieving many of the Sustainable Development Goals (SDGs) and has improved its score in the Fragile State Index. However, Nepal is still grouped among the least developed countries (LDCs) and access to decision-making, basic services and economic opportunities continues to be unequal. As outlined in Finland's Country Strategy for Nepal 2021-2024, the Country Programme for Development Cooperation 2021-2024 has to address two major contemporary challenges. Firstly, Nepal has been going through a lengthy and complex transition towards a new federal structure during the past few years. Secondly, the Covid-19 pandemic is having widespread socio-economic impacts that affect Nepal's growth strategy beyond the pandemic.

Finland has been engaged in development cooperation in Nepal since 1983, in water sector since 1989 and in education since the 1990's while at the same time intensifying efforts for gender equality and social inclusion across different sectors. During Finland's Country Strategy for Development Cooperation 2016-2019, Finland contributed to improved water supply and sanitation services especially in rural and remote areas, to better quality, relevance and equity of education and to rights and status of women and people in vulnerable positions. Finland also signed its first delegated agreement with the EU and continued cooperation with other donors and stakeholders in all focus sectors. The main lesson learnt is that flexibility in programming is required in order to accommodate major changes in operating environment, such as the pandemic, federalisation process or changes in donor presence and policies.

The overarching goal of the Country Programme 2021-2024 is to support Nepal's equitable, economically viable and environmentally sustainable transition into a middle-income country by 2030. The Country Programme builds on previously achieved results and continues to focus on the same, although slightly reformulated, interrelated sectors as before in which Nepal has strong ownership and where Finland has experience, expertise and value to add: water, sanitation and livelihood development, inclusive education and gender equality and social inclusion. This also contributes to the goal to foster a federal, democratic, inclusive and resilient Nepal as stipulated in Finland's Country Strategy for Nepal 2021-2024.

To reach the overall goal, climate resilient development and enhancement of rights to water and sanitation is crucial. This requires that people in the municipalities

supported by Finland have improved and equitable access to safe and sustainable water and sanitation services and improved hygiene practices. Moreover, they need to benefit from climate resilient livelihood development through integrated water resources management and climate-smart agricultural practices. Equitable access to safe and sustainable water and sanitation services and improved hygiene practices contribute directly to livelihood development, climate resilience, gender equality and social inclusion at the local level. School water supply, sanitation and hygiene (WASH), which Finland also supports, has gained even more importance due to Covid-19 and is linked to education, wider WASH and equality. These initiatives also contribute to the strategic goals of Country Strategy 2021-2024 to support sustainable development and climate and disaster resilience as well as to reduce inequalities.

Another key for Nepal's equitable, economically viable and sustainable transition is an inclusive education system that provides students with the necessary skills contributing to Nepal's economic and democratic development. This requires that the education system is strengthened with better priority setting, stronger strategies and adoption of measures that reduce inequality and increase learning. In addition, the efficiency of the sector management needs to be improved and the best practices used and shared to inform decision-making. Progress in education sector also contributes to the strategic goals of reducing inequalities and supporting sustainable development and resilience.

Furthermore, to achieve the overall goal of an equitable transition, as well as WASH and education sector goals, a society where women, including those with disabilities and those in vulnerable positions, can enjoy prosperity and non-discrimination is crucial. This requires that women's political participation and gender friendly policy promotion is increased and women can acquire the skills and ability to access decent work and have income security. Moreover, violence against women needs to be reduced as well as discriminatory social norms, harmful practices and stigma that restrict women from living up to their full potential. This is also supporting the first Country Strategy Goal of reducing inequalities by addressing the connections between gender, disability and discrimination and other forms of exclusion and marginalisation.

Policy dialogue is an integral part of all Finland's cooperation with Nepal for example through the bilateral programme implementation and regular country consultations between the Governments. Finland continues to engage with Team Europe initiatives and multiannual programming of the EU as well as to cooperate with different donors and stakeholders in all focus sectors. New partnerships will be explored and existing tools and financing mechanisms for public, private and third sector promoted. A number of Finnish civil society organizations (CSOs) work in the impact areas of the Country Programme and supplement it for example by supporting people with

disabilities. Other forms of cooperation, such as between research institutions, universities and private sector, are expected to increase in the coming years and can enhance the work done in all impact areas. This all contributes to the strategic goal of diversifying and enhancing political and economic cooperation between Nepal and Finland, which aims is to support Nepal's LDC graduation and future transition to a middle-income country.

1 Expected Results of the Country Programme

This chapter presents the expected results of the Country Programme by impact area. The Country Programme is based on the context analysis presented in the Country Strategy document.

IMPACT 1: Communities' improved climate resilience and health through sustainable water supply, sanitation and hygiene and livelihood development

(SDG 6, targets 6.1, 6.2, SDG 13, targets 13.2, 13.3)

Description

This impact area contributes to communities' improved climate resilience and health. It requires that the people in the municipalities supported by Finland have improved and equitable access to safe and sustainable water and sanitation services and improved hygiene practices in households and institutions. This can be achieved through capacity development of public sector and communities to deliver and sustain water supply, sanitation and hygiene services for all, as well as adoption of good hygiene practices including dignified menstruation. Moreover, the people in the municipalities supported by Finland benefit from climate resilient livelihood development with the focus on capacity development of diverse actors to support and participate in sustainable value chains and improvement of climate resilience and productivity of agroecosystems through integrated water resources management and climate-smart agricultural practices. Assumption is that the political stability will continue and the local governments and communities are willing for implementation.

As during the earlier strategy period, Finland continues supporting water supply, sanitation and hygiene (WASH) and climate resilient livelihood development with multiple benefits. The Covid-19 crisis has highlighted even more the importance of WASH and resilient livelihoods. Finland has been one of the most prominent donors in the rural WASH sector in Nepal since 1989. Previous support has shown

remarkable results in increasing access to drinking water and sanitation. Other results relate to governance, livelihoods, irrigation, climate resilience, gender equality and social inclusion. Finland will continue applying its experience on working with local governments and mobilising communities.

Climate resilient development and enhancement of rights to water and sanitation for all is the core of this impact area contributing to the strategic goal of Finland's Country Strategy for Nepal (2021-2024) to support sustainable development and climate and disaster resilience of Nepal. It is in line with the Finnish Development Policy priority area on climate change and sustainable use of natural resources, as well as the International Water Strategy of Finland covering water for both sustainable development and people. This impact area contributes to the SDGs on poverty (1.5), food security (2.4), health (3.3), water and sanitation (6.1, 6.2), and climate action (13.2, 13.3). It is also in line with the Constitution of Nepal stating the right to clean drinking water and sanitation, Nepal's 15th Five Year Periodic Plan (2019-2023), as well as the Climate Change Policy of Nepal.

Nepal is planning to graduate from the LDC status by 2022 and achieve the SDGs by 2030. This guides Finland to explore new cooperation models and partnerships, for example with the European Union. Different forms of support to public institutions, private sector and civil society organisations will be promoted where applicable. The current interventions focus on WASH and livelihood development, but the future cooperation may be extended to other relevant green¹ growth related topics, waste water treatment, circular economy and clean technology, thus possibly opening opportunities also for Finnish private sector cooperation.

OUTCOME 1.1: People in the municipalities supported by Finland have improved and equitable access to safe and sustainable water and sanitation services and improved hygiene practices in households and institutions

This outcome focuses on access to safe and sustainable water and sanitation services and improved hygiene practices in both households and institutions. It requires that public sector and community capacity is improved to deliver and sustain climate resilient, safely managed and accessible drinking water services. Moreover, it

¹ This includes low emission development.

requires the improvement of sanitation and hygiene services and capacity of people to adopt good sanitation and hygiene practices including dignified menstruation management. It is assumed that the different government levels and communities are committed to participate and contribute, and that people are willing to change their behaviour through strategic interventions.

The Government of Nepal's commitment to the water supply, sanitation and hygiene (WASH) sector is strong and Nepal has made significant progress in improving access to water supply and sanitation. Basic water supply coverage is 91%² but only 25%³ of the population has access to safe drinking water. Regarding the sanitation coverage, Nepal declared the country as Open Defecation Free (ODF) in 2019. However, there is still room for improvement in terms of management of sanitation facilities and sustainability of behaviour change in order to achieve the total sanitation target. In addition, the menstruation related taboos restrict women from using water taps and toilets during menstruation.

Nepal's federalisation process has affected the WASH sector development, and constitutionally, the local governments have the main role to deliver WASH services. Nepal's WASH Sector Development Plan (2016-2030) has not been approved yet. The WASH sector progress is challenged by the factors such as natural disasters, climate related water variability, recent Covid-19 crisis, urbanisation, as well as the increasing demand for services including fecal sludge management and waste water treatment.

The Finnish policy influencing focuses on sustainability of WASH services, water quality and functionality of schemes, school WASH and total sanitation. Finland emphasises in its WASH interventions the rights of women and girls, persons with disabilities and other groups in vulnerable positions. Finland promotes synergies on the school WASH and education sector work. Policy dialogue is an integral part of all Finland's cooperation with Nepal for example through the bilateral programme implementation and regular country consultations between the Governments. Finland participates in the WASH development partners' group and other WASH sector events and processes as applicable. Finland aims at consolidating the past learnings from its water interventions and exploring possible new types of partners and instruments around the emerging challenges of the WASH sector.

² Quarterly report of Ministry of Water Supply 2076/77, Government of Nepal

³ National Review of Sustainable Development Goals 2020, Government of Nepal, National Planning Commission

OUTPUT 1.1.1: IMPROVED PUBLIC SECTOR AND COMMUNITY CAPACITY TO DELIVER AND SUSTAIN CLIMATE RESILIENT, SAFELY MANAGED AND ACCESSIBLE DRINKING WATER SERVICES

Finland aims at supporting efficient and transparent governance of local governments to deliver safe, sustainable, accessible and affordable water supply services in the municipalities supported by Finland. Finland will fund construction of new water supply schemes as well as rehabilitation and functionality improvements of existing water schemes. Capacity development of community members, including women and persons in vulnerable positions, is required for planning and sustaining the accessible services for all. Strong post-construction support and scheme level water safety plans are expected to improve water quality and functionality of schemes. All water related actions will integrate climate resilience and disaster risk reduction. It is assumed that the Government of Nepal's priorities remain conducive for sustainable water services, and the local governments and communities are committed to participate in capacity building, infrastructure development and maintenance of water schemes.

OUTPUT 1.1.2: IMPROVED SANITATION AND HYGIENE SERVICES AND CAPACITY OF PEOPLE TO ADOPT GOOD SANITATION AND HYGIENE PRACTICES INCLUDING DIGNIFIED MENSTRUATION MANAGEMENT

This output covers sustaining open defecation free behaviour, supporting safely managed sanitation services, promoting good hygiene practices such as hand washing, and enabling dignified menstruation management that is specifically challenged by the menstruation related taboos. Communities and individuals, including persons in vulnerable positions, in the municipalities supported by Finland will be supported to adopt good sanitation and hygiene practices to achieve total sanitation status in the long run. Finland continues supporting the institutional sanitation and hygiene services especially in schools. To achieve the intended health impact, sanitation facilities must be functional for long term, and hygiene-related work is also of utmost importance. Toilets must not only be present — they must be accessible for all and used at all times by all members of the community. The emerging challenges are fecal sludge management and long-term functionality of single pit latrines. Behaviour change communication will address the harmful social and cultural norms such as menstruation related taboos. It is assumed that through strategic interventions communities will be committed to change their behaviour. Interventions will apply human rights based approach and focus on achieving WASH for All.

INPUTS (ONGOING AND PLANNED PROJECTS AND OTHER INPUTS):

- Rural Village Water Resources Management Project, Phase III (RVWMP III, 2016-2022)
- UNICEF Country Programme Action Plan (2018-2022)
- Sustainable WASH for All (SUSWA, 2021-2024)
- Towards Arsenic Safe Drinking Water in Nepal (2021-2023)
- Policy dialogue

OUTCOME 1.2: People benefit from climate resilient livelihood development in the municipalities supported by Finland

This outcome aims at climate resilient livelihood development. It requires multidimensional approach to improve capacity of diverse livelihood actors to support and participate in sustainable value chains. Furthermore, it requires improving climate resilience and productivity of agroecosystems through integrated water resources management and climate-smart agricultural practices. It is assumed that the Government of Nepal allocates budget to climate smart sustainable rural livelihoods and climate resilient infrastructure, and that the urgency to act on climate change is translated into practical inputs.

Many livelihood related challenges are linked with the poor access to resources, such as land, water, financing and markets. Furthermore, the projected changes in precipitation patterns and temperature due to climate change will have a potential impact on agroecosystems and rural livelihoods. There is an opportunity to build climate resilience through innovative practices with a focus on water resources, climate smart agriculture, food security, weather and climate services, and value chain development integrating access to markets, finance and technologies.

Nepal has taken significant steps towards integration of climate change into all sectors. In 2019, Nepal released its Climate Change Policy with the goal of contributing to socio-economic prosperity by advancing the capacity to adapt to climate change, developing ecosystem resilience, promoting green economy and mainstreaming climate change into relevant policies and plans. Finland's policy influencing focuses on climate resilience at the local level, especially regarding water resources and climate-smart practices, and in addition, addressing the rights of women and persons in vulnerable positions. Policy dialogue is an integral part of all Finland's cooperation with Nepal for example through the implementation of interventions and regular country consultations between the Governments.

OUTPUT 1.2.1: INCREASED CAPACITY OF LIVELIHOOD ACTORS TO SUPPORT AND PARTICIPATE IN SUSTAINABLE VALUE CHAINS

This output aims to strengthen the capacity of diverse actors such as community groups, smallholder farmers, cooperatives and businesses to participate in sustainable value chains. Furthermore, it increases capacity of local governments to support and govern those processes in the municipalities supported by Finland. It is envisioned that the value chain functionality will be improved through support for increased coordination and linkage between value chain actors, addressing gaps in services and capacities, and overcoming constraints through investments and advocacy. This includes development of relevant skills and businesses as well as availability of technology. It is assumed that the stakeholders are committed to participate in capacity development and improving value chain functionality.

OUTPUT 1.2.2: CLIMATE RESILIENCE AND PRODUCTIVITY OF AGROECOSYSTEMS IMPROVED THROUGH INTEGRATED WATER RESOURCES MANAGEMENT AND CLIMATE-SMART AGRICULTURAL PRACTICES

This output is composed of multiple interlinked activities on water resources and agricultural production that apply climate-smart practices. Improved agroecosystem resilience and sustainability will be the result of adoption of innovations by producers, increased access to water, generation of tested and proven agroecosystem management practices, and availability of climate and weather information technologies. Finnish learnings on integrated water resources management, local planning processes, multiple use water systems, irrigation and livelihood development will be consolidated. Adequate water availability improves agricultural production and diversification, hence strengthening food security and nutrition as well. It is assumed that the stakeholders are committed to participate in the capacity and infrastructure development interventions in the municipalities supported by Finland.

INPUTS (ONGOING AND PLANNED PROJECTS AND OTHER INPUTS):

- Rural Village Water Resources Management Project, Phase III (RVWRMP III, 2016-2022)
- Green Resilient Agricultural Productive Ecosystems (GRAPE, 2021-2024)
- Finnish-Nepalese Project for improved capability of the government of Nepal to respond to the increased risks related to weather-related natural disasters caused by climate change, Phase III (FNEP3) (2018-2021)
- Policy dialogue

IMPACT 2: An inclusive Education system that provides students with the necessary skills contributing to nepal's economic and democratic development

(SDG 4, Targets 4.1, 4.5. 4.c.1)

Description

The overall objective of this impact area is an inclusive education system providing students with the necessary skills and contributing to Nepal's economic and democratic development. This requires that the education system is strengthened with better priority setting, stronger strategies and adoption of measures that reduce inequality and increase learning. Moreover, the efficiency of the sector management needs to be improved, and the best practices used and shared to inform decision-making at national and subnational levels.

Finland has been working in education sector of Nepal for many years to improve the quality, relevance and equity of basic, secondary and vocational education. Finland has a visible position within the donors' group in education, contributing significantly to dialogue with the government. Finland's support continues to be channelled through the Sector Wide Approach plan (School Sector Development Plan SSDP and Covid-19 Education Sector Contingency Plan) and UNICEF Country Programme Action Plan. The Sector Wide Approach plan is due to end in 2021. Finland intends to continue supporting Nepal's new Education Sector Plan (ESP), which is needed to guide the strengthening of education sector within the context of Nepal's new federal system of governance. Assumption is that the new plan will span a ten-year period until 2030, have an important focus on the recovery from the Covid-19 pandemic during its first years and also address previous shortcomings in the education system.

Inclusive quality education that supports Nepal's sustainable development is the core of this impact area and in line with the strategic goals of Finland's Country Strategy for Nepal (2021-2024) to reduce inequalities and to build resilience and sustainable development. Likewise, Nepal's goal of providing better and more equitable education for all children, with a special emphasis on girls, children with disabilities and

disadvantaged groups⁴, is well in line with Finland's Development Policy priorities. Finland continues to support Government of Nepal to achieve the SDG4 targets with a particular focus on ensuring all boys and girls complete a free, equitable and quality primary and secondary education (4.1), eliminating gender disparities and ensuring equal access to primary and secondary education and vocational training for the vulnerable (4.5) and increasing the proportions of teachers in pre-primary, primary and secondary education with the minimum required qualifications (4.C.1). Finland's support is aligned with Nepal's long-term vision and goals for the education sector in the 2015 Constitution, the new National Education Policy, the SDG 4 2030 National Framework, Public School Enabling Plan (PSEP 2021-2030) and the 15th Five Year Periodic Plan (2019-2023).

Nepal's ambition is to graduate from Least Developed Country status by 2022 and to become a middle-income country and achieve the Sustainable Development Goals by 2030. This leads Finland to explore new opportunities for cooperation and involvement of new partners, including private sector, universities and Finnish civil society organisations (CSOs), to support achievement of SDG 4 on education. Cooperation with other development partners will continue and strengthen where possible and different forms of support to public, private and third sector will be promoted where applicable. Based on the needs of the education sector and on the added value that Finnish academia, CSOs, private sector and alike have to offer in pedagogy, curriculum and learning materials, an additional technical cooperation support element will be planned.

OUTCOME 2.1: Improved quality of education and student learning outcomes in basic and secondary education

This outcome focuses on quality of education and learning outcomes in basic and secondary education, which requires improving quality of pedagogy, curriculum and learning materials in the classrooms. Furthermore, enhancing institutional capacity and resilience in emerging challenges such as natural disasters and pandemics is needed. Assumption is that strengthening of the education sector continues to be high

⁴ The term "disadvantaged groups" is the most commonly used term in education sector in Nepal and therefore used under Impact 2 of the Country Programme. In the Nepalese context, disadvantaged groups include members of disadvantaged caste (Dalits) and ethnic groups (Janajatis), religious minorities (particularly Muslims), minority language speakers, low income households, people living in remote, difficult to access areas, those without legal registration as citizens and people with disabilities.

on the government agenda and that there is political will to make institutional changes that ensure education sector is effectively managed and staffed at all levels, including teachers. It is further assumed that external contextual factors permit national and international actors to increase and improve the quality of education.

Despite clear progress in the education sector, there is a need to improve the quality of education and student learning outcomes in basic and secondary education in Nepal. In 2019, only 12.8 % of grade 3 students had reading fluency and comprehension in Nepali. There are inequities in learning outcomes, particularly for girls, Dalits, Muslims, children who do not speak Nepali as their mother tongue and other groups. More than 50 % of students fail to perform at grade level in Nepali, English and Mathematics. While 73 % of students complete basic education (grade 8), the survival rate to grade 10 was only 60 % in 2019.⁵

Nepal's susceptibility to natural disasters such as earthquakes and pandemics raise concerns about education resilience and sustainability of development progress. The Covid-19 pandemic has overwhelmed the education sector and the Government of Nepal has dedicated much of its resources to Covid-19 response, leaving it very vulnerable in case of any other disasters. Several international studies suggest that the pandemic will have a prolonged impact on education and development through school closures and global recession, which lead to learning loss and decreasing family income.

In policy dialogue, Finland will emphasize teachers' content knowledge and pedagogical practices; improving institutional capacity of in-service training and institutionalizing collaboration with universities delivering pre-service teachers training; elevating the requirement for teaching in basic education to a bachelor's degree including internship periods in classrooms; developing teacher peer support schemes for improving teachers' accountability, education quality, and learning among all students; and including development of local curriculum in teachers' training.

OUTPUT 2.1.1: IMPROVED QUALITY OF PEDAGOGY, CURRICULUM AND LEARNING MATERIALS IN THE CLASSROOMS

Improving quality of pedagogy, curriculum and pedagogically oriented learning materials are cornerstones for improved education quality and learning outcomes. Finland continues to embed soft skills (personal, creativeness, business, communication and thinking skills) in the curriculum, teacher training, and materials both as a means and as an end learning outcome, particularly in relation to

⁵ Mid-Term Review of School Sector Development Plan (SSDP), 2019

employability. Students equipped with these skills adjust more quickly to technological change, are more likely to find decent employment and are more resilient to economic and other types of shocks. Assumption is that incorporating gender and inclusiveness as an integral element in both curriculum and learning materials contributes to the enrolment and retention of girls and students from disadvantaged groups. Finland's support will be built based on the needs of the education sector and on the added value that Finnish academia, CSOs, the private sector and alike have to offer to in pedagogy, curriculum and learning materials.

OUTPUT 2.1.2: ENHANCED INSTITUTIONAL CAPACITY AND RESILIENCE IN EMERGING CHALLENGES (SUCH AS NATURAL DISASTERS AND PANDEMICS)

Improved quality and student learning outcomes of basic and secondary education will be supported by enhancing institutional capacity and resilience in emerging challenges. As part of the sectoral work, Finland continues supporting the institutionalisation of the National Learning Assessment of Student Achievement (NASA) across the education system to help translate assessment findings into policy and action. The examination reform is ongoing and the mandates have been divided under the three layers of government. Teacher distribution remains uneven with an excess of teachers in basic education and a shortage in secondary education, particularly with required qualifications. Finland sees important that the local governments develop comprehensive education plans and annual teacher development plans. Monitoring of teachers' presence in schools will also be improved. Furthermore, Finland will contribute to the recovery from the pandemic by supporting the implementation of Nepal's Covid-19 Education Sector Contingency Plan. Working across all three tiers of government and through UNICEF, Finland is supporting children to continue to learn through alternative and distance modalities. Finland emphasises the need for incorporating disaster risk reduction and safe learning environment elements into school improvement plans.

INPUTS (ONGOING AND PLANNED PROJECTS AND OTHER INPUTS):

- Support to School Sector Development Plan (SSDP 2016-2021)
- Support to Education Sector Plan (2021-2030)
- Support to the UNICEF Country Programme Action Plan (2018-2022)
- Technical Cooperation Support to Education Sector in Nepal (TECSES, planned for 2022-2025)
- Support to Covid-19 Education Sector Contingency Plan (2020-2021)
- Policy Dialogue

OUTCOME 2.2: Access, Equity and inclusiveness of education is strengthened and different needs are accommodated

This outcome focuses on having an inclusive education system, which requires strengthening access, equity and inclusiveness in education as well as accommodation of different needs, such as mother tongue, caste, disability, gender and pre-primary education. This in turn requires improving stakeholders' capacity to address equitable access and participation and to ensure an inclusive learning environment. School Sector Development Plan (SSDP) 2016-2021 emphasises equitable access to overcome the disparities suffered by children from disadvantaged groups, including children with disabilities and children from remote areas. Expectation is that the new Education Sector Plan will continue to address equitable access and inclusiveness of education. To enable measuring these changes, Education Management Information System (EMIS) and learning assessment and reporting systems need to produce relevant and reliable data on equity, efficiency and learning.

Despite the good progress made in gender equality and access to education, there is a need to improve access and strengthen the inclusiveness of education system to better accommodate different needs in Nepal. Learning outcomes are poor across the board, with girls consistently performing worse than boys do. Girls are also more likely than boys to drop out from school and repeat grades. Girls often fail to reach tertiary education levels, creating a noticeable disparity in higher-level education access. While boys increasingly attend private schools, girls as well as disadvantaged ethnic and caste groups are mainly dependent on public schools. Enhancing the public education system has a positive impact especially on equity, and Finland continues supporting the deployment of targeted strategies to improve access to education in disadvantaged areas and of disadvantaged groups.

In policy dialogue, Finland will emphasise efforts to reduce disparities between provinces and address inequities in learning in public schools and for children from disadvantaged groups. In Nepal, harmful practices, such as child marriage, child labour and menstruation taboos, remain prevalent in some areas and act as barriers to education for girls and children from disadvantaged groups. Therefore, Finland will also emphasise establishing monitoring and enforcement mechanisms for behaviour change.

OUTPUT 2.2.1: IMPROVED CAPACITY TO ADDRESS EQUITABLE ACCESS AND PARTICIPATION AND TO ENSURE AN INCLUSIVE LEARNING ENVIRONMENT

In order to strengthen access, equity and inclusiveness and accommodate different needs in education, improving capacity of the Ministry of Education, Science and Technology (MoEST) and Centre for Education and Human Resource Development (CEHRD) is necessary for them to be better equipped to address equitable access and participation in the most disadvantaged areas and to ensure an inclusive learning environment. Through sectoral work, Finland supports targeted interventions to the most disadvantaged districts and municipalities. With technical assistance of UNICEF, MoEST has developed equity indexes at federal, provincial and local government levels that have enabled the latter two tiers to measure the prevalence (number of out of school children) and severity (equity index score) of disparities in education outcomes. Based on the results, in 2019 and 2020 the federal government allocated additional resources to local governments that ranked lowest on the equity index. The lowest ranking local governments on the equity index have been supported to produce equity strategy implementation plans. Moving forward, the need is to integrate these plans into overall sector planning and budgeting to ensure that evidence and needs-based planning is institutionalised at the local level. Finland places emphasis on increasing the share of female teachers in schools, which has been identified as a barrier to girls' learning outcomes and as a reason for early drop out.

Nepal has a history of providing residential segregated schools for children with disabilities with only a few isolated examples of good inclusive education for such children. Finland will support advocacy efforts aimed at parents, communities, schools, teachers and governments for all children to have access to quality education in their communities, including through mother tongue education and in small school/multi-grade classrooms. Developing and promoting inclusive school is crucial.

INPUTS (ONGOING AND PLANNED PROJECTS AND OTHER INPUTS):

- Support to School Sector Development Plan (SSDP 2016-2021)
- Support to Education Sector Plan (2021-2030)
- Support to UNICEF Country Programme Action Plan (2018-2022)
- Technical Cooperation Support to Education Sector in Nepal (TECSES, planned for 2022-2025)
- Support to Covid-19 Education Sector Contingency Plan (2020-2021)
- Policy Dialogue

IMPACT 3: Equality and prosperity of ALL women and girls including those with disability and those in vulnerable positions is enhanced (SDG 5, Targets 1 and 2)

Description

Impact area three envisions a society where women, including those with disabilities and those in vulnerable positions, can enjoy prosperity and non-discrimination. Increasing women's political participation and gender friendly policy promotion is a fundamental prerequisite for gender equality and democracy. This requires targeted actions that advance women's access to decision-making processes, higher and/or technical and vocational education and decent work. Moreover, violence against women needs to be reduced as well as discriminatory social norms, harmful practices and stigma that restricts women from living up to their full potential. Addressing the connections between gender, disability and discrimination and other forms of exclusion and marginalization is also necessary. It is assumed that the political stability continues where government policy building remains consistent.

The work builds on the strong political will of Government of Nepal to promote gender equality and women's political and economic empowerment and to hold on a strong political and systemic commitment to build a non-discriminatory and transformed society. Nepal's commitment to SDG 5 and the will and effort to formulate gender-sensitive, responsive, disability inclusive laws and policies are praiseworthy. The impact area is in line with the Constitution of Nepal that stipulates the right to equality and non-discrimination, right against untouchability and right to be free from exploitation based on traditions. It also guarantees all women and Dalits the right to participate in all state institutions on the basis of the principle of proportional inclusive representation. The rights of people with disabilities are also stated in the Constitution as well as ratified by Nepal in the United Nations Convention of the Rights of Persons with Disabilities. The impact area is also aligned with Finland's Development Policy where women and girls are at the centre, as well as Nepal's long-term plan and the latest Five Year Periodic Plan (2019-2023). Finland's Country Strategy for Nepal (2021-2024) supports these interventions with the goal "to foster a democratic, inclusive and resilient Nepal" and its first strategic commitment: "to reduce inequalities by addressing the connections between gender, disability and discrimination and other forms of exclusion and marginalisation."

Finland is a gender equality pioneer on many levels and has long expertise in working with gender related issues in the development context. Finland continues to mainstream and support targeted interventions on gender equality and disability inclusion in the rural water supply, sanitation and hygiene (WASH) and education sectors. Finland works in close collaboration with UN Women to advance intersectional gender equality by strengthening the political and economic empowerment and skills development of diverse women’s groups that also represent women and girls with disabilities and Dalit women, as well as by addressing discriminatory social norms. Finland continues leveraging its role to mobilise technical and financial capacity of the government and partner agencies and emphasise working in a coordinated approach so that institutions and systems are responsive and reflective of the fact that women, girls and persons with disabilities experience discrimination and prosperity differently.

OUTCOME 3.1: Economic and political empowerment of women including those with disabilities and those in vulnerable positions enhanced

The expected first outcome is the economic and political empowerment of women. This requires that women are empowered to become economically independent and politically active through capacity building and vocational trainings, and that the architecture of the legislative framework that creates the enabling environment is supported. The assumption is that the Government of Nepal is committed to develop and allocate adequate resources and budget to implement gender responsive policies effectively and efficiently.

The 2015 Constitution of Nepal includes ample provisions to ensure the protection of women’s rights in broad and universal principles of equality and participation. The Constitution guarantees women’s (including those in vulnerable positions and persons with disabilities) right to participate in all state structures and bodies on the basis of proportional inclusion. It guarantees an equal right to education, employment, and social security on the basis of positive discrimination.

The federalisation and decentralisation in Nepal entailed an increase in women’s political representation. The country has had more women in the legislature, thanks to the constitutional provision that sets aside 33 % seats for women and a proportional representation of representatives from marginalised groups in all state mechanisms—from federal to local. However, the presence of women in decision-making bodies and

high-skilled positions in politics and economics has not always translated into actual power. While women have often been sidelined by their higher caste, male counterparts in the actual decision-making processes.

Although female labour force participation is high, the quality of the work with which women engage is low, largely because of strong gender norms around work. Women are typically concentrated in unpaid care work or low-paying and less-productive jobs of low capital intensity. The situation for women with disabilities is even worse as they face multiple discrimination and are often believed to be incapable to work. School closure due to the Covid-19 crisis left millions of children stuck at home, whereby Nepali women and girls' care duties increased. Additionally, women are mostly employed in informal sector and lost their jobs due to the crisis. The heavy domestic workload and job loss caused by the crisis can have permanent effects, leaving women and girls further behind in Nepal.

OUTPUT 3.1.1: WOMEN'S POLITICAL PARTICIPATION, GENDER SENSITIVE AND NON-DISCRIMINATORY POLICY IMPLEMENTATION IS INCREASED

In order to empower women to participate politically, the Country Programme aims to improve women's capability to participate, lead and influence in political decision-making systems. Women's political participation and gender sensitive policy promotion will be achieved through a variety of interventions through different agencies. The combined efforts will strive towards achieving an enabling environment with gender sensitive policies: gender responsive budgeting will be promoted in the newly established municipalities through the bilateral WASH projects and UN Women. Likewise, UN Women will support the Government of Nepal to review and adopt gender-responsive economic and sectoral policies. Political participation of women and groups in vulnerable position at the grass roots level will be promoted through the bilateral WASH projects where diverse participation in water user committees will be supported, and through UN Women programme that helps to develop the leadership capacity of women in vulnerable positions. It is essential that the Government of Nepal, including the local governments, be committed to develop and allocate an adequate budget and human resources to implement gender responsive policies effectively and efficiently.

OUTPUT 3.1.2: OVERCOMING BARRIERS FOR WOMEN TO ACCESS DECENT WORK AND INCOME SECURITY IS SUPPORTED

The economic participation of all women will be enhanced by providing women with technical and vocational education and training and entrepreneurship development

supports through UN Women. Finland will thus continue to support the approval and implementation of adequate policies, the building of proper capacity of women to lead and participate on all levels as well as the provision of services and training that enhance the economic empowerment and skills development of women and groups in vulnerable positions in Nepal. It is assumed that women are capable and motivated to lead and participate in the empowerment efforts. This also requires enough support and input from other family members, so that time allocation for trainings will be possible.

INPUTS (ONGOING AND PLANNED PROJECTS AND OTHER INPUTS):

Finland aims to achieve the above-mentioned outcome and corresponding outputs through interventions implemented by UN agencies and two bilateral WASH projects and active policy dialogue at sector and national level as well as through close cooperation with Finnish funded civil society organisations. Finland seeks synergies with the Finnish-funded civil society organisations as many of them are also working for the impact area.

- Support to UN Women Nepal – Strategic Note 2018-2022
- Rural Village Water Resources Management Project, Phase III (RVWRMP III, 2016-2022)
- Green Resilient Agricultural Productive Ecosystems (GRAPE, 2021-2024)
- Sustainable WASH for All (SUSWA 2021-2024)
- Technical Cooperation Support to Education Sector in Nepal (TECSES, 2022-2025)
- Policy dialogue

OUTCOME 3.2: Violence and cultural discrimination against women including those with disabilities and those in vulnerable positions in the public and private spheres is decreased

The second outcome area focuses on transforming and eradicating harmful social norms and gender based violence. This requires that gender responsive legislation is improved and women are provided with violence prevention and protection services. Transforming the attitudes and behaviours of the entire community, especially

regarding harmful cultural practices is also essential. The assumption is that the central and local governments are willing to formulate policies and provide services, and that changed attitudes and behaviours related to gender based violence and cultural taboos are accepted in the communities.

Nepal has taken significant steps towards ending gender-based violence against women, but despite this progress, available data indicates that gender-based violence is still a major issue. According to a study carried out by UNFPA⁶, 48 % of women in Nepal had experienced violence at some point in their lives, with 27 % of them experiencing physical violence. Only 25 % of the women were aware of services available to survivors of gender-based violence. The Covid-19 crisis has worsened the situation for many women. Reporting of gender-based violence soared up during the lock-down as reported by some key national institutions.⁷ It is known that the risk for facing violence is 4-10 times higher for women and girls with disabilities.

Existence of harmful practices and discriminatory social norms, such as caste-based discrimination, child marriage, dowry and menstruation taboos (Chhaupadi) have serious negative impacts on women and girls in Nepal.⁸ The harmful practices and discriminatory social norms are deeply rooted behaviours that discriminate a part of the population based on sex, gender, age, caste/ethnicity, language, religion and disability. Many women face intersecting forms of discrimination on multiple grounds. They leave women and persons from vulnerable groups and positions at risk of violence, limit their educational and economic opportunities and their access to basic health and social security services.

In 2019, Finland and UN Women initiated a dialogue of identifying means of further understanding and measuring social norm change across sectors (governance, education water supply, sanitation and hygiene) and the multilateral and bilateral development efforts funded by Finland, through the use of qualitative methods such as storytelling. It is understood, that more in-depth studies are required to strengthen our understanding on the ways in which we can promote social norm and transformative change. Sex, age, caste, disability ethnicity, religion, location, socio-economic status and occupation all determine advantage and disadvantage, and the intersection of multiple identities can intensify the disadvantage. The dialogue with UN Women will continue and will hopefully give tools for understanding social norm change and measuring it.

⁶ UNFPA, Fact Sheet: Gender-based Violence in Nepal, 2016

⁷ National Human Rights Commission and National Women Commission.

⁸ Concluding Observations of the Committee on the Elimination of Discrimination against Women (2018)

OUTPUT: 3.2.1 VIOLENCE AGAINST WOMEN AND GIRLS REDUCED

The approach to eliminating gender-based violence against women will be twofold, as it will be addressed on both policy level and service level. Reducing violence against all women and girls will be achieved through providing information on accessible and inclusive violence prevention and protection services to all women and girls suffering from gender based violence. It is also important to support the development and implementation of gender-responsive laws (EVAW) and national action plans, including UNSCR 1325 and subsequent resolutions. These interventions against gender based violence and the chosen outputs are in line with the SDG goals and Finland's Development Policy. It is assumed that the Government of Nepal is committed to proceed the legislation, that the local governments are willing to implement the existing legislation and take ownership of the protective services and allocate resources, and that women are empowered and feel secured to seek services and openly discuss gender based violence.

OUTPUT: 3.2.2 DISCRIMINATORY SOCIAL NORMS, HARMFUL PRACTICES AND STIGMA REDUCED

The cultural perceptions regarding menstruation are prevalent throughout the country as women are seen as impure and polluting during their menses. In the Western parts of the country, the menstruation related taboos i.e. the Chhaupadi practice is especially discriminatory as many women are excluded from most social life, using toilets or touching taps, restricted from eating nutritious foods and often confined to sleeping in a small, cold, unventilated and unhygienic hut or cowshed during menstruation and postpartum—a practice that has proven to be lethal for many women and new-borns every year. Finland having a strong foothold in the western parts of the country with its WASH-projects, will reduce discriminatory social norms through tenuous behavioural change communication, sensitisation of key groups and masses, promotion of alternative religious interpretations and positive connotations to womanhood and childbirth through mobilising local community members to raise their voices against the practices. The work requires community maintained commitment to Open Defecation Free behaviour and a level of willingness from the community members to find alternative ways to practice religious rituals and to celebrate womanhood in a more empowering manner.

School attendance by children is often restricted by structural barriers, but also linked to socially constructed norms such as disability, child marriage or social gender norms. Through UNICEF, Finland is supporting the local governments to formulate plans for a national equity strategy to address some of the key barriers for children to attend school.

INPUTS (ONGOING AND PLANNED PROJECTS AND OTHER INPUTS):

Finland aims to achieve the above-mentioned outcome and corresponding outputs through interventions implemented by UN agencies, two bilateral WASH-projects and active policy dialogue at sector and national level as well as through close cooperation with Finnish-funded NGOs

- Support to UN Women Nepal – Strategic Note 2018-2022
- Rural Village Water Resources Management Project, Phase III (2016-2022)
- Sustainable WASH for All (SUSWA, 2021-2024)
- Support to UNICEF Country Programme Action Plan (2018-2022)
- Policy dialogue

2 RISKS, MONITORING AND EVALUATION

2.1 Risk management

All development cooperation involves risks. In Nepal, the development cooperation is often conducted in complex and difficult conditions. The risks involved in the implementation of Country Programmes are assessed and monitored closely, but sometimes they materialise despite the taken precautions. Anticipating and managing risks is an essential part of the implementation of the Country Programmes: risk assessments are done regularly considering impact on the programme design and decision-making at all stages. Risk mitigation measures, their success and materialised risks are reported annually.

Nepal is a high-risk environment. The political challenges of the transition to federalism, the weak implementation capacity of government, potential for political instability, high dependency on remittances, inequalities, discrimination, social exclusion and country's high vulnerability to emergencies and climate change have all strategic, operative and fiduciary implications for Finland's development cooperation in Nepal. Belonging to a group of land-locked countries, Nepal's low-income and trade-led development prospects raise concerns about the sustainability of development progress. Operational level risks include large-scale pandemics and natural disasters—such as Covid-19 and earthquakes—which will likely reverse progress on key development outcomes such as poverty. This has direct negative impacts on children's education, WASH, livelihoods and gender equality and will disproportionately affect more the people in vulnerable position. The fiduciary level risks include weak internal control, capacity for accounting, and financial reporting at the local governments and school level. These risks will be mitigated by active coordination with the Government of Nepal. Nepal remains committed to macroeconomic stability and is coordinating its humanitarian-development nexus response measures with the International Development Partners Group and Financial Institutions. Risks related to UN programmes are possible delays in implementation and low visibility of Finnish support in the projects. To mitigate these risks, Finland needs to maintain continuous dialogue with UN agencies.

Nationwide corruption is one of the key obstructions to socio-economic development of Nepal, which is affecting almost all sectors. In the Corruption Perceptions Index of 2019, Nepal scored 34 out of 100 and was ranked as 113th among the 180 countries

surveyed. Although the media and civil society organisations are very strong and vocal, they have limited powers to hold government accountable for its actions and decisions in improving transparency.

Risks to the implementation of this Country Programme include corruption, slow pace of policy formulation, delays in project implementation, lack of commitment and continuity in government policies, and inadequate number of human resources at provincial and municipal levels. Often, policies are also rolled out regularly without achieving the desired results. This is widening the distance between stated policy goals and their realisation. This risk can be reduced by more careful and realistic project planning and increased policy influencing advocacy. The embassy actively engages in the policy advocacy and coordinated support with other donors in building transparency and accountability systems in Nepal.

In the context of Nepal Country Programme implementation, these risks will be managed and mitigated through careful and realistic planning, screening and selection of partners and funding channels, close contacts with the Nepali authorities and strong financial management, including audits. All Programmes report on the use of funding and the results of their work. The Ministry and Embassy follow the progress, use of funds and reliability of reporting through steering groups, monitoring visits, independent evaluations and reviews and regular communication. Ministry also commissions external auditing companies to perform regular audits.

2.2 Monitoring, evaluation and learning

Country teams are in charge of monitoring the performance of Country Programmes for Development Cooperation. This work follows the MFA's principles and guidelines, especially the Guidelines on Results-based Management, the Manual for Bilateral Programs and the Evaluation Guidelines. In joint arrangements, Finland will participate in joint reviews and evaluations and aims to support the development of local monitoring and evaluation frameworks and capacity.

Country Programme monitoring and evaluation is done to understand how the Programme is performing in relation to planned results in order to direct the work towards the expected results, make adjustments as needed, to learn and be accountable for the Country Programme results. As Country Programmes operate in complex and dynamic environments, monitoring the context and its implications on the validity of theories of change is also crucial. Monitoring and evaluation activities are identified in the monitoring and evaluation plan, which is updated and followed up regularly.

In addition to continuous monitoring, evaluation and learning measures in all impact areas, the Nepal Country Team envisions widening the existing monitoring and evaluation frameworks beyond the sectors and will explore the use of qualitative methods such as storytelling for the identification and measurement of gender discriminatory social norm change. This effort aims to establish new means of measurement of behaviour change and in longer term—transformative change. This is applicable for all three impact areas. In the Impact area 1, all interventions will have their own Management Information Systems (MIS) aligned as much as possible with the future national system at different levels. In impact area 2, progress towards planned results will be monitored through the Education Management Information System (EMIS), the data of which is disaggregated by gender, caste, ethnicity and disabilities. Further, the Country Team will hold biannual review meetings with the EU and UN agencies and participate bilateral projects Steering Committees. Information will be used and shared to policy influence, prepare annual reports, as well as communicate on the results and cooperation at country level of the use of Finnish ODA.

The collective monitoring and evaluation cycle of Finland's Country Programmes includes monitoring, evaluation and reporting activities, which are carried out simultaneously in a fixed format for all Country Programmes. These include yearly reports, biannual synthesis reports, mid-term review and external evaluations.

In preparing the **annual results report** of the Country Programme for Development Cooperation the country team assesses not only the Programme performance as per the results framework but also assesses the validity of the theories of change and related assumptions and risks vis-à-vis the context. The annual report is discussed within the respective regional department.

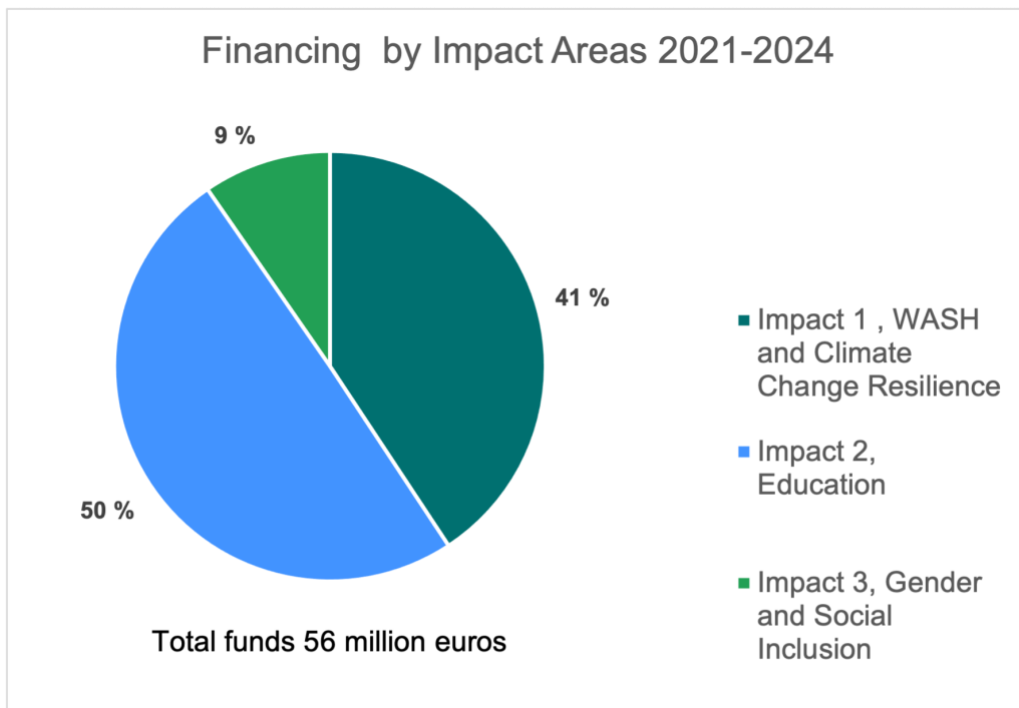
A synthesis report of the annual reports are prepared as a joint effort by the regional departments every two years. The departments synthesise main findings or trends found in all of the Country Programme yearly results reports.

Country teams will carry out a **mid-term review** of the Country Programme. The mid-term review results and recommendations are used for decision-making on whether changes are needed in Country Programme impact areas. The MFA Evaluation Unit may carry out an evaluation of Country Programmes towards the end of the Country Programme cycle.

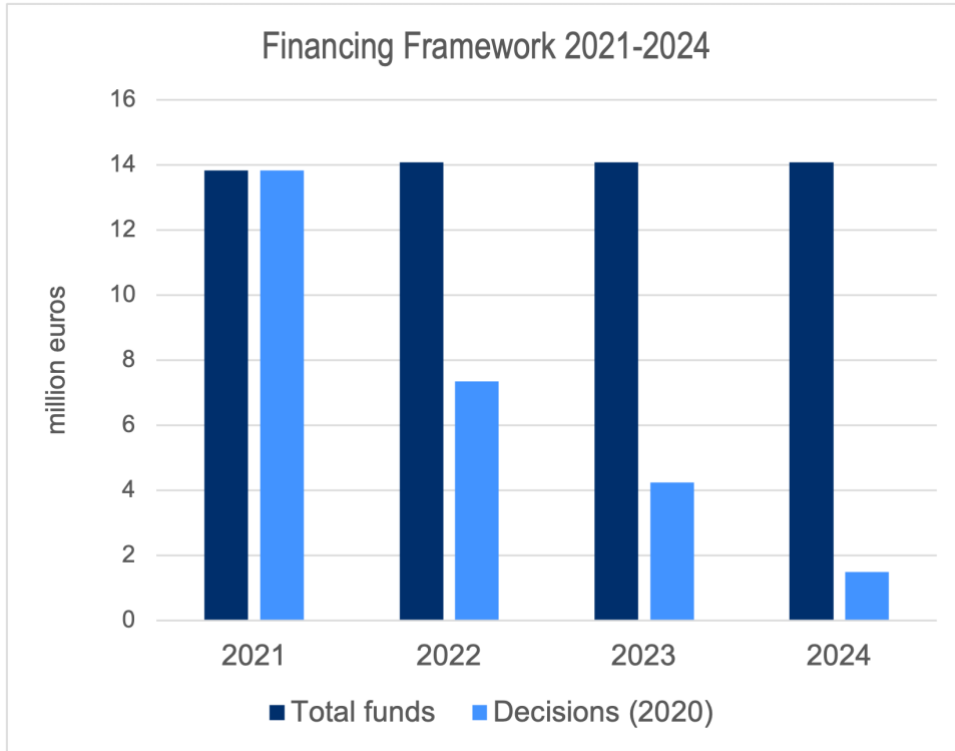
2.3 Tentative financing plan

The financial frame for 2021–2024 is approximately 56 million euros. The financing plan includes the bilateral development cooperation that is programmed under the Country Programme. It does not include humanitarian aid, private sector instruments or Finnish CSOs.

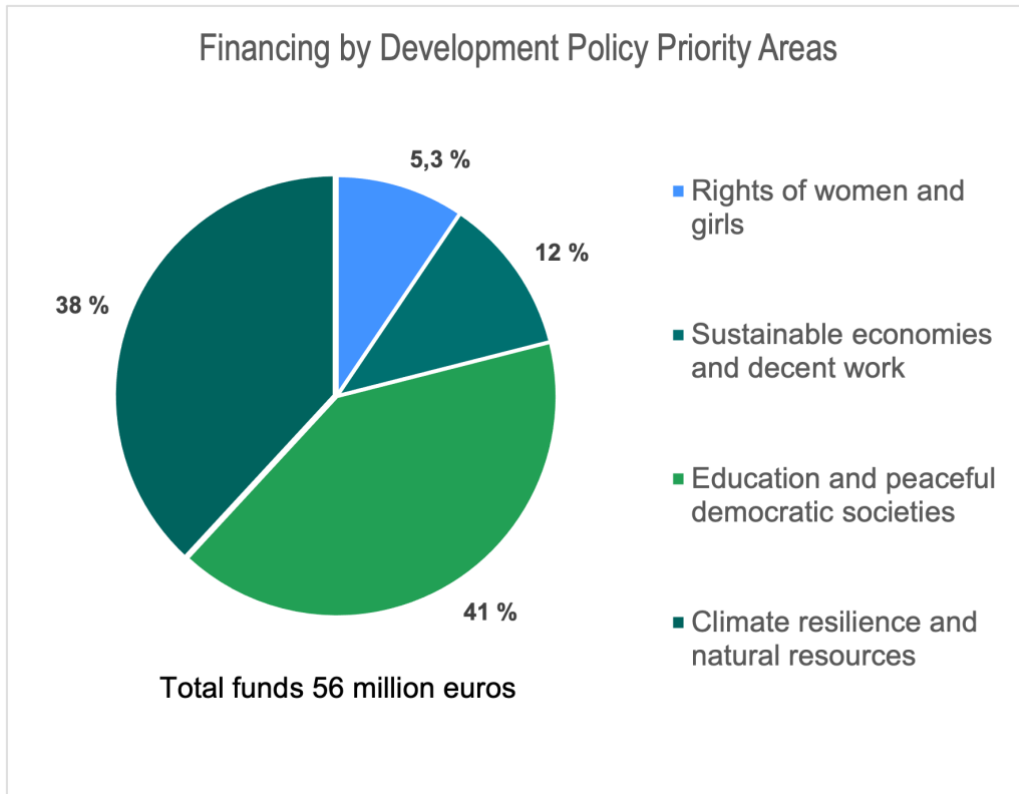
Graphic 1. Funding allocation by Country Programme Impact Areas



Graphic 2. Financing Framework



Graphic 3. Allocation by Development Policy Priority areas



Annexes

ANNEX 1. Results Framework

ANNEX 2. Risk Management Plan

ANNEX 3. Monitoring, Evaluation and Learning Plan

ANNEX 4. Theory of Change Graphs for each Impact Area