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Federal Department of Foreign Affairs FDFA
Swiss Agency for Development and Cooperation SDC
Staff of the Directorate

Cooperation Strategy Evaluation

Nepal 2018 – 2022

Evaluation and Corporate Controlling Division SDC





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Contents:

- I Management Response**
- II Evaluators' Final Report**

Annexes

Bern, June 2022

Why conducting evaluations of cooperation strategies/programmes?

In 2010 the Swiss Agency for Development and Cooperation (SDC) developed an approach for evaluating cooperation programmes (formerly known as cooperation strategies) through a pilot process. The central pillar of this approach is the promotion of the exchange and the sharing of knowledge within our institution and among an evaluation team led by an external consultant. The major difference between evaluations of cooperation programmes (CoPr¹) and other external evaluations managed by the Evaluation and Corporate Controlling Division (E+C) is that SDC staff is involved in the evaluation team, acts as an evaluator but with an inside knowledge of the institutional issues and debates.

The goal of CoPr evaluations is to assess the relevance and coherence of the Swiss development cooperation in regard to national development priorities and the Dispatch on Switzerland's International Cooperation (since 2021 IC Strategy). They assess the results achievement of the cooperation programme portfolio at the level of domains of intervention. In doing so, these evaluations help SDC's management in their strategic and operational steering and in improving aid effectiveness. Evaluations of cooperation programmes support the definition of new cooperation programmes strategically and stimulate learning.

Country and regional CoPr evaluations are defined as hybrid evaluations as they are undertaken by a mixed team composed by an external consultant and two peers from SDC and, if relevant, other federal agencies. E+C decided to develop this approach to valorise the knowledge and competencies of the SDC staff and enhance internal learning, while still benefitting from an outside view of an external consultant.

The E+C evaluation programme is approved on an annual basis by SDC's Senior Management. SDC mandates evaluations as instruments for organisational learning, strategic guidance and ensuring accountability.

CoPr evaluations are conducted according to the OECD DAC Evaluation Standards. The relevant department(s) respond(s) to the recommendations with a written Management Response.

Timetable of the CoPr Evaluation Nepal 2018-2022

Step	When
Desk study and inception report	June - October 2021
Evaluation on-site and draft report	November 2021 - January 2022
Final evaluation report	March 2022
SDC Management Response	May 2022

¹ Till 2020 CS was the abbreviation for the now called cooperation programmes, but for ease of reference its abbreviation has been kept in the final version of the report.

I Management Response

Management Response to the Evaluation of the Cooperation Strategy Strategy Nepal 2018 - 2022

1) Introduction

Cooperation Programme evaluations (formerly known as Cooperation Strategy evaluations) analyse the Cooperation Programmes which define the Swiss engagement in a particular country or region. The goal of Cooperation Programme evaluations is to assess the performance of the Swiss international cooperation and its alignment with regard to national development priorities and the relevant Federal Council Dispatches. In doing so, these evaluations help the management of the different entities involved in the Cooperation Programmes in their strategic and operational steering and in improving development effectiveness.

The Cooperation Programme evaluations are realised as hybrid evaluations, conducted by a mixed team consisting of one external consultant, two internal resource persons (peers) and, where necessary, a local consultant. The team for this evaluation included Geert Engelsman (external team leader, JaLogisch Consulting GmbH), Christoph Graf and José-Luis Pereira (peers, SDC) and Mary Hobley (independent Nepal and development specialist, Mary Hobley & Associates Ltd).

The evaluation of the Nepal Cooperation Strategy 2018-22 was conducted between June 2021 and January 2022. The field mission took place between November 11 and 22, 2021.

Cooperation Programme evaluations follow a standardised matrix with evaluation questions. For the purpose of this evaluation, the matrix was adjusted during the inception phase according to the stated needs and received inputs from the SDC's Asia Division and the Swiss Embassy in Nepal. These changes were also discussed and agreed upon with the Evaluation and Corporate Controlling Division. The final matrix was incorporated and approved in the inception report.

2) Appreciation of Report and Evaluation Process

The Asia Division and the Swiss Embassy in Nepal thank the evaluation team for the time, energy, and flexibility invested in this evaluation, and for the good quality of the report. The evaluation provides very valuable elements, and some of its findings have already be used to inform the formulation of the Nepal Cooperation Programme 2023-26.

We appreciate the recognition of the meaningful contributions Switzerland has made to meet the aspirations of the Nepali constitution, using political dialogue as a starting point to engage in systemic change. The political acumen of the Embassy and its willingness to take calculated risks is recognised. The report also acknowledges the longstanding support that Switzerland has provided in the field of trail bridges, contributing to developing Nepal's expertise in that field and salutes its courageous and timely decision to exit the sector.

Additional successes could have been emphasised by the report. For example, the federal Council for Technical Education and Vocational Training is now working according to its constitutional mandate, i.e. it has discontinued implementing TVET programmes and is now working on policy-making, standards setting and quality assurance. The continued effort of the Embassy, closely coordinated with like-minded development partners, has been a crucial factor of success, leading to the effective federalisation of the TVET sector. Another federalisation success stemming from joint donor coordination is that the Asian

Development Bank and the World Bank have agreed to place their provincial local roads programme under the auspices of provincial governments.

The report underlines that continued support to the federalisation process is needed, that fundamental changes and transformations take time, and that Switzerland should stay its course, confirming the thematic orientations taken in 2018 (Federal State Building, Employment and Income, and Migration). The Asia Division and the Swiss Embassy agree with this.

3) Recommendations

Fully agree	Partially agree	Disagree
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Recommendation 1		
To continue its course, both in 'working politically', 'engaging with large international development partners', 'focusing on Province 1', and investing time, effort and money in 'federalization, migration, TVET and private sector development'. On 'transitional justice', the SDC can await local action before reengaging. The Employment & Income domain should concentrate on the new private sector development approach.		
Management Response		
Fully agree	Partially agree	Disagree
<p>We fully agree with the parts of the recommendation up to and including the transitional justice aspect. We appreciate the validation of the orientations taken since 2018 and the acknowledgement of the Embassy's political acumen and expertise in the field of development. The focus on Province 1 will remain and is not exclusive, nationwide projects aiming at systemic changes will also continue.</p> <p>However, we have some reservations with the part of the recommendation that concerns the Employment & Income domain. We agree that we should pursue a progressive shift towards private sector development. We should nevertheless not underestimate the important contribution that other interventions under this domain make in translating constitutional provisions into local development processes. They support local and provincial governments in assuming their respective mandates and establishing collaborative processes. Moreover, they allow for the direct targeting of beneficiaries from disadvantaged groups and thereby achieve direct poverty relevance at scale (such as the small irrigation project). Consequently, we consider that some projects beyond PSD will continue to be relevant in the future cooperation programme, such as the continuation of the small irrigation project or the trail based tourism development project.</p>		
Measures	Responsibility	Deadline
<ul style="list-style-type: none"> ○ As recommended, the new CoopProg will stay the course. ○ The scope, intervention lines and rationale for the Employment & Income portfolio will be clearly explained in the new CoopProg. 	Swiss Embassy	October 2022 (finalisation of the CoopProg)

Recommendation 2
To expand SDC's political engagement to the national parliament, provincial assembly, municipal councils, as well as intergovernmental coordination to support these entities in progressing towards more open, inclusive, and deliberative decision-making processes.

Management Response		
Fully agree	Partially agree	Disagree
<p>We partially agree with this recommendation. The Swiss Embassy already engages with mentioned stakeholders at political and policy level and through sectoral discussions; and will continue offering its support. However, the Government of Nepal does not allow projects with direct engagement with the parliaments, and therefore Switzerland will abstain from such support.</p> <p>The upcoming CoopProg will reflect the strong focus on intergovernmental coordination.</p>		
Measures	Responsibility	Deadline
<ul style="list-style-type: none"> ○ Continue the Embassy's engagement with national parliament, provincial assembly and municipal councils at political and policy level. ○ Reflect intergovernmental coordination in the new CoopProg. 	Swiss Embassy	Ongoing / October 2022 (finalisation of the CoopProg)

Recommendation 3		
<p>To deepen SDC's political engagement on migration, TVET and private sector development to identify the 'levers' with which to change the perspective, rationale and behaviour of local political decision makers and bring about the envisaged 'systemic change'.</p>		
Management Response		
Fully agree	Partially agree	Disagree
<p>We agree with this recommendation, and consider it a continuation of the current engagement. The evaluation report indicates progress towards systemic changes in above-mentioned fields and underlines the Embassy credibility. Switzerland, on request of the Ministry of Education, has significantly contributed to the establishment of a functional TVET system in the new federal setting. Other development partners, such as the ADB, leveraged Swiss approaches resulting in further strengthening the sector.</p> <p>In the field of migration, the Embassy has contributed to a change in perspective on labour migration and introduced a functional model for migrant services. The evaluation itself states that transformational change takes time and we are confident that further strides towards systemic changes will take place.</p>		
Measures	Responsibility	Deadline
<ul style="list-style-type: none"> ○ Continue to engage in migration, TVET and PSD to bring systemic change. 	Swiss Embassy	ongoing

Recommendation 4		
<p>To 'complement' the mainstreaming of climate action with a dedicated, process-oriented, climate action and disaster risk management initiative (or 'envoy') to coordinate and explicitly link the individual mainstreaming activities to local, provincial, federal sphere activities and initiatives.</p>		
Management Response		
Fully agree	Partially agree	Disagree
<p>We agree with this recommendation. The Swiss Embassy has already demonstrated how it mainstreams climate change adaptation and mitigation in its portfolio (see "Mainstreaming Climate Change into the SDC Nepal Portfolio" (June 2021)). It has also appointed a focal point for climate change. Possibilities for a dedicated initiative will be</p>		

explored, using the experience and knowledge of the Asia Division Climate change focal point and/ or the Green Cluster as required. The Embassy will regularly review its progress on climate change mainstreaming, with the support of the Asia Division climate change focal point.

To address the impacts of COVID-19 and Nepal's structural challenges, including slow domestic job creation, a high vulnerability to climate change and environmental degradation, the Swiss Embassy shall continue its engagement with the Government of Nepal and Development Partners on the implementation of the Green, Resilient and Inclusive Development (GRID) approach.

Measures	Responsibility	Deadline
<ul style="list-style-type: none"> ○ The Swiss Embassy will explore possibilities and value added for a dedicated climate action initiative. ○ The Swiss Embassy will regularly review its progress on climate change mainstreaming in its annual report. 	Swiss Embassy	CoopProg 2023-26 and Annual Reports

Recommendation 5

To bind in SDC's implementing partners in SDC's political engagement and 'work with them' to promote more open, inclusive, and deliberative political decision-making processes at the federal, provincial, and local sphere of government.

Management Response

Fully agree

Partially agree

Disagree

We partially agree with this recommendation. We recognise the importance of implementation partners as a source of valuable inputs, experience and knowledge on specific projects, sectors and thematic areas for Switzerland's policy and political dialogue. We agree that Switzerland can do more to ensure that implementing partners are also informed of political and policy discussions concerning their respective areas of interventions (feedback loop). At the same time, political engagement is the responsibility of the Swiss Embassy, and must remain so.

Measures	Responsibility	Deadline
<ul style="list-style-type: none"> ○ The Swiss Embassy ensures that implementing partners are aware of policy and political discussions, (for example through bilateral exchanges, Team leaders meetings, and/or the regular provincial workshops). 	Swiss Embassy	ongoing

Recommendation 6

To both simplify and strengthen the substance of SDC's results framework for cooperation programs by:

1. making outcome statements less aspirational, more concrete, and linking them to what the SDC 'can contribute' to (e.g., federalisation rather than political stability, social inclusion and economic prosperity),
2. preparing a detailed 'narrative' on 'how' the SDC 'assumes' it can affect change, identifying the local reform actors, their reform agenda, their support needs, how they are expected to respond to support and what the ripple effect will be of these local reform actors' actions,

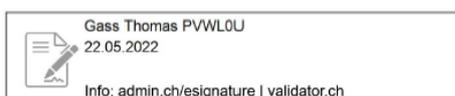
<p>3. 'distilling from this narrative' a limited and separate set of qualitative and quantitative indicators for program steering (that evidence whether SDC's assumptions held or that a change of tactics / course is required) and accountability (that evidence whether the goal is likely to be achieved),</p> <p>4. using the narrative and program steering indicators for program monitoring, drawing lessons learned, deciding the next course of action, and preparing an analytical annual report,</p> <p>5. using the accountability indicators to account for the program's results.</p>		
Management Response		
Fully agree	Partially agree	Disagree
<p>We, including the Quality Assurance section, fully agree with this recommendation. The result framework for the upcoming CoopProg will be less aspirational and contain indicators that allow for both steering and accountability.</p>		
Measures	Responsibility	Deadline
<ul style="list-style-type: none"> ○ To be taken into consideration for the design of the new CoopProg for Nepal 2023-26 	Embassy/SDC Nepal	October 2022 (finalisation of the CoopProg)

Recommendation 7		
<p>For the Swiss Embassy, the Asia Division and SDC's Global Programs to (i) engage annually in a strategic level discussion to update each other on each other's programs and confirm areas of mutual interest and benefit, and (ii) focus the work-floor collaboration on these areas of mutual interest and benefit.</p>		
Management Response		
Fully agree	Partially agree	Disagree
<p>We agree with this recommendation. The information sharing between the Swiss Embassy in Nepal, the Global Programmes and the Asia Division (Nepal desk) can and should improve. Examples of improving collaboration exist: the Embassy and the Global Programme on Migration and Forced Displacement are working on having more regular exchanges; the Global Programme on Food Security has consulted the Embassy sufficiently early, ensuring that valuable inputs on Nepal's federalisation were taken into account in the design of the project.</p> <p>Further, the Asia Division is, with the Global Programmes, maintaining a list of the Global Programmes activities in the region, as well as a list of the Asia Division's activities that are linked with the Global Programmes.</p> <p>Finally, in the Fit for Purpose restructuring that is currently taking place at the SDC, the intention is to better integrate thematic and operational work and reach a closer collaboration. The new structure will become effective on September 1, 2022.</p>		
Measures	Responsibility	Deadline
<ul style="list-style-type: none"> ○ Continue the regular exchanges to work on the lists of projects affecting the Asia Division and the Global Programs. ○ Once the new structure is in place, provide inputs and feedbacks on its effectiveness with regard to thematic and geographic collaboration. 	Asia Division (and Global Programs) (new) Asia Section	Ongoing End 2022

Recommendation 8		
For the SDC and the FDFA to ensure the continuation of its 'political engagement' on federalism, migration, TVET and private sector development in Nepal by subsequent senior managements of the Swiss Embassy in Nepal.		
Management Response		
Fully agree	Partially agree	Disagree
We fully agree with this recommendation. The importance of having a senior management that recognises and understands the importance of linking the policy dialogue with the development aspect has been appreciated during the latest political consultations (04/2022).		
Measures	Responsibility	Deadline
<ul style="list-style-type: none"> During the selection process to replace the Embassy's senior management, the Asia Division will remind the SDC Directorate (and the Head of the Asia Pacific Division at the State Secretariat re. the Ambassador position) of the importance of selecting people with the proper profile. 	SDC Directorate / Head of Asia Division	June 2023 (up to the selection of the new senior management)

Recommendation 9		
To consider preparing a podcast on how the Swiss Embassy engages politically and accompanies locally driven change processes in support of sustainable development.		
Management Response		
Fully agree	Partially agree	Disagree
We agree that communication is a useful tool to explain the work that the SDC in general does. The Embassy's communication specialist has been in touch with the South Domain communication team to highlight the SDC's results in Nepal and has submitted ideas for articles in the SDC magazine One World. The Swiss Embassy maintains an active Facebook page and the Ambassador regularly updates her Twitter account. The Embassy is available and open to communication requests that may arise. With these outreaches and given the other operational priorities, we feel that a podcast is not a priority at this stage to inform how the Embassy engages in Nepal.		
Measures	Responsibility	Deadline
<ul style="list-style-type: none"> The Embassy will remain available for interviews and other communication requests. 	Swiss Embassy	ongoing

Bern, 22 May 2022



Thomas Gass
Head of South Cooperation Department
SDC / FDFA

II. Evaluators' Final Report

The evaluation report for the Nepal Cooperation Strategy 2018 - 2022 has been elaborated in collaboration between the Evaluation and Corporate Controlling Division of SDC and a consultancy team constituted by JaLogisch Consulting GmbH as well as two peers from SDC.

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Contents

Acronyms	i
Executive summary	iii
A tribute.....	vii
1 Introduction	8
1.1. Purpose, use and evaluation areas.....	8
1.2. The Nepal Cooperation Strategy 2018-2022.....	9
1.3. Methodology.....	10
1.4. Reading guide.....	12
2 Results	12
2.1. Emerging development outcomes.....	12
2.1.1 Progress towards federalization.....	13
2.1.2 Transitional justice.....	18
2.1.3 Progress towards the Cooperation Strategy's objective and outcomes.....	18
2.2. SDC's contribution.....	22
2.2.1 Switzerland's contribution to peace, the constitution, transitional justice, and federalization.....	22
2.2.2 SDC's contribution to attaining the formal objectives of the Nepal Cooperation Strategy.....	24
2.2.3 Conclusion.....	25
2.3. Scaling-up and sustainability.....	26
3 Implementation	26
3.1. Value-added.....	26
3.1.1 Political accompaniment.....	27
3.1.2 Project support.....	29
3.1.3 Conclusion.....	30
3.2. Whole of Government Approach.....	30
3.3. Management.....	31
3.4. Monitoring.....	33
4 Relevance	36
4.1. Theory of Change.....	36
4.2. Internal coherence.....	38
4.3. External coherence.....	39
5 Context analysis	40
5.1. Relevance.....	40
5.2. Context sensitivity and adaptation.....	41
5.2.1 Context sensitivity of the Nepal Cooperation Strategy 2018-22.....	41
5.2.2 Main changes in context during implementation.....	42
5.3. Looking into the future.....	43
5.3.1 Deductions from Nepal's political and development context and this evaluation.....	44
5.3.2 SDC's strategic framework.....	46
5.3.3 Climate action.....	46
5.3.4 Private sector development.....	47
5.3.5 Conclusion.....	49

6 Conclusion	50
7 Recommendations	52
References	55

Appendices (in Volume II) – available only on electronically

A Evaluation questions	
B Evaluation design matrix	
C Methodology	
D Project sample	
E Financial portfolio analysis	
F Documentation	
G Key informants	
H Organogram	

Tables

Table 1 Cooperation Strategy Results Framework – indicators and achievements	20
Table 2 Aggregate results achievements on the Cooperation Strategy indicators	21
Table 3 Areas for future support (as identified by the evaluation's key informants)	45

Figures

Figure 1 Three (interacting) domains of intervention	9
Figure 2 Federalization's transformational change:	15
Figure 3 Changes in actual power relations due to federalization: an indication	16
Figure 4 The Swiss Embassy's approach to and role in Nepal's development	28
Figure 5 The Swiss Embassy's monitoring practice	34

Textboxes

Textbox 1 Main evaluation areas	8
Textbox 2 Capacity constraints	32

Acronyms

ADB	Asian Development Bank
AQ	Additional questions (from Swiss Embassy in Nepal and SDC's Asia Division)
ARI	Aggregate Results Indicators
BMZ	German Federal Ministry for Economic Cooperation and Development
CHF	Swiss Franc
CS	Cooperation Strategy
CP	Cooperation Program
CSO	Civil Society Organizations
CSPM	Conflict Sensitive Program Management
DRR	Disaster Risk Reduction
EAER	Swiss Federal Department of Economic Affairs, Education and Research
EU	European Union
FCDO	Foreign, Commonwealth and Development Office
FDFA	Swiss Federal Department of Foreign Affairs
GCF	Green Climate Fund
GHG	Greenhouse gas emissions
GP	Global Programs
GPCCE	SDC's Global Program Climate Change and Environment
GPFS	SDC's Global Program Food Security
GPMD	SDC's Global Program Migration and Development
GPW	SDC's Global Program Water
HRBA	Human Rights Based Approach
IDGP	International Development Partners Group
IFAD	International Fund for Agricultural Development
ILO	International Labor Organization
IOM	International Organization for Migration
JSP	Janata Samajbadi Party Nepal
LNOB	Leave No One Behind
MC	Communist Party of Nepal – Maoist Centre
MERV	Monitoring System for Development-Relevant Changes
MIRIDEW	Migrant Rights and Decent Work Project
MSME	Micro-, small-, and medium-sized enterprises
MoFAGA	Ministry of Federal Affairs and General Administration, Nepal
NAMDP	Nepal Agriculture Market Development Program
NGO	Non-governmental organization
NPOs	National Program Officers

SAMI	Safer Migration Project
SAP	Business data processing system
SDC	Swiss Agency for Development and Cooperation
SECO	Swiss State Secretariat for Economic Affairs
SIP	Small Irrigation Program
SME	Small or medium-sized enterprise
SQ	Standard questions (from SDC's Evaluation + Corporate Controlling Division)
TBD	To be decided
TRI	Thematic Results Indicators
TVET	Technical and vocational education and training
UML	Communist Party of Nepal – Unified Marxist-Leninists
UNRC	United Nations Resident Coordinator

Executive summary

Introduction

This report documents the evaluation of the Nepal Cooperation Strategy 2018-22 from the Swiss Agency for Development and Cooperation (SDC). The evaluation entailed a qualitative inquiry into the development effectiveness of the Cooperation Strategy. Its purpose was to inform the formulation of the new Nepal Cooperation Program 2023-26. The evaluation was conducted by two external evaluators and two SDC staff.

From peace to federalism – history in the making

Over the last 15 years, Nepal made great strides forward. It settled a violent conflict, adopted a new Constitution (based on the principles of equality, inclusion, and participation), and introduced a federal system of government. The latter is proving transformative at the local level, where local governments use their newfound authority and resources to invest in roads, education, health services, agricultural development, and disaster prevention, amongst others. They also orchestrated the local response to the COVID-19 Pandemic. The implementation of the Constitution and the federalization process faces many challenges. The same holds for transitional justice, which constitutes an unfinished chapter in Nepal's peace arrangements. To meet the Constitution's aspirations on inclusion, equality, and participation, work remains on creating open, inclusive, and deliberative political decision-making processes at all three levels of governments. Whilst Nepal's peace appears sturdy, federalization and transitional justice remain ongoing processes.

Political dialogue as starting point – the politics of systemic change

Switzerland made a real, meaningful, and generally recognized contribution to above developments. This contribution lay in its peace mediation, making available constitutional experts, facilitating the transitional justice process, promoting the implementation of the Constitution, restructuring all its development projects to the federal structure of government, and supporting federalist policy development. The binding element in all this support was Switzerland's political accompaniment of local reform processes. The SDC understood that development is political, had access to political decision-makers, and possessed the acumen and patience to navigate the politics of change deftly and impartially. The SDC also pursued systemic change on migration and in TVET, as well as more recently private sector development. Whilst it made inroads here as well, it has not yet been able to change the perspective, rationale, and behavior of local stakeholders sufficiently to realize transformation at scale in these areas.

The basis for political engagements – authenticity, impartiality, and a political antenna

The SDC in Nepal thinks and acts politically. It rests all its actions and interventions on explicit political analysis and risk assessments (frequently translating this into action plans and position papers). Moreover, it gained – over the years – privileged access to political decision-makers and was able to engage with these decision-makers because of 12 complementary characteristics of Switzerland's development cooperation:

- | | |
|--|---|
| 1. SDC's continuous engagement since 1959 | 7. sharing (not dictating) experience & expertise |
| 2. well-known interventions, e.g., trail bridges | 8. thoroughness: coming to the table prepared |
| 3. values-based impartiality | 9. consistency across management teams |

4. walking its talk: consistency in its positions	10. strategic skill: able to hit the levers of change
5. natural credibility, e.g., on federalism / TVET	11. patience: accompanying change as it unfolds
6. positive messaging, finding common ground	12. ability to offer a safe space for negotiations

The strength and challenges of management – action and alliances

The implementation of the Cooperation Strategy is actively managed by the Swiss Embassy. It closely and continuously monitors the political and development context and acts whenever it sees a need (whether for promoting adherence to the Constitution by the federal government or other development partners or assisting Nepal in its response to the COVID-19 pandemic). Whilst it is thereby sensitive to the politics of development, the Embassy is also willing to take calculated risks by promoting interventions which are uncertain in their outcome (whether proactively engaging with the provincial government of Province 1 or investing in a MSME debt fund to support fledging businesses during the COVID-19 Pandemic).

The Swiss Embassy considers itself well-equipped to implement the bilateral cooperation program and has moved staff to Province 1 in line with its geographic focus on that province. The fully SDC-staffed Embassy is strained in also fulfilling its political, human rights, and economic reporting functions to the Federal Ministry of Foreign Affairs. Finally, the Swiss Embassy appears a lone fighter – whether on supporting the full implementation of the Constitution and federalization, TVET or migration – and could invest more in creating alliances with local and international development organizations. The Swiss Embassy could also bind in its implementing partners in its political engagements to expand SDC's reach and make use of the implementing partners' drive and expertise.

The Whole-of-Government approach – a promising future if focused and purposeful

There is a solid coordination and cooperation in Nepal between the SDC, SECO and SIFEM. Both SECO and SIFEM run projects that are complementary to SDC's work, strengthen Switzerland's overall development cooperation, and are in line with Nepal's federal system of government. The collaboration with SDC's Global Programs is uncoordinated and of little value-added to either the bilateral program or the Global Programs. In moving forward, it is important for both to understand the scope of work of the other and identify areas of mutual interest. The latter is critical as this gives the natural incentive to collaborate on these areas and these areas only.

The value and potential of SDC's Results Framework

The SDC has a good monitoring practice; one that is highly appreciated by the Swiss Embassy staff. It regularly, intensely, and collectively reviews the political economy, development context and the implementation of the Cooperation Strategy (projects). This gives the Swiss Embassy the opportunity to learn about what is working, what isn't and why, and steer its interventions accordingly. The Cooperation Strategy's Results Framework is part and parcel of these monitoring exercises. The Results Framework is both useful and a monstrem. It is useful as it gives identity, clarity of purpose, and hand-and-feet to the Swiss Embassy's accountability. It is a monstrem as it is too complicated and not sufficiently spelled out and explained. SDC's annual report is good in design. In practice, the annual reports are too descriptive; they lack evaluative analysis, conclusions, and consequences for program steering. This can, in part, be traced back to the imperfections of SDC's Results Framework. A simpler and better articulated Results Framework will support more analytical and consequential annual reports.

The COVID-19 Pandemic – Swiss swiftness

Less than halfway through the implementation of the Nepal Cooperation Strategy 2018-22, SDC (like the rest of the world) was confronted with the COVID-19 Pandemic. It responded quickly. Within 2 weeks of the WHO declaring a global pandemic, the SDC approved a CHF 5 million emergency response '*to contain the spread of COVID-19 and to address the socio-economic consequences*'. This umbrella credit helped Province 1 in Nepal to purchase testing kits and medical equipment, establish health care waste and water purification systems in 4 hospitals, and invest in a livelihood and business support programs. The evaluation did not evaluate these interventions in any depth. The impression was that the support was provided both effectively and carried an element of randomness. The latter is unavoidable in absence of a government-led, nation-wide, and fully funded emergency response. SDC's Global Program Health therefore bet on channeling the support through the UN-system. The planned evaluation of SDC's COVID-19 offers the opportunity to evaluate and compare both modes of assistance.

What's up next? – staying the course while setting the sails anew

The SDC is doing well in Nepal and there are good reasons for the SDC to stay the course and continue its support to:

- federalism – which is work in progress and whose potential has not been fully tapped,
- Province 1 – for the province to engage in areas where economies of scale demand regional action,
- large international development players – to keep them on course and in support of the full implementation of the Constitution,
- safe migration and TVET – where the SDC is changing perspectives, but has not yet triggered systemic change,
- transitional justice – because this is an unfinished part of the peace process and the SDC is perceived as a trusted partner in the process,
- private sector development – as the SDC is piloting a more holistic approach which requires time to proof itself, and
- mainstream climate action into its federal state building and private sector development portfolio – as there are already other and bigger players on-the-ground with dedicated climate action.

There is nonetheless a need for some tweaking of the program, namely to:

- shift the federal state building domain from the 'structure of federalism' to the 'quality of decision-making processes',
- engage (even more) politically on migration and TVET to bring about systemic change,
- take a wait and see attitude on transitional justice and have Nepal take the lead and show the way,
- explicitly link the mainstreaming of climate action into local, provincial and federal sphere climate actions to ensure that such action is meaningful and complementary, and
- explicate the theory of change of the more holistic approach to private sector development and regularly assess whether SDC's assumptions hold up in practice (i.e., whether it functions as envisaged).

Recommendations

These findings and conclusions translate to the following 9 recommendations:

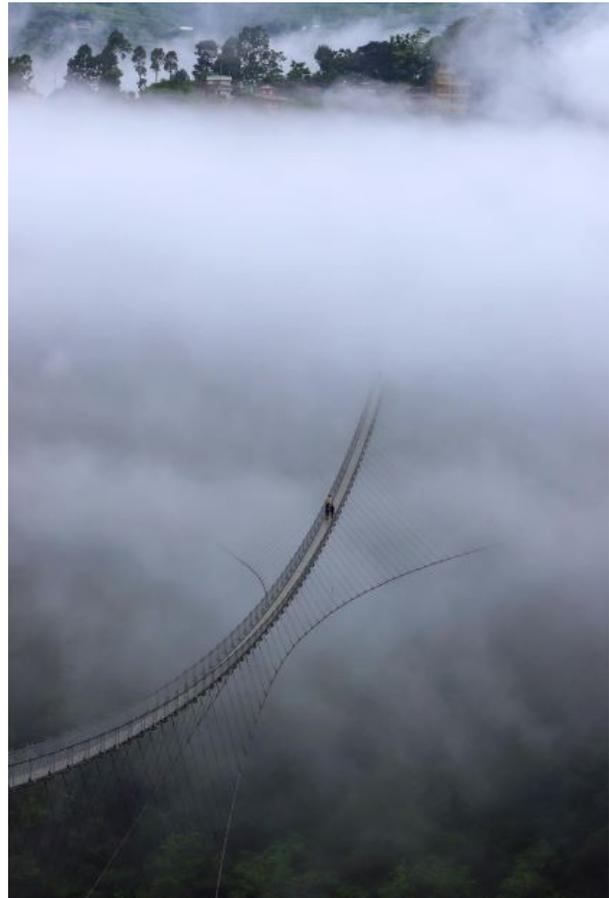
1. To continue its course, in 'working politically', 'engaging with large international development partners', 'focusing on Province 1', and investing time, effort and money in federalization, transitional justice, migration, TVET and private sector development. To concentrate the Employment & Income domain around the new private sector development approach.
2. To expand SDC's political and technical engagement to the national parliament, provincial assembly, municipal councils, as well as intergovernmental coordination and contribute to more open, inclusive, and deliberative decision-making processes.
3. To deepen SDC's political engagement on migration, TVET and private sector development to identify and work on the 'levers' of systemic change.
4. To 'complement' the mainstreaming of climate action with a dedicated, process-oriented, climate action and disaster risk management initiative (or 'envoy') to coordinate the individual actions and meaningfully and substantively contribute to local, provincial, federal sphere activities and initiatives.
5. To bind in SDC's implementing partners in SDC's political engagement and 'work with them' to promote more open, inclusive, and deliberative political decision-making processes at the federal, provincial, and local sphere of government.
6. To simplify and strengthen the substance of SDC's results framework for cooperation programs.
7. For the Swiss Embassy, the Asia Division and SDC's Global Programs to engage in annual strategic level discussions to update each other on each other's programs and focus the work-floor collaboration on areas of mutual interest and benefit.
8. For the FDFA and the SDC to ensure the continuation of its political engagement in Nepal by subsequent senior managements of the Swiss Embassy in Nepal.
9. To consider preparing a podcast on how the Swiss Embassy engages politically and accompanies locally driven change processes in support of sustainable development.

A tribute

In 1961, the Swiss government financed the construction of the first modern suspension trail bridge in Nepal. 63 years later, in 2024, the SDC will exit the sector. Over these 63 years, Switzerland supported the construction of over 9,000 trail bridges. These trail bridges benefited around 17 million Nepali. The trail bridges that were built during the last 4 years reduced the average travel time for a round-trip by 2½ hours. Earlier bridges realized even more dramatic time savings.

A critical reader and follower of the debate on the effectiveness of development cooperation may say: *'well, that's about time to leave the sector'*. On the one hand, that is correct. After all these years, Nepal has the funds and capacities to continue on its own, to build the remaining 2,400 trail bridges that will complete the total envisaged network of trail bridges, and to maintain and – where necessary – replace existing and older trail bridges. In fact, between 2019 and 2024, the Nepal government committed CHF 88.5 million to the construction of trail bridges (whereas the SDC contributed CHF 9.4 million in technical assistance). Importantly, Nepal has now the local experts.

On the other hand, the support to trail bridges is part of the identity of Swiss development cooperation in Nepal. In the interviews for this evaluation, the first sentences of many key informants were to express gratitude and appreciation to Switzerland for its support to the construction of trail bridges, which they thought to be so beneficial and valuable to Nepal. Shedding part of one's identity is difficult. This makes SDC's decision to exit the sector, not just timely, but also courageous. Hats off.



1 Introduction

This report documents the Nepal Cooperation Strategy 2018-22 Evaluation. This opening chapter lays down the purpose of the evaluation, the main evaluation areas, the contours of the Nepal Cooperation Strategy, and the evaluation approach. The chapter concludes with a reading guide to this report.

1.1. Purpose, use and evaluation areas

The SDC Directorate initiated and SDC's Evaluation + Corporate Controlling Division commissioned this evaluation. Its purpose is to '*help the Management of the different [Swiss] entities involved in the Cooperation Strategy in their strategic and operational steering and in improving aid effectiveness*' (SDC 2019a). The evaluation will be used in preparing the new Nepal Cooperation Program 2023-26¹. As such, this evaluation exercise is forward-looking, learning-oriented, and improvement-focused.

To facilitate the evaluation of cooperation strategies and inform the subsequent strategic and operational decision-making, the Evaluation + Corporate Controlling Division defined a standard set of evaluation questions. These questions have been complemented by questions of specific interest to the Swiss Embassy in Nepal and the SDC Asia Division in Bern. Appendix A includes the full set of questions. Textbox 1 summarizes the main evaluation areas.

Textbox 1 Main evaluation areas

1. **Context analysis:** how astute has been the (ongoing) context analysis and how relevant and adaptive the Cooperation Strategy (implementation) to the context?
2. **Relevance:** what is the internal coherence of the Cooperation Strategy and to what extent can its interventions – collectively – contribute to the goals of the Cooperation Strategy?
3. **Implementation:** how effective is the Swiss Embassy in implementing the Cooperation Strategy and coordinating its work with development partners and Swiss entities?
4. **Results:** to what extent are the outcome statements of the Cooperation Strategy (likely to be) achieved and has Switzerland contributed to attaining national development goals, and why?

For the Swiss Embassy, the evaluation is to help them reflect on their past performance and how best to proceed in the coming years. The Embassy invested heavily (with effort and conviction, as much as money) in peace- and federal state-building in Nepal. The evaluation should help assess how its political engagements and development projects contributed to federal state-building and the Cooperation Strategy's goal for '*women and men to benefit from equitable socio-economic development and exercise their rights and responsibilities in an inclusive federal state*' (SDC 2018a). In the process, the Embassy wishes to learn about the Swiss value-added in the international development cooperation with Nepal, and – importantly – how Switzerland can be (even) more effective in influencing systemic change. The Swiss Embassy is particularly interested in '*how*' best to affect change in Nepal, with the evaluation reflecting both on what it has done well and how it can improve.

The SDC Asia Division underscores the Swiss Embassy's interests. Over and above the '*how*', the Asia Division is also interested in the '*what*': were Switzerland's intervention areas correct and what should its future domains of interventions be to remain relevant and effective in Nepal?

¹ With the adoption of the Swiss International Cooperation Strategy 2021-24, the SDC renamed its (country-level) cooperation strategies into cooperation programs.

1.2. The Nepal Cooperation Strategy 2018-2022

Goal. The formal objective of the Cooperation Strategy is that *'women and men benefit from equitable socio-economic development and exercise their rights and responsibilities in an inclusive federal state'* (SDC 2018a).

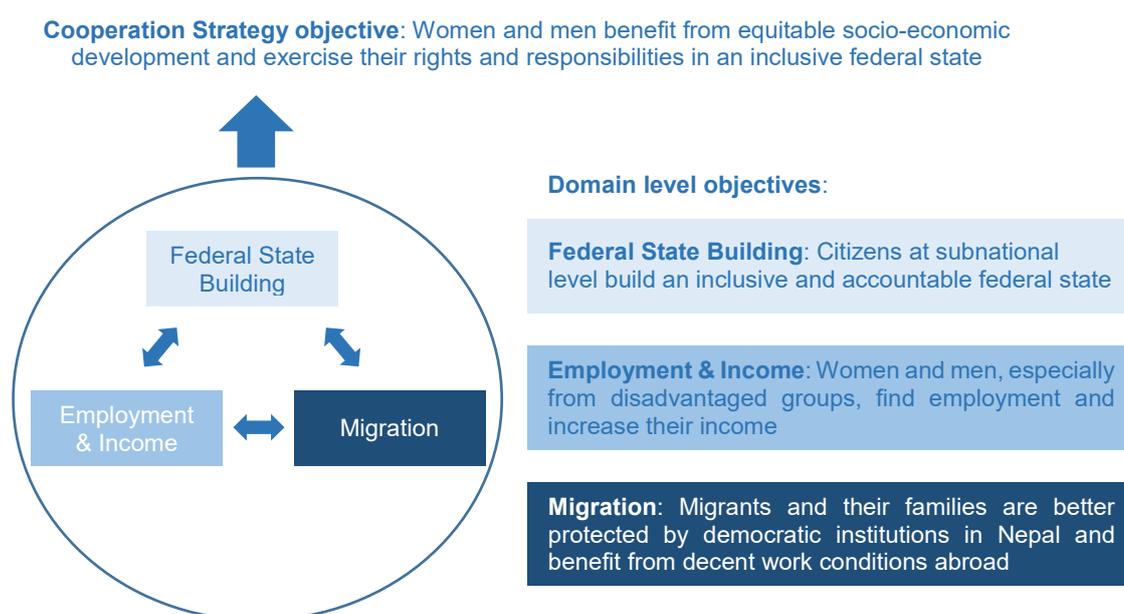
Frame. Underneath this goal, which is formulated (according to custom) in the language of the 2030 Agenda for Sustainable Development, lies a more direct objective and a deeper rationale: Switzerland gears all its interventions towards supporting the implementation of the 2015 Constitution. The latter is the (latest) manifestation of the Comprehensive Peace Agreement from 2006 which ended 10 years of civil strife. Its implementation is to resolve *'the root causes of past conflicts'*, namely exclusion and discrimination based on identity, ethnicity, caste, geography, and gender (SDC 2018a).

The resolution of these root causes of conflict rests on the political transformation of Nepal from a centralized and unitary government into a federal system of government in which all people can participate and shape the body politic and policies. This transformation is in sync with Switzerland's humanitarian values and own political heritage. Moreover, it is considered by the Swiss Embassy the only pathway towards enduring peace. Switzerland therefore directs all its instruments and projects towards supporting the implementation of the Constitution and building a federal system of government as it constitutes *'a historic opportunity to promote inclusive development and democratic accountability'* (SDC 2018a).

Instruments. In Nepal, Switzerland has an integrated embassy, putting under one roof and the responsibility of the Swiss Ambassador, political relations, investment and trade promotion, development cooperation and consular affairs. In line with the above frame, the Swiss Embassy synchronizes its diplomacy, trade promotion and development cooperation and applies it in line with and in support of the implementation of the Constitution.

Domains and project types. The Swiss Cooperation Strategy includes three domains of intervention: Federal State Building, Employment and Income, and Migration. Each domain is to contribute to its own objective whilst also strengthening other domains (see Figure 1). Within each domain, Switzerland provides 'contributions' to government or multilateral organizations to execute projects, or commissions third parties with the implementation of project 'mandates' or 'small actions'..

Figure 1 Three (interacting) domains of intervention



Timeline. The Cooperation Strategy was originally envisaged to run for 4 years (from 2018-21). It was subsequently extended by 1 year (until 2022) because progress in federalization was slower than envisaged, the Strategy remained relevant, and the COVID-19 Pandemic delayed results achievement and required the Swiss Embassy's full attention.

Budget. The budget envelope for the five-year period entailed CHF 132 million.² This budget is (for 97%) subsumed by 22 bilateral development projects (see Appendix E). The funding stems from the SDC (under the Swiss Framework Credits 'Technical Cooperation and Financial Aid for Developing Countries' and 'Humanitarian Aid'), except for an annual CHF 3 million from SECO in support of a multi-donor funded, World Bank administered Public Financial Management project (and which stems from the Swiss Framework Credit 'Economic and Trade Policy Measures for Development Cooperation').

Geography. In supporting the implementation of the Constitution and move towards a federal system of government, the Government of Nepal and Switzerland agreed to concentrate the Swiss development program in Province 1 (in the east of the country).

Organization. The Swiss Embassy is headed by the Swiss Ambassador. The Embassy consists of a political section, bilateral cooperation, administration & personnel, finance, security, and consular affairs. The bilateral development cooperation program is managed by 17 persons, entailing the Head of Mission, Deputy Head of Mission, 2 Swiss Heads of Domains, and 14 Nepali staff. Appendix F contains the full organogram of the Swiss Embassy. At the SDC headquarters, it is mainly one desk officer in the Asia Division that accompanies the implementation of the Cooperation Strategy.

1.3. Methodology

This evaluation encompassed a purposeful and qualitative inquiry into the development effectiveness of the Nepal Cooperation Strategy. Purposeful, because the evaluation sought answers to the evaluation questions defined, at the start of the evaluation, by the Evaluation + Corporate Controlling Division, the Asia Division, and the Swiss Embassy (see Section 1.1 and the evaluation design matrix in Appendix B). Qualitative, as the evaluation relied on the insights and perspectives gained from interviews and documents to offer a descriptive analysis of the implementation and results of the Cooperation Strategy.

The evaluation was conducted by a hybrid team of external and SDC internal evaluators, consisting of Geert Engelsman (team leader and external development evaluation specialist), Mary Hobley (an external Nepal and development expert), Christoph Graf (an SDC peer to the evaluation and the Swiss Representative to the OECD-DAC), and José-Luis Pereira (an SDC peer to the evaluation and senior National Program Officer in the Swiss Embassy in La Paz, Bolivia). Mary Hobley prepared for the evaluation a background paper on the political economy of federalization in Nepal.

Most interviews were conducted face-to-face during a two-week field mission by the evaluation team to Nepal. The field mission took place between 10 November and 22 November 2021. The key informants during the field mission included:

- representatives from Nepal's major political parties (United Marxist Leninist, Maoist Centre, Nepali Congress, and Janata Samajwadi Party),
- federal government ministers: Federal Affairs and General Administration, Foreign Affairs,
- (former) federal government secretaries: Federal Affairs and General Administration, Education, Ministry of Planning and International Cooperation, Election Commission, and Chair of the National Natural Resource and Fiscal Commission,

² This budget excludes FDFA-SDC Institutional Partnerships and FDFA-Directorate for Resources Global Budget Nepal.

- Province 1 minister: Finance,
- Province 1 (former) secretaries: Office of the Chief Minister, Social Development, Agriculture,
- local governments in Province 1: mayors, deputy mayors, staff,
- armed conflict Victim Group Common Platform representative,
- other stakeholders: Centre for Good Governance (Bagmati Province), Chief District Officer, Migrant Resource Center, 2 farmers, 2 agricultural input suppliers,
- international development partners: ADB, BMZ, EU, FCDO, UNRC, World Bank,
- implementing partners: Swisscontact, Helvetas, One to Watch, PriceWaterhouseCoopers India, and the joint venture implementing the Small Irrigation Program,
- independent experts on federalization and transitional justice.

Appendix G includes a full overview of the key informants.

In addition, the evaluation team engaged in-depth with the SDC Asia Division, Swiss Ambassador to Nepal, deputy Head of Mission, and Swiss Embassy staff:

- at the evaluation outset: to understand the purpose and scope of both the evaluation (questions) and the Nepal Cooperation Strategy 2018-22,
- throughout the evaluation mission (with the Swiss Embassy management and staff): to learn about and understand the implementation of the Cooperation Strategy,
- after the evaluation mission: both for a detailed debriefing of the evaluation mission and a substantive exchange on the draft evaluation report.

The document review covered corporate documents (e.g., Swiss Constitution, federal dispatches, Asia Guidelines, Global Programs mapping), strategy documentation (e.g., Cooperation Strategy, Results Framework, Annual Reports, MERVs, monitoring matrices), Embassy documentation (position and strategy papers), project documentation of 15 purposefully selected projects (e.g., credit proposal, annual reports, evaluations), and country context documentation (e.g., Nepal Constitution, political and economic analyses). Appendix F lists all reviewed documents.

The collected data was scrutinized by the evaluation team through inductive and deductive analysis. Inductive analysis occurs quasi automatically 'during' the evaluation (and field mission) when the evaluation team made sense of the collected information. Deductive analysis concerns the structured analysis of the data 'after' the evaluation mission based on the pre-defined evaluation questions and criteria. Appendix C details the full evaluation process and methods.

The breadth of key informants and document sources offered a good qualitative basis for analysis. The evaluation's findings and conclusions were drawn by the evaluation team collectively (i.e., a triangulation across evaluators) and are supported by multiple and different data sources (i.e., a triangulation across data sources). The draft findings and conclusions were discussed with the Swiss Embassy and the SDC Asia Division to ensure that they are factually correct, traceable, understandable, and reasonable.

All in all, the evaluation report offers a solid qualitative evaluation of the development effectiveness of the Nepal Cooperation Strategy implementation. The shortcomings in the Nepal Cooperation Strategy's Results Frameworks and the (natural) time and resource constraints of the evaluation did not allow for a quantitative assessment of the contribution of the Swiss development cooperation portfolio of projects to the development of Nepal (see Chapter 2).

1.4. Reading guide

As noted in Section 1.1, the evaluation covered 4 standard evaluation areas for cooperation strategy evaluations, namely: context analysis, relevance, implementation, and results. This evaluation report discusses the 4 topics in 'reverse order'. For 2 reasons. First, we expect that the discussion on the development cooperation results is most eagerly anticipated by the reader and will speak to the imagination of most readers. Second, this allows for the least amount of repetition as the evaluation of the development cooperation results (and SDC's contribution thereto) offers the building block for, and informs the discussions in, the later chapters.

Accordingly, Chapter 2 presents and analyzes the main development 'results' of Nepal and the Swiss contribution thereto. Chapter 3 evaluates the 'implementation' of the Cooperation Strategy, including SDC's value-added, management, monitoring practices, and Whole-of-Government approach. Chapter 4 reflects on the Cooperation Strategy's 'relevance' in terms of its theory of change and internal coherence. Chapter 5 covers the Cooperation Strategy's alignment with government policies and SDC priorities, its context sensitivity, and possible future areas of cooperation. Chapters 6 and 7 contain the evaluation's conclusions and recommendations respectively.

Finally, the 'how' question is evaluated in Section 3.1 based on the insights from Section 2.2. The 'what' question is addressed in Section 5.3 based on the evaluative findings of Chapter 2.

That's it. Enjoy the read.

2 Results

Evaluation questions

4.1 SQ: Which contributions of the Swiss Cooperation portfolio became visible at outcome level, particularly regarding the achievement of the development results in the partner country? To what extent are the identified outcomes set in the Results Framework being achieved?

AQ: Are fragility aspects and new opportunities (in the Nepali federal context) identified in the context analysis appropriately addressed in the Cooperation Strategy? Are they appropriately reflected in the subsequent Annual Reports and implementation of the programme? Are peacebuilding elements (i.e., implementation of the constitution, Transitional Justice, and Inclusion) adequately covered in the Cooperation Strategy? How did the program portfolio adapt to the evolving federal context?

This Chapter evaluates the extent to which the SDC contributed to Nepal's development. The opening section describes main development outcomes. These are related to the country's progress in federalization of government, transitional justice, and the Swiss development goals of the Nepal Cooperation Strategy. This section also briefly reflects on Nepal's vulnerability and the prospects for continued peace. The next section answers the crucial question to what extent the SDC contributed to the observed development progress. The final section reviews whether SDC's interventions are sustainable, replicated, and brought to scale.

2.1. Emerging development outcomes

This section presents and analyzes, respectively, Nepal's progress in (i) federalization, (ii) transitional justice, and (iii) attaining the formal objectives of the Nepal Cooperation Strategy.

2.1.1 Progress towards federalization

Milestones and constraints

As noted in Section 1.2, the Nepal Cooperation Strategy 2018-22 supports the implementation of the Constitution and the move towards a federal system of government. What progress has been made in federalization and what are its (preliminary) impacts? Since the promulgation of the Constitution in 2015 significant strides have been made in federalization. Key milestones are:

- free and fair elections have been held in 2017 for the federal, provincial, and local government. Free and fair by-elections have since also been held for vacated federal parliamentary and provincial assembly representations,
- 34% of elected federal parliamentarians and provincial assembly members are women,
- provincial and local governments have been set-up from scratch and basic political and law-making processes are emerging at both spheres of government,
- elected governments are functional and working at all three spheres of government,
- dozens of legal acts have been passed by the federal parliament which confirm fundamental human rights and distribute government functions, funds and functionaries across the three spheres of government³,
- intergovernmental fiscal transfers from the federal to the provincial and local government are made,
- the Supreme Court is upholding the Constitution when challenged to do so.⁴

The most significant change can however be observed within municipalities. With enhanced authority and resources, municipalities have started to take charge of their own development. The evaluation engaged with the mayors of 6 municipalities, and, in these conversations, the change brought about by the federalization of government was palpable.

The municipalities have not just set up basic policy processes and developed their own periodic plans. These municipalities have started to invest – from their own discretionary resources – in roads, schools, education, basic health services, agricultural markets and extension services, and/or further electrification of the municipality. Moreover, the local governments responded to the COVID-19 Pandemic by mobilizing doctors and nurses, setting up testing and isolation facilities, organizing contact tracing, and buying oxygen supplies. Not surprisingly, according to a survey from the Asia Foundation in 2020, 69% of the residents in Nepal (and 66% of residents in Province 1) are satisfied with the services of local government (SDC 2021b).

Despite this progress, there remain missing links in the federalization of government:

- critical legislation, in particular the Civil Service Act and the Provincial Government Operation Act⁵, remains pending,
- discretionary provincial and local government funding ranges between 6% and 16% of their total budget (with the actual size depending on the capacity of provincial and local

³ These include, amongst others, the Local Government Operation Act (2017), Employee Adjustment Act (2017), the Intergovernmental Fiscal Management Act (2017), and Intergovernmental Coordination Act (2020).

⁴ Most notably, the Supreme Court has called the dissolution of the Parliament in 2021 (twice) unconstitutional (in both cases).

⁵ The Civil Service Act is to enable provincial and local governments to build up their own administrative organization and recruit their own staff. At present, all provincial and local government staff are federal civil servants. The provincial Government Operations Act is to clarify the roles, responsibilities, and authorities of the provincial government. The provincial government has been assigned the least number of exclusive rights and its role and responsibilities are both less clear and severely contested. In the process, the utility and geographic boundaries of provincial governments are questioned with some advocating a change in boundaries and number of provinces, whilst others wonder whether the provinces cannot be abolished altogether.

governments to raise own revenues). Most intergovernmental fiscal transfers are conditional grants which limit the autonomy and discretionary resources of the provincial and local government,

- the envisaged intergovernmental coordination based on the 3 C's – co-existence, co-operation, and co-ordination – has not been organized and is not functioning.

The provincial governments have difficulty realizing their full constitutional rights and mandates. On the one hand, the provincial governments built up the basic institutions of government: from forming a representative government after the 2017 elections to preparing a (first and subsequent) annual budgets, from formulating provincial policies and guidelines to providing services to citizens (e.g., financial relief to businesses suffering from the corona-induced economic crisis). On the other hand, they have the tendency to act as a 'big local government', another 'layer of government'. Their value-added lies however in the 'subsidiarity principle', in picking up what cannot be effectively done by the local and federal governments. The cases in point are regional economic development (based on the comparative advantages of the province or regions within the province) and realizing economies of scale (and quality) in public service delivery (whether on solid waste collection, disaster prevention or delivering higher education). Of course, the move to a federal system of government is in its early years. Their remains time. The evidence suggests however that the provinces are struggling on this front.

The provincial governments' struggle is exacerbated by the loss in political momentum in the federalization process. Most legal acts on federalization have been passed prior to 2018.³ The change in momentum has however become especially palpable since 2019. This is partly due to the onset of the COVID-19 Pandemic, but for most part the result of reluctance amongst decision makers to share power.

Since 2018, the previously separate communist parties – the UML and the Maoists formed a new unified Nepal Communist Party (NCP), effectively creating a massive majority and unified political leadership in federal, provincial, and local governments. When the NCP formed the provincial government in 6 of the 7 provinces, there was limited attempt to build the provinces as strong autonomous spheres of government, with strong political control retained by federal political leaders over provincial elected representatives. Intergovernmental cooperation mechanisms were weakly developed with limited resolution of key areas of contestation for concurrent functions between the three government spheres. Key informants observe in this regard that federalization disagrees with Nepal's entrenched political culture of patronage where political power is obtained and maintained by giving one's constituents access to (state) resources. No politician, at whatever sphere of government, wants to relinquish power.

Recently, in July 2021, the UML-MC coalition broke up after the Supreme Court's decision revoked the dissolution of the Parliament A new government – consisting of the Nepali Congress, the Maoist Centre, the Janata Samajbadi Party (JSP), and the Socialists (another split from UML) – formed a new federal government (and 6 out 7 provincial governments). Their 'Minimum Common Program' embraces federalization. Most key informants expect the new government to instill new momentum in the federalization process. As per Constitution, new elections are however due in April/May 2022 for the local government and November 2022 for the provincial and federal government. The UML is expected to perform strongly in these elections, and it is unclear whether the current coalition will have enough votes, common ground, and tenacity to form a new (majority) government.

The depth of change

How to classify the progress and impact of federalization? An answer to this question can be found by assessing how transformational the move to a federal system of government has been and how power relations have shifted in the process. For a development to be transformational, it must rest on a '*change of perspective*' (e.g., about who is responsible for development), a '*change of rationale*' (e.g., what political leaders seek to achieve), and

a 'change in behavior' (e.g., what actions political leaders take) (De Leener and Totte 2018). It is only when these three changes coalesce, that a person, a community, or a society can 'unplug from the old world and plug into [and shape] a new world' (Bridges 1991) and that transformations happen.

All three changes can be observed within local government. The 6 mayors noted (and its essence was confirmed across the interviews with other stakeholders) that:

- *'Everything has changed ... we now got power ... we know what is needed ... [and] ... everything we learned was after the promulgation of the Constitution'*, which reflect a change in perspective, that local governments know that they can now take charge of their own development.
- *'We can make Nepal better ... create an egalitarian society ... [and] ... we will supply the next ministers for the federal government'*, which reflects a change in rationale: a new motivation and call to action.
- *'We set-up the municipal organization from scratch ... [and] started to invest in roads, schools, education, basic health services, etc.'* as already highlighted above, which reflects a change in behavior and actions.

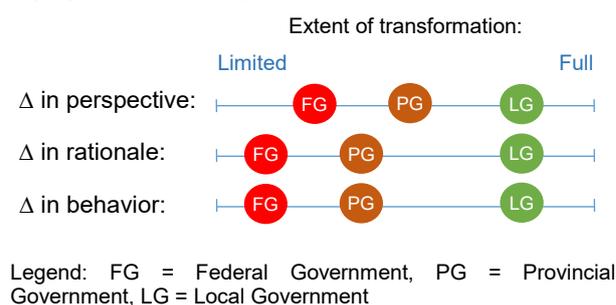
It is thus fair to say that the move towards a federal system of government is proving to be transformational for local governments.

The change in perspective could to some extent also be observed amongst provincial and federal government politicians and bureaucrats / administrations. The provincial government in Province 1 took charge of building up the provincial government from scratch and was working hard to carve out a role for themselves (in between the federal and local government). National leaders of the political parties recognized that (some form of) federalization was indispensable to maintain the peace and unity of the country.

This change in perspective amongst national political leaders was not accompanied with a change in rationale and behavior. At the federal sphere of government, political leaders continue to work to maintain power. This is not surprising as their incentives (for obtaining and maintaining power) have not changed. In absence of visionary leadership, this prevents a change in their behavior.

Provincial government leaders appear to have (at least in part) been captured by their party principals at the national level. Although they were aware of their constitutionally assigned powers, UML provincial government leaders were not powerful enough to withstand the centralization forces at the federal government level. The move towards a federal system of government has therefore not yet proved to be transformational at the federal and provincial sphere of government. Figure 2 shows graphically the differences in the transformational change at the local, provincial, and federal sphere of government.

Figure 2 Federalization's transformational change: a graphical summary



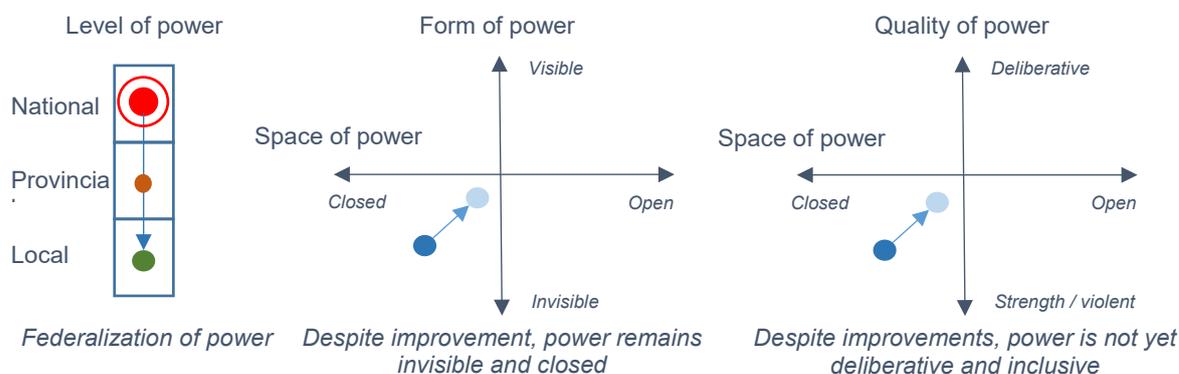
The important, albeit limited (or, as of now, partial) societal transformation from federalization can be further illustrated by studying the distribution of power in Nepal. The Institute for Development Studies of the University of Sussex developed the Powercube to identify (changes) in power within an organization, community, or society. The Powercube, a central tool of SDC's governance network, offers a useful frame to ascertain changes in agency and how power is exercised.

The Powercube differentiates between (i) 'levels of power', i.e., whether power is located at the national, subnational, and/or local level of government, (ii) 'forms of power', i.e., whether power is exercised visibly (in the public domain) or is hidden/invisible (beneath the surface, behind a web of norms, rules and customs), (iii) 'spaces of power', i.e., whether power is exercised in closed spaces (by an exclusive group of politicians, bureaucrats, experts, etc., and without consultation), in invited spaces (whereby one can participate in decision-making on invitation only), claimed spaces (created by activists, possibly with substantial risks involved), or open spaces (where all with an interest and capacity can participate in the decision-making process), and (iv) 'art or quality of power', i.e., whether it is based on a deliberative and consultative process or exercised through the display of strength (either embedded in customary rules or exercised through (the threat of) violence).

Figure 3 shows the changes in the distribution of power in Nepal. The move to a federal system of government has empowered local government and to some extent provincial government. The federal government nonetheless remains the most powerful sphere of government (albeit somewhat less than before) as it controls the national law-making process, distribution of national tax revenues and thereby the speed and extent of federalization.

Federalization has, to some degree, opened the political domain to women and Dalits. Through constitutional determined quotas, both groups are now represented in the national parliament (34%), provincial assembly (34%), and municipal council. Women take up either the mayor or the deputy mayor posts in all local governments. The evaluation encountered however little evidence that local, provincial, or national political decision-making has become inclusive, open, and deliberative. Local councils and provincial assemblies set up committee structures and law-making procedures. The evaluation received mixed signals on the extent to which these structures and procedures are working and giving voice to previously marginalized groups. Power appears to remain vested in the national political parties and/or mayors.

Figure 3 Changes in actual power relations due to federalization: an indication



Source: Authors, based on the Powercube of Institute for Development Studies of the University of Sussex.

The arrows in Figure 3 show that, from a federalization and inclusiveness point of view, Nepal is moving in the right direction, but that there is still road to travel to become truly open, inclusive, and deliberative. For now, Nepal remains in the lower, left-hand quadrants.

The observations in the previous paragraph come with a disclaimer. The evaluation was unable to engage directly with parliamentarians, assembly members or council members. (The Ministry of Foreign Affairs needs to approve all meetings with government representatives. Engagement by development partners with parliamentarians and assembly/council members is sensitive and perceived as undue interference with the country's sovereign affairs. With the recent change in government and the upcoming

elections, the Swiss Embassy considered it inopportune to arrange such meetings for the evaluation.) The evaluation lacked the direct inputs from parliamentarians, assembly members or council members. Having said that, the evaluation engaged with a wide range of government and non-governmental stakeholders. If more open, inclusive, and deliberative political decision-making processes had emerged, then this would, in all likelihood, have come out of our meetings with the other stakeholders.

The insufficient presence of open, inclusive, and deliberative political decision-making processes is an important observation. Federalization is not simply about 'organizing' state affairs differently. Federalization was decided upon (see Section 5.1) to address the root causes of Nepal's armed conflict which are embedded in exclusion, marginalization, and discrimination. Overcoming these root causes of conflict require exactly more open, inclusive, and deliberative political decision-making processes. Such fundamental and transformational changes can however not be expected to occur overnight. In short, (the process of) federalization is not yet complete. For now, it continues to move – along a bumpy road, with stops & go's – in the right direction.

Two of the evaluation team members – with long-time experience in Nepal and not having returned in 2, respectively 10, years – observed an increased confidence amongst the evaluation's interlocutors, ranging from national politicians to mayors, and from municipal staff to farmers. For example, both municipal staff and farmers spoke proudly and confidently in the presence of their respective mayors. This field observation also speaks for a positive and fundamental change in Nepal's society.

Finally, the large multilateral development banks (and other large development players) are not always fully aligned with the federalism process. Because of their large funding windows, they are naturally predisposed to work with the federal sphere of government, especially the Ministry of Finance and line-ministries. In doing so, they can (inadvertently) strengthen the federal government to the detriment of provincial and local governments. The SDC worked hard over the last years – with some success in the roads and TVET sector – to align all development partners (including the World Bank and ADB) to provide their development support in line with the federal structure of government. Discussions with the World Bank and ADB evidenced this, but also that their rationale and 'natural disposition' has not necessarily changed.

Conclusion on federalization

Nepal has made a fundamental change in government through, and remarkable progress in, the federalization of government in a, historically speaking, very short time-period (namely within a mere 5 years, effectively from 2015 to 2020). Local and provincial governments have been built from scratch and are functional. The empowerment of local governments (with authority and resources) had a tangible impact on municipalities and their ability to take charge of their own development.

Progress in federalization has however also been held in check by political and bureaucratic opposition. Federalization is incomplete and remains contested. The ultimate form, that Nepal's federalization takes, will depend on how the political debate and forces will play out in the coming years. Nepal, and Switzerland with it, currently find themselves amidst 'history in the making'.

Conclusion on peace and fragility

Even though federalization remains 'unfinished business', the train has clearly left the station and is not about to return. All key informants recognized the importance of (some form of) federalization. Accordingly, the political situation appears relatively stable and there is no imminent threat of Nepal sliding back into violent conflict. The evaluation team is however aware that this constitutes a snapshot. Just in July 2021 (at the start of the evaluation), the Swiss Embassy was very much concerned about the political stability of the country after the President (on the behest of the former Prime Minister) dissolved

Parliament for the second time in six months. In other words, Nepal's political situation is relatively stable, but still contains elements of fragility.

2.1.2 Transitional justice

Nepal's armed conflict, which raged between 1996 and 2006, came with significant human rights violations, disappearances, and lost livelihoods. Transitional justice is a society's attempt to come to terms with this legacy of abuses, uprooted lives, and trauma. The evaluation's key informants were unanimous that little progress has been made on this front, but also that it remains relevant and needed to conclude the peace process. Moreover, whilst no national resolution has been found, some progress has been made, most notably:

- victims are organized, united (even between the two sides of the conflict), and participate directly in the national level dialogue on transitional justice (whereas previously they were 'represented' in these discussions by lawyers and NGOs),
- there is wide-spread reconciliation between people, groups and victims and perpetrators of violence and abuses.
- there is consensus on the need for a '*holistic approach*', encompassing all four pillars of transitional justice: the right to know (truth seeking), the right to justice, the right to reparation, and the guarantee of non-recurrence.

At the same time, there is no political consensus on a national level transitional justice process that works on and across all four pillars. (People are acutely aware of the tension that can exist between the four pillars with, for example, justice undermining truth seeking and vice versa.) There is nonetheless a continuous (informal) dialogue between the political parties to overcome differences and reach a political consensus.

In summary, dynamics of transitional justice have slowed down again and transitional justice (based on the four pillars of truth, justice, reparation, and non-recurrence) has not yet been reached. Progress has nonetheless been made and there exists societal consensus that a national resolution is needed and, even 15 years after the end of the conflict, remains relevant.

2.1.3 Progress towards the Cooperation Strategy's objective and outcomes

The Cooperation Strategy aspires for '*women and men to benefit from equitable socio-economic development and exercise their rights and responsibilities in an inclusive federal state*' (SDC 2018a). This goal is, in part, closely related to the federalization of government and, partly, goes beyond it – touching upon the 'impacts' of both federalization and broader development efforts. The Cooperation Strategy is broken down in domain level objectives and outcome statements. Each outcome statement is supported by 2 or 3 results indicators. These indicators should indicate whether the SDC is on track to contribute to the Cooperation Strategy's goal. These indicators offer another measuring rod for the Cooperation Strategy's results achievement.

It went beyond the intent and resources of this evaluation to gather primary data on the Cooperation Strategy's results indicators. Fortunately, the SDC has the monitoring systems in place to collect and report on this data. The SDC annually updates the progress towards reaching the targets of the results indicators and reports on this in its annual reports. The latest rendition, the Nepal Annual Report 2021, offers the state of play after 4 years of Strategy implementation. Table 1 offers an overview. The table assesses per indicator whether the target is likely to be achieved. The evaluation team used a three-point scale:

- a green checkmark – target (nearly) achieved or likely to be achieved by 2022,
- a black circle – target partially achieved or no/insufficient data available to assess,
- a red cross – target unlikely to be achieved by 2022.

At an aggregate level, 54% of all indicators and 60% of the Swiss Portfolio indicators are (likely) to be achieved by the end of Cooperation Strategy period (in 2022). Table 2 gives

the detailed count and the disaggregated results per domain. Although some deviations exist between the domains, the general picture is the same. The SDC is to 'partially achieve' its outcome indicators. (Note: During the mid-term review of the Cooperation Strategy 2018-22 in 2020, targets have been lowered for indicators where the original target appeared out of reach and heightened for indicators where the original target had already been reached or where it was clear that the Strategy would overshoot. The evaluation benchmarked the progress against the more stringent of the two targets.)

Table 1 Cooperation Strategy Results Framework – indicators and achievements

Country Outcome Indicators			Swiss Portfolio Outcome Indicators			Beneficiary and Swiss Portfolio level outcomes
#		Brief description	#		Brief description	
Federal State Building Domain						
1.1.1	✓	Free & fair (by) elections held	1.1.1	○	Shared roadmap adopted on Transitional Justice	
1.1.2	○	Women and DAG admin representation & HDI	1.1.2	✓	Household livelihood support*	1,136,891 persons benefited from livelihood support programs
1.1.3	✓	# of households with houses reconstructed*	1.1.3	✓	# of households with houses reconstructed*	The homes of 68,227 households reconstructed post-earthquake
1.2.1	○	# of provincial acts passed on prov. rights	1.2.1	✓	# of Province 1 acts passed on prov. rights	
1.2.2	✓	Satisfaction with local government services*	1.2.2	✓	# of provincial and local gov. collaborations	
1.2.3	✓	Fiscal transfers to prov. and local government	1.2.3	✗	% of budget spending prov. & local government	
1.3.1	✗	% of budget spending for women	1.3.1	✗	Local budget meeting local priorities	58% of citizens consider local gov. more responsive than last yr.
1.3.2	○	Women and DAG legislative representation	1.3.2	✓	% local government decisions for women/DAG	21% of local gov. decisions sensitive to needs of women/DAGs
Employment and Income Domain						
2.1.1	✓	Annual increase daily wages	2.1.1	○	# of people gainfully employed	12501 persons gainfully employed + 8.7 million person-days of employment (F: 25%; DAG: 67%)
2.1.2	✓	Increased private sector investments	2.1.2	✓	New private investments due to Swiss projects	Leveraged CHF 1.1 million in private sector investments
2.1.3	○	% increase in youth employment	2.1.3	✓	Reduction transport costs after bridge construction	Average 20% reduction in transportation costs after bridge construction
2.2.1	✓	Increase in yield of maize and vegetables	2.2.1	✓	Increase in yield of maize and vegetables*	Annual average 30% increase in maize and vegetable yields
2.2.2	✗	# of people trained in TVET*	2.2.2	✓	# of people with higher level certification*	15,010 persons certified at higher level
2.2.3	✗	Expansion of local road network*	2.2.3	✓	Time saving due to labor saving technology	2-5 hrs. time saving due to new agricultural technologies 2-3 hrs. time savings due to trail bridges
2.3.1	✓	Increase in gender responsive budgeting	2.3.1	○	Sectoral budget allocation and expenditures	
2.3.2	○	Application of Bridge Selection Criteria	2.3.2	✗	DAG cases resolved in public hearings/audits*	
			2.3.3	✓	% of women/DAGs in operational committees	
Migration Domain						
3.1.1	✓	% of skilled migrant workers	3.1.1	✓	% of migrants passing end-of-training tests*	
3.1.2	○	Reduction of recruitment costs migrants	3.1.2	✗	% of trained migrants gainfully employed	1241 trained migrants gainfully employed (F: 518; DAG: 167)
3.1.3	○	Productive use of remittances	3.1.3	✗	# of people with access to financial services	5541 persons gained access to financial services (F:5490; DAG: 5527)
3.2.1	○	# of legal advisors in diplomatic missions	3.2.1	✓	Additional staff diplomatic missions	
3.2.2	✓	# of bilateral agreements on migrant protection	3.2.2	○	Migrant complaint resolution	
3.2.3	✗	Common approaches between source countries	3.2.3	✓	Nepal contribution to regional migrant policies	
3.3.2	○	Migrant complaint resolution at local sphere	3.3.1	○	# of advocates on migrant rights	
			3.3.2	✓	# of local governments w. migrant support services	

* The original targets of the Cooperation Strategy Results Framework have been used (and not the changed value after the Mid-Term Review 2020). The Mid-Term Review 2020 raised the bar on some targets and lowered it on others.

Legend: ✓ = (nearly) achieved (i.e., less than 5% deviation) or likely to be achieved by 2022; ○ = partial achievement, cannot predict / extrapolate outcome, no data available; ✗ = indicator unlikely to be achieved.

Source: (SDC 2021b)

Table 2 Aggregate results achievements on the Cooperation Strategy indicators

	All indicators			Swiss portfolio outcome indicators		
Total	√ = 25 (54%)	○ = 12	✗ = 9	√ = 15 (60%)	○ = 5	✗ = 5
Federal State Building	√ = 9 (56%)	○ = 4	✗ = 3	√ = 5 (63%)	○ = 1	✗ = 2
Employment and Income	√ = 10 (66%)	○ = 2	✗ = 3	√ = 6 (66%)	○ = 2	✗ = 1
Migration	√ = 6 (40%)	○ = 6	✗ = 3	√ = 4 (50%)	○ = 2	✗ = 2

Source: authors

How to interpret these results? That's a good question. One for which the evaluation team does not have a good answer. A hard-core appraisal might conclude that the partial achievement of the results indicators means that the Cooperation Strategy is 'partially successful'. For the evaluation team, that is a stretch. The Cooperation Strategy's goal and outcome statements are highly aspirational. It is not a priori clear how progress on the underlying indicators evidence progress towards these goals and outcome statements.

For example, a Swiss portfolio-level outcome statement under the Federal State Building domain is that *'the federal state provides political stability, social inclusion and economic prosperity'*. The (original and updated) outcome indicators are:

- social and economic conflicts successfully solved by state and local governments, especially in the Tarai,
- key actors agree on shared roadmap for transitional justice (new, replaces first indicator),
- # of persons or households benefiting from programmes to reduce discrimination, marginalization and exclusion in Swiss intervention areas, and
- # of persons who completed reconstructing their houses through the support of the state's system for reconstruction in Ramechhap, Okhaldhunga and Khotang.

Even if all these indicators are achieved, what can the SDC conclude about the extent to which *'the federal state provides political stability, social inclusion and economic prosperity'* (emphasis added)? In the humble view of the evaluation team, very little.

In other words, there is a disconnect between the indicators and the Cooperation Strategy goals and outcome statements. This makes it difficult to draw any hard conclusions from Table 1 Cooperation Strategy Results Framework – indicators and achievements. This raises the question on the value of the Cooperation Strategy's Results Framework. Section 0 will provide evidence that there still is value to the Results Framework, although there is also room for improvement.

Table 1 also includes the headline outcomes at the beneficiary level (as also included in the Annual Report 2021). On the one hand, these numbers show concrete development outcomes at the household level, including for women and disadvantaged groups. On the other hand, these numbers are relatively small and pale against the potential impact of federalization when municipalities across the country start investing in roads, education, health services, etc. This shows both the scale and strength of systemic changes (such as federalization) and the limits of bilateral development cooperation projects.

Of course, the reported results are only 'intermediary numbers' and many SDC projects aspire for systemic changes as well (whether in the dual TVET system, agricultural markets or through the Migrant Resource Centers). The next sections touch upon SDC's contribution to such systemic changes and the sustainability of its results.

2.2. SDC's contribution

This section evaluates Switzerland's contribution to (i) peace, the constitution, transitional justice and (the impacts of) federalization, and (ii) attaining the formal objectives of the Nepal Cooperation Strategy.

2.2.1 Switzerland's contribution to peace, the constitution, transitional justice, and federalization

The 2006 Comprehensive Peace Agreement, the 2015 Constitution, the progress and impact of federalization rests on a consensus between Nepal's main political parties, as well as decisions made by the Constituent Assembly and respective federal governments. They are, first-and-foremost, of Nepal's own making. Switzerland did accompany the process and decision-making:

- in the early 2000s, the Swiss Embassy – together with the FDFA Human Security Division – reached out to and engaged actively with the Maoist rebels and ruling political parties to bring them together, find common cause, and pave the way for a peace agreement,
- during the two consecutive Constituent Assemblies, between 2006 – 2015, the SDC and the FDFA Human Security Division facilitated dialogue and made available Swiss federalization and Nepali constitutional experts to inspire and inform the constitution writing process and address contentious issues, including through a retreat in Thun, Switzerland,
- in 2016, the SDC changed its support to the transitional justice process, bringing in victims as actors in the transitional justice process. It helped different victim groups to organize themselves and develop a Charter, capturing the needs and demands of the victims. Moreover, the SDC facilitated victims participating directly in national-level dialogues on transitional justice with the Nepal's political leaders and parties,
- the SDC also geared all political parties and the victim groups to embrace a '*holistic approach*' to transitional justice (based on the four pillars of truth, justice, reparation, and non-recurrence). The SDC facilitated this through mediation, sharing expertise on transitional justice principles and processes, and organizing high-level roundtables with all parties concerned (both in-country and outside),
- after the promulgation of the 2015 Constitution, the SDC actively supported the implementation of the Constitution:
 - informing the Unbundling Report (which detailed the federalization of functions, funds, and functionaries), by making available federalization and sector expertise,
 - engaging actively with all political parties and development partners for them to adhere in all their actions to the new federal structure of government. This included, amongst others, promoting the passing of a new Civil Service Act (as a key building block of federalism as it gives provinces and municipalities the right and power to organize themselves and recruit civil servants as per their own vision and requirements), and ensuring that large ADB and World Bank projects work with provincial and local governments in accordance with their constitutional powers and duties,
 - organizing provincial level workshops for the executive branch and bureaucracy on their new roles, responsibilities, rights and powers including, for example, on building a legal framework and resolving concurrent functions between different spheres of government for the TVET sector,
 - facilitating the build-up of the government in Province 1, supporting the government throughout the process, and making available technical expertise to the Provincial Government on budgeting and planning processes, allowing the Provincial Government to formulate its first budget and periodic plan,

- mirroring the federal structure of government in all SDC's development projects, by placing the oversight, steering and implementation of projects in the hands of provincial and/or local governments. This was more profound than it reads on paper. It necessitated a continuous engagement with federal government officials on the power and authority of the federal, provincial, and local sphere of government. In other words, these engagements helped to explain, clarify, operationalize, and solidify the federal system of government – it helped Nepal to 'walk the talk' of federalization,
- helping federal and provincial governments to adjust old, or formulate new laws and policies, in part by accompanying the policy drafting process (as in the case of the national TVET Act, or the provincial employment policies) or providing consultancy services to prepare new policies and strategies (such as the provincial agriculture development strategies).

The time passed (from a few years to two decades) and the nature of this evaluation (a qualitative inquiry into the implementation and impacts of the Cooperation Strategy) do not allow to quantify SDC's contribution to the peace-process, the constitution writing, the transitional justice process, or the progress and impacts of federalization. Key informants to the evaluation agreed unanimously that the SDC *'did contribute'*. Whilst it may not have provided all the oil that made the machinery (the progress) possible, SDC did – through its contributions – grease the wheels of change.

The prevailing peace and stability in Nepal, as well as the impact of federalization at the municipal level, rubs off at least in part on the SDC and the FDFA Human Security Division. It entails both the 'long-term impact' of SDC's engagement in the peace process and with the Constituent Assembly, as well as the 'short-term impact' of SDC's work on promoting the adherence to and the implementation of the Constitution and the federalization of government.

What stands out from Switzerland's contribution to peace, the constitution, transitional justice, and federalization is that the contribution stems in large part from the Swiss Embassy's 'political engagement' and did not emerge from its 'development cooperation projects'.⁶ On the one hand this is logical, given the political nature of these developments. On the other hand, this is an important observation for two reasons. First, the Cooperation Strategy had as explicit objective that all domains and projects contribute to the federalization of government. Second, Section 2.1.1 concluded that federalization is not about 'organizing' government differently, but about ensuring inclusion and participation and that, on this front, work remains to be done. Whilst the Swiss Embassy used its development projects to reinforce its political engagement, by restructuring all projects according to the federal structure of government, the evaluation did not find evidence that, in the 'implementation' of these projects, these projects contributed to 'more open, inclusive, and deliberative decision-making processes' at the different spheres of government.

The next subsection shifts our attention to SDC's contribution to attaining the formal objectives of the Nepal Cooperation Strategy and, in the process, reviews the contribution of the bilateral development cooperation projects to these results achievement. Section 3.1

⁶ The Swiss Embassy's engagement with political parties and coordination with development partners were undertaken by the Swiss Ambassador. The restructuring of the bilateral development cooperation projects to the federal structure of government was done by the Swiss Embassy management and staff. The initial support to the Province 1 Government was provided by Swiss Embassy staff and funded through a series of small actions. Support to sectoral unbundling and policy development was initiated through political discussions between the Embassy and the relevant ministers or senior civil servants (even though project funds were used to guide or support the actual policy making process). The bottom-line is that in all these cases the changes were initiated and led by the Swiss Embassy management and staff and did not come out of the bilateral development cooperation projects.

will subsequently further study the relative contribution of and relation between the political engagement and the bilateral development cooperation projects.

2.2.2 SDC's contribution to attaining the formal objectives of the Nepal Cooperation Strategy

Section 2.1.3 highlighted the progress towards achieving the Cooperation Strategy's results indicators, as well as headline outcomes at the beneficiary level. Determining SDC's contribution to these results requires, in principle, a Contribution Analysis⁷. As the name suggests, such an analysis allows a qualitative judgement on whether the SDC contributed to these results. Most reported results stem from individual projects. The contribution analysis would therefore need to be undertaken at the project level. It went beyond the intent and scope of this evaluation to undertake such a multi-project analysis. Based on experience and the review of project-level evaluations, it is fair to assume that the SDC did contribute to these results. There tends to be a fairly direct link between project interventions and reported project results at the beneficiary level.

As also noted however, the reported numbers represent 'intermediary results' and, most often, the SDC aspired for systematic changes and larger impacts down the road. Here again the evaluation hit its own limitations. The evaluation had a cursory look at many projects but did not dive deeply into anyone of them. (The evaluation was purposefully not designed as a multi-project evaluation.) Still, the evaluation offers some useful, albeit tentative, insights on SDC's contribution to systemic changes (beyond what has already been covered on federalization). SDC's engagement in TVET and migration can illustrate this.

- The SDC supports the introduction of a dual-TVET system in Nepal, whereby the federal government is responsible for standard setting and certification, the provincial government offers higher-level skills development (through, example given, polytechnics), and (several) local governments provide (jointly) lower-level skills development training options (TVET schools).

The SDC supports this through political engagement and (technical) policy support (to get a new TVET Law enacted that 'federalizes' the TVET sector) and by helping provincial and local governments to become aware of their role, create partnerships and organize apprenticeships with the private sector, as well as to develop curricula. In addition, the Swiss Embassy advocated for and realized a joint development partner position on ensuring the federalization of the TVET sector. (The latter was critical as several development partners continued to support the Center for Technical Education and Vocational Training (CTEVT) at the federal sphere of government.)

On the one hand, there is support across the political spectrum for skills development and TVET. The SDC has been able to introduce the apprenticeships model (characteristic of a dual TVET system) in 22 TVET schools. Another 8 schools adopted the same model with provincial government support.

On the other hand, the draft TVET Law is 5 years in the making and has so far not mustered sufficient political backing to be discussed in and approved by the Parliament. At the time of the field mission, Swiss Embassy experts were scheduled to inform the responsible parliamentary committee about the details of the law. More evidence of both the difficulty of change, as well as SDC's continued political engagement and patience to accompany the process as it unfolds.) Moreover, the dual TVET system

⁷ Contribution Analysis answers the following 5 questions: (i) are the assumptions underlying the Theory of Change plausible and uncontested? (ii) did the envisaged activities take place? (iii) is there evidence that the assumed changes in behavior, decisions and actions occurred in practice? (iv) were the envisaged results achieved? (v) could other contextual factors have reasonably and significantly contributed to the results? The answers to these five questions evidence whether a project likely contributed to observed results or whether other factors were responsible for the results achievement. (Mayne 2008)

with its apprenticeship model still needs to be rolled out across the country to have impact at scale.

- Out of a population of 29 million people, over 3 million work in the Gulf states and Malaysia. For many Nepalis, migration is a means to escape poverty and/or the society's systemic discrimination. Until recently, the Nepal government discouraged migration and sought to keep Nepalis in-country. There existed few if any public services for migrants and many resorted to informal migration channels. The SDC sought to change this, promote safe migration, and ensure gainful employment for Nepali migrants.

Over the last 10 years, the SDC helped establish 37 Migrant Resource Centers (MRCs) and 20 sub-MRCs. These centers offer information counselling, psychosocial support, financial literacy training and access to mediation and justice, amongst others. The SDC also worked with the Ministry of Labor to draw foreign employment services into an updated (federalization proof) federal Labor and Employment Policy.

Key informants to this evaluation (as well as the mid-term review of SDC's Safe Migration Project) indicate that the government's narrative on migration is growing more realistic and supportive. The Ministry of Labor contributes financially to the Safe Migration Project and actively participates in the project's decision-making. Moreover, the MRCs have become 'the place to go to' for aspirant migrants. Importantly, 77 local governments have started to allocate funds to MRCs (which are located at the district level and service multiple municipalities).

This shows that the SDC has contributed to a change in perspective on migration amongst the federal and local governments and introduced a functional public service model for migrants. This has however not reached the point where the federal and local government are ready and willing to 'take over' (financially and organizationally) and establish new MRCs on their volition and account.

A comparison with SDC's trail bridges support project illustrates this nicely. In the current (and last) phase of the trail bridges support project, the federal government invests CHF 88.5 million compared to CHF 9.4 million by SDC. In the Safer Migration Project, the federal government invest CHF 3.5 million, local governments an estimated CHF 1.5 million, and SDC CHF 18.2 million.

In other words, SDC offered a proof of concept for effective public services to migrants. The concept still needs to be fully adopted by federal and local government and rolled out across all regions with high out-migration.

The two examples show that the SDC is working hard to introduce systemic change in TVET and on migration. Its success will (again) depend on the extent to which local actors change their 'perspective', 'adopt' the SDC promoted approach as their own and have the 'power' and 'financial resources' to implement the approach at scale in the country. In the case of TVET and migration, the verdict is still out.

2.2.3 Conclusion

This section evidenced that the SDC contributed to peacebuilding, transitional justice, the 2015 Constitution, and the federalization of government. The observed transformations that are taking place in municipalities are, in part, the impacts of SDC's efforts. The SDC also seeks to contribute to other systemic changes, such as in TVET and migration services. The success here depends on the buy-in from local actors and their power to affect change at scale. The next section builds on this insight when reflecting on the scale and sustainability of SDC's impacts. Section 3.1 subsequently explores why the SDC was able to contribute positively to Nepal's development: what its role, profile and value-added was in these development processes, and how its different instruments (political and development cooperation) were used.

2.3. Scaling-up and sustainability

Evaluation questions

SQ: With regard to policy dialogue and scaling-up, what are the most important results achieved under the current strategy? Which actions have been taken at the country level to enhance the sustainability of the Swiss investments?

The OECD-DAC defines sustainability as *'the continuation of benefits from a development intervention after major development assistance has been completed – the probability of continued long-term benefits'* (OECD-DAC 2019). The condition sine qua non for sustainability is for local actors to maintain the perspective and capacity, and continue the behavior, undergirding the development benefits.

Section 2.1.1 showed that this is likely for federalization. Most (if not all) actors in Nepal see the benefit and need of federalization even if the exact form (and depth) of federalization remains contested. The impacts of federalization are likely to grow over time as provincial and local governments gain access to and use additional resources for development.

The same can be said for other areas where the SDC is pursuing systemic change, such as on migration and in TVET. Local governments are investing on their own account in Migrant Resource Centers. Provincial governments and training institutions are expanding the TVET offer (see previous section). Project level evaluations point out that such replications are subject to government funding, which remains tight. Consequently, it remains uncertain whether provincial and local governments can maintain the same level of service (and impact) without the SDC support.

This is where the success of federalization and development comes in as this is – at the end of the day – the only way for provincial and local governments to gain access to more resources (be it through intergovernmental transfers or local tax revenues). The success and sustainability of federalization and sectoral reform are thus intertwined.

The future looks promising for Nepal, whether on federalization, migration or TVET. Sustainability is however by no means secured yet. It will continue to depend on local actors, the choices they make and the power they hold.

3 Implementation

The previous Chapter highlighted key development outcomes and SDC's contribution thereto. This Chapter evaluates what allowed the SDC to contribute. The first section discusses SDC's role, profile, instruments and value-added in supporting Nepal's development. The second section reflects on how the Swiss Embassy in Nepal manages the implementation of the Cooperation Strategy. The third section reviews the collaboration and coordination between the bilateral development program and SDC's global programs. The fourth section concludes the Chapter with an evaluation of the utility and purposefulness of the Cooperation Strategy's monitoring system.

3.1. Value-added

Evaluation questions

3.3. SQ: Which role does the Swiss Representation play vis-a-vis the national government and the donor community? Which added values result due to Switzerland's support in the respective country?

4.1 SQ: Which internal and external factors enhance or hinder aid performance and results achievements?

AQ: How is the relevance of the Swiss engagement perceived by other stakeholders (government, donors, multilaterals)? What is Switzerland's perceived profile?

AQ: How did the combination of different foreign policy instruments contribute to the achievement of results? Is the approach chosen to support federalization adequate (i.e., infrastructure support to promote federalism)?

3.1.1 Political accompaniment

Why was the SDC able to contribute to peacebuilding, the 2015 Constitution, transitional justice and the progress and impact of federalization? The key word – emerging from the interviews in Nepal and describing SDC's role in Nepal – is 'accompaniment'. The Swiss Embassy, in its political engagements (its diplomacy), put itself at the service of Nepal's own peacebuilding, transitional justice and development processes. It facilitated these processes by:

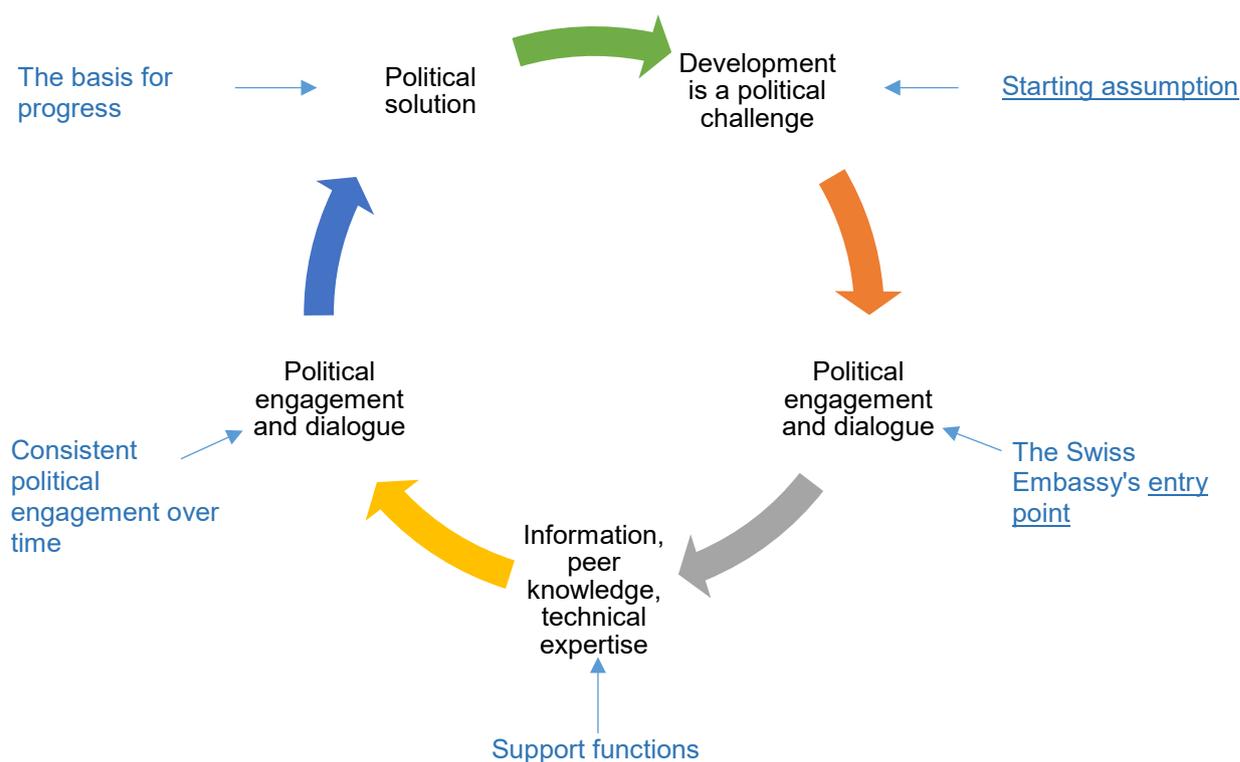
- talking frequently with all political parties to find common cause (whether in peace, the Constitution, or the implementation of a federal system of government),
- convening the main political actors for face-to-face dialogue (either in-country or abroad),
- making available mediation and technical expertise which could guide and inform these dialogues,
- guiding political actors, whether federal or provincial ministers, in building up a federal system of government, both through informal coaching and (again) by making available technical expertise for peer learning, and,
- generally combining '*accompaniment*', '*dialogue*' and '*constructive engagement*'.

What characterizes these actions, besides 'accompaniment', is the political nature of the engagements: the Swiss Embassy directly interacted with political decision-makers at the federal, provincial, and local government level. The reason for this is that the Swiss Embassy views (correctly) most development challenges as being political in nature, i.e., their resolution depends on the incentives, authority, foresight, and tenacity of political decision-makers.

Accordingly, the Swiss Embassy lives by the adage that '*one cannot resolve political problems through technical solutions*'.⁸ The primacy of promoting development lies with politics (and politicians) and the trick is to help politicians make the right decisions through careful, formal and informal, engagements and the timely provision of technical expertise. Figure 4 illustrates the Swiss Embassy's approach to and role in Nepal's development. It shows that the Embassy's 'entry point' and 'consistent thread' is 'political engagement' and that both its political engagement and any subsequent technical (peer) expertise is put at the service of the political decision-making by Nepal's political leaders.

⁸ This quote ostensibly stems from Erik Solheim, former OECD-DAC Chair.

Figure 4 The Swiss Embassy's approach to and role in Nepal's development



What allowed the Swiss Embassy to engage politically? The interviews suggests that this ability to engage politically rests on twelve complementary characteristics of Switzerland's engagement in Nepal, which make the Swiss Embassy an accepted, respected and appreciated development partner. These twelve complementary characteristics are:

1. SDC's long-term, continuous engagement in Nepal (since 1959),
2. well-known interventions (from the peace mediation to the trail bridges),
3. Switzerland's impartiality (whilst guided by values, it treats all parties equal),
4. clarity and consistency of position (it walks its talk, both on its values and impartiality),
5. Switzerland's natural credibility (on such issues as federalism and TVET),
6. positive messaging (emphasizing what unites parties and how they can contribute),
7. sharing experience and expertise (and not dictating courses of action),
8. thoroughness (understanding the issues and coming to the table prepared),
9. consistency in vision and action across subsequent Embassy senior managements,
10. strategic skill (able to identify the levers of change be it the Civil Service Act or ADB's adherence to the federal structure of government),
11. patience (to accompany change processes for 10 years and more), and
12. based on the above, the ability to offer a 'safe space', giving voice to and enabling dialogue between political adversaries.

It is these characteristics which allowed the Swiss Embassy to acquire a unique position in Nepal with privileged access to political leaders in the country. According to the evaluation's key informants, no other development partner can match the Swiss Embassy's access to political leaders, nor position in promoting federalization in the country. According to other development partners, the SDC punches well-above its weight.

This is not to say that the Swiss Embassy's political engagements are unlimited and unconstrained. It remains carefully circumscribed by the government with the Ministry of

Foreign Affairs having to approve many of the Embassy's formal engagements (including the high-level meetings of this evaluation). Moreover, the Nepal federal government is wary of development partners engaging with or supporting intergovernmental cooperation or parliamentary action (at any sphere of government). All political engagements are thus ultimately at the behest and acceptance of Nepal's main political actors.

3.1.2 Project support

How does the bilateral development cooperation fit into this picture? What is the relative importance of political engagement versus development projects? As already indicated above, the SDC would not have been able to engage politically and accompany the peacebuilding, constitution-writing, and federalization process without its long-standing support to Nepal's development. This signaled SDC's good intentions, and it being an impartial friend of Nepal.

The Swiss Embassy goes one step further and claims that leading the international donor community in two or three development areas (as the SDC does on federalization, TVET and migration) is a must to maintain this position of trust and access to all political decision-makers. The evaluation would not necessarily go this far but concurs that SDC's development cooperation indirectly undergirds its diplomatic efficacy.

The development projects also offer Nepal (i) technical expertise, whether Swiss-made (e.g., on federalization and TVET) or Swiss-enabled (e.g., on migration), and (ii) a window to pursue systemic change (like on TVET and migration). As with SDC's political engagement, the success, impact and value-added of this support depends on the willingness and power of local actors to pick up the ball and go run with it. On federalization, this is relatively clear. On TVET and migration, progress is more tentative.

The Swiss Embassy realizes this and engages politically on TVET and migration as it does in federalization. The projects and project teams, in the meantime, appear to be limping somewhat behind. The Nepal Cooperation Strategy 2018-22 sought to break down the barriers between the different domains of interventions. It wanted each domain to also contribute to the objectives of the other domains. For example, the Employment and Income domain was not just to pursue gainful employment and income generation, but also contribute to citizen's being able to exercise their rights and responsibilities in a federal state.

The Swiss Embassy sought to this end a 'paradigm shift' amongst its implementing partners of Swiss-funded mandates. The Swiss Embassy wanted all its implementing partners to also support the political systems, institutions and processes that make up a functional and participatory federal system of government and, if needed, suspend the achievement of project-level results indicators. It thus highlighted the relative importance of the federalization process (and political buy-in into the development support) vis-à-vis individual project results. The development cooperation projects were to be seen as a means to supporting federalization (and broader development) and not an end in itself.

In practice, most implementing agencies find this 'paradigm shift' difficult to adopt. For two reasons. First, they do not have the status and access to engage politically. This is the realm of the Swiss Embassy. The implementing partners consequently concentrate on the technical implementation of the project. Second, the implementing partners continue to be judged on the achievement of their results frameworks. The Swiss Embassy confirmed that the results frameworks remained everyone's lodestar but that each results framework includes support to federal institution and system building.

At present, the Swiss Embassy and the implementing agencies appear to work in parallel. The Swiss Embassy takes care of the political dialogue and the implementing agencies run the development projects. The question is whether there is not room to work more closely together, with the Swiss Embassy binding in the implementing partners into its political engagements and thus offer them a platform to contribute to political process building as

well. As also argued in Section 5.3, this will be even more pertinent in the future when the support to federalization is to move from the 'structure' of the federal government to the 'underlying decision-making processes'.

The Swiss Embassy itself acknowledges that politics and substance go together. One needs the other. As federalization deepens, the decision-making processes become less politicized and more open, participatory, and deliberative across a wider range of topics, implementing agencies will increasingly be able and well-positioned to 'accompany' these processes. The time is therefore right for the Swiss Embassy to extend a hand to the implementing agencies, invite them along in its political engagements and work together in facilitating more open, participatory, and deliberative decision-making processes in Nepal.

3.1.3 Conclusion

Section 2.2 argued that the SDC contributed to Nepal's peacebuilding, transitional justice, federalization, and development. This section argued that this contribution is first and foremost due to SDC's political engagement – its accompaniment of political development processes. This political accompaniment rests however on SDC's long-standing and ongoing development cooperation. There nonetheless appears room to link SDC's political engagement and development cooperation more closely by working together (rather than in parallel) with SDC's implementing partners and binding them into the political processes.

3.2. Whole of Government Approach

Evaluation question:

SQ: How are existing interventions (SDC's Global Programmes, SECO, SEM) coordinated and harmonized with the country portfolio?

At the evaluation outset, the Swiss Embassy expressed 'appreciation' for the collaboration with SECO and SIFEM, and 'frustration' with SDC's own Global Programs. SECO supports enhanced public financial management in Nepal at all three spheres of government through a World-Bank administered Public Financial Management project. This support is aligned with Nepal's move towards a federal system of government and complements SDC's support. The SDC and SIFEM are working together to introduce a MSME financing window in Nepal. The collaboration with SIFEM will be an integral part of SDC's future support to private sector development (see also Section 5.3.4). In both cases, the SDC appreciates the information exchange and the complementarity of actions.

The situation with SDC's Global Programs is more complicated (although the story line will be familiar for the SDC reader). The problem is, in essence, that both the Swiss Embassy and the Global Programs are insufficiently aware of each other's activities, are resource-constrained to invest significantly in the relationship, and generally do not make good use of each other's expertise, experience, and projects. This also creates substantial practical problems, for example that Global Program projects conflict with Nepal's Constitution and move towards a federal system of government.

The discussions with the Swiss Embassy and the Global Programs reveal a clear way forward. This revolves around the same factors that make the collaboration with SECO and SIFEM successful, namely 'communication' and 'mutual interests'.

- It is important that each is aware of the objectives and activities of the other. The recent mapping of the Global Program's activities in Asia (including Nepal) is a good starting point. The Swiss Embassy, the Asia Division and each Global Program can subsequently engage in an annual 'strategic-level' discussion to (i) update each other on changes in the country / global programs, and (ii) identify / confirm areas of 'mutual interest'.⁹

⁹ One key informant also stressed the importance of 'talking' to each other. The SDC staff from the bilateral and global programs all too often use a different vocabulary (due to their professional or sector background) whilst

- Given the limited staff and time resources of both the Swiss Embassy and the Global Programs, it makes sense to concentrate any collaboration on activities which are 'mutually beneficial', i.e., contribute to the objectives of the Cooperation Strategy and the Global Program in question. This makes sense because both will then have an 'incentive' and 'interest' to engage with each other and get the most out of the collaboration. This is the condition sine-qua-non for proactively and effectively working together. On these areas of mutual interest, e.g., migration, the Swiss Embassy and the Global Program (Migration) can then establish a 'work floor collaboration' with regular and 'purposeful' communications, collaborations and meetings.
- On the Global Programs' activities where there is less (or no) interest from the bilateral cooperation program, it should be made explicit that the responsibility for implementation, monitoring, accountability, and evaluation lies with the Global Programs (just like the implementation of the bilateral cooperation program lies with the Swiss Embassy). If the Global Programs do require support, this should be explicitly negotiated and agreed upon with the Swiss Embassy at the management level.

Based on such communication, mutual interest, and clear rules of engagement, there should be no impediment to as fruitful a cooperation between the Swiss Embassy and the Global Programs, as between the Swiss Embassy and SECO and SIFEM. Especially, when both sides realize and appreciate that 'the other' carries valuable knowledge and experience and – over and above these recommendations – also start to tap into this knowledge and experience informally by using each other as valuable resource persons (as part of one's network). Good communication can also prevent the non-alignment of Global Programs with the Nepal Constitution and move towards a federal system of government.

Finally, the discussions revealed that the bilateral program and Global Programs have common fields of engagement – linked to the respective Global Programs that the evaluation engaged with – these are: GPM (skilling, financial inclusion, returning migrants), GPH (digitalization of public services), GPFS (access to agricultural capital and markets), and GPCCE (climate change adaptation and disaster risk reduction). Of course, this does not mean that in each of these fields there will be a (strong) mutual interest for collaboration. It just evidences that there is a reason to exchange, find out, and collaborate where this is purposeful and effective.

3.3. Management

Evaluation questions:

3.1 SQ: How effective is the Cooperation Strategy management? What are its contributions to an optimal achievement of results?

These evaluation questions inquire whether the SDC, through 'active' management – both in designing and managing development interventions (projects), as well as in utilizing its different instruments (diplomatic, economic, bilateral cooperation) – 'contributes' to achieving the Cooperation Strategy's goals. The management of the Nepal Cooperation Strategy is a multi-dimensional undertaking. It goes beyond the scope of this evaluation to offer a comprehensive assessment. Instead, this section focusses on the management themes that emerged from the field interviews. There are seven in total which are partly descriptive and partly normative in character. They concentrate on the role of the 'Swiss

effectively pursuing similar (if not the same) ends. Only by talking to each other, and explaining one's aspirations and intentions, can one identify mutuality.

Textbox 2 Capacity constraints

The Swiss Embassy in Nepal was established in 2009 as an 'integrated embassy' – an embassy that combines political representation, economic and trade promotion, and development cooperation under one roof. The Embassy has since been staffed and run by the SDC (i.e., Switzerland's development cooperation). The Swiss Embassy does not have the (extra) staff capacity to report (on a weekly basis) to the Federal Department of Foreign Affairs (FDFA) on the country's political, human rights and economic developments whilst implementing the largest bilateral development cooperation program of Switzerland. The Swiss Embassy notes that it would be much better served by having a mid-level diplomat from the FDFA which could support the political representation and economic and trade promotion functions of the Embassy.

Embassy' in managing and implementing the Cooperation Strategy. In short, the Swiss Embassy:

1. is 'action oriented'. A case in point is its COVID-19 response. Within two months of the global spread of the corona virus and within one month of the WHO declaring a global pandemic, the Swiss Embassy set up a framework credit and started implementing a series of small actions to help Nepal address both the health and socio-economic impact of the Pandemic (see also Section 5.2).
2. is 'sensitive to' and geared towards the 'politics of development' (as already elaborated in Section 2.2 and 3.1). The Embassy recognizes that most development challenges are political in nature and rests all its interventions (from federalization to TVET, and from transitional justice to migration) on explicit political economy analyses and risk assessments. The Swiss Embassy staff live and breathe the politics of development. This thinking guides their decisions and is frequently translated into position papers and action plans and followed by concrete political engagements.
3. takes 'calculated risks', such as supporting the Constituent Assembly in shaping federalization, betting on the provinces as being a critical component of the new federal structure of government or investing in a new MSME Debt Fund to ameliorate the socio-economic consequences of the COVID-19 Pandemic. 'Calculated', as these decisions are all based on (political economy) analysis and impact hypotheses. 'Risks' nonetheless as their (political) outcome is uncertain.
4. 'moved staff' to Province 1. As noted in Chapter 1, SDC concentrated most of its projects under the current Cooperation Strategy in Province 1. To support this shift, the Swiss Embassy assigned 5 staff to spend all or part of their time in Province 1 (working from office space that has been sub rented from one of the projects). The move facilitated the Swiss Embassy's political engagement with the provincial government in Province 1, as well as close collaboration with the Swiss funded projects, such as SIP and NAMDP.
5. 'actively monitors' its interventions and project implementation. The next section details and analyzes this monitoring practice. The point here is that the Swiss Embassy uses the monitoring process to assess progress, learn from experience and decide on the next course of action.
6. is 'well-equipped' for its political engagements and development cooperation program. The Swiss Embassy management and senior staff, expatriate and local, have the political and development skills to analyze, understand, accompany, and support both the political developments and the implementation of the development projects. They consider themselves sufficient in number. That is, with one exception (see Textbox 2).
7. appears, at times, 'a lone fighter' in international development cooperation in Nepal. Section 3.1 highlighted that the Swiss Embassy holds a unique position in Nepal's development cooperation with privileged access to political decision-makers. It is considered a stalwart of federalization by other development partners. Whilst the Swiss Embassy uses this position actively, talks with and maintains excellent relations with

'everyone', it is unclear who the Embassy's allies and partners are in, for example, the promotion of federalization.

The Swiss Embassy manages the implementation of the Cooperation Strategy actively and aptly. It is action-oriented, politically astute, and willing to take calculated risks and learn from experience. It has the capacity and skills to operate politically and put its political engagement at the service of its development cooperation. As evidenced in Section 2.2, 3.1, and 5.2.2, the Embassy's political engagement and actions contributed to the implementation of federalism and Nepal's response to the COVID-19 Pandemic. The evaluation concludes that the Embassy's management '*contributed to an optimal achievement of results*'.

In moving forward, the Swiss Embassy might be able to further gain on its development effectiveness if it forges alliances, harbors partnerships, includes allies in its political engagements and offers them a bridge to equally support the federalization process and the development of open, inclusive, and deliberative political decision-making processes in Nepal. These alliances can include Nepali actors, international development partners and implementing partners – each of which can contribute in its own way and according to its own strength. Forging such alliances is difficult and hard work but not more difficult than what the SDC and the Swiss Embassy have already been doing in Nepal. The Swiss Embassy could be helped in this regard by offering it relief on its political and economic representation functions, either by lowering the reporting requirements or adding a FDFA diplomat to the staff corps.

Finally, Section 3.1.1 observed that SDC's development effectiveness rests for a good part on SDC's political engagement and the consistency in political engagement across multiple senior managements of the Swiss Embassy in Kathmandu. Of course, the current senior management will, at some point, move on. It is for the SDC and the FDFA to ensure continuity of this highly effective development approach that has been built over the last decennia.

3.4. Monitoring

Evaluation question

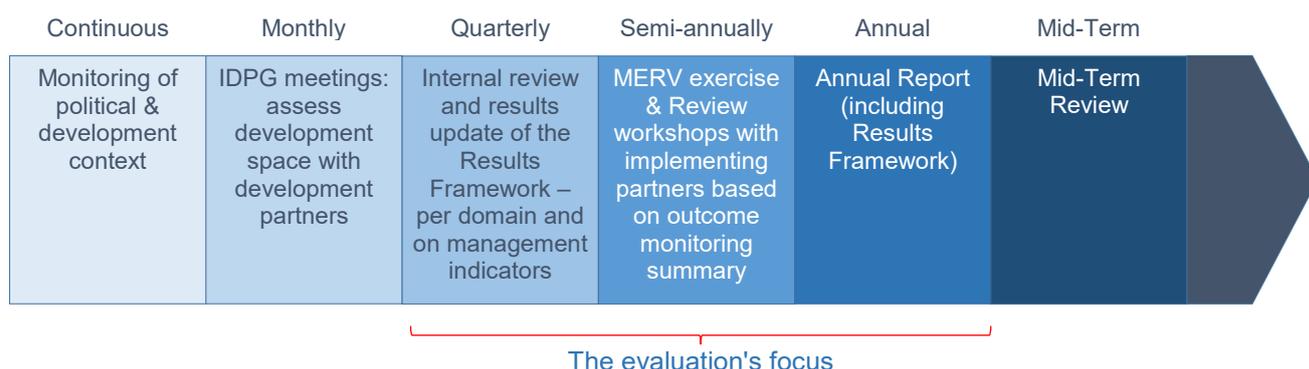
3.2 SQ: To what extent is the CS monitoring system relevant and effective, in order to provide evidence-based data/information for accounting for results (reporting) and CS steering?

This question inquires whether the Cooperation Strategy's monitoring system is 'useful', i.e., whether it offers information which the Swiss Embassy uses to steer the program and report on its results achievements. The Cooperation Strategy's monitoring system consists of a process, tools, and a reporting template.

Figure 5 evidences that the Swiss Embassy instituted – as per the SDC guideline and template – a systematic process of monitoring the Cooperation Strategy implementation through regular, and a recurrent series of, internal and external review meetings. This evaluation concentrated its inquiry on the quarterly, semi-annual, and annual monitoring meetings, tools, and reporting (as highlighted in Figure 5).

All review meetings are organized around the Cooperation Strategy's Results Framework, which constitutes the main monitoring tool. The latter captures the objective and outcome statements of the Cooperation Strategy, as well as the outcome and output indicators to measure results achievement. The Results Framework is organized per domain of intervention. The Swiss Embassy updates the intermediary results per outcome and output indicator on a quarterly basis and reviews these results immediately internally, both at the domain and management level. This exercise results in quarterly updated monitoring matrices per domain and on the management indicators. More importantly, it is these 'monitoring meetings' which inform the Swiss Embassy's political strategies and interventions.

Figure 5 The Swiss Embassy's monitoring practice



The Swiss Embassy subsequently discusses project implementation progress and intermediary results achievement on a semi-annual basis with its implementing partners. The bases for these discussions are so-called Outcome Monitoring Summaries, in which the implementing partner reports on the project's contribution (up to that point in time) to the relevant outcome indicators from the Cooperation Strategy's Results Framework. The Swiss Embassy also prepares in-house, on a semi-annual basis, the so-called MERV (which stands for *'Monitoring System for Development Relevant Changes'*). The MERV is a standard and obligatory general political economy analysis of the country that is prepared by all Embassies and Swiss Cooperation Offices on a semi-annual basis.

The Swiss Embassy – management and staff alike – find above monitoring process and tools *'very useful'*. The Results Framework gives *'identity'*, *'clarity of purpose'*, and hand-and-feet to their *'accountability'*. The MERV offers the chance to *'jointly take stock'* of the wider political and development context in the country. Most important are however the regular review meetings which give management and staff the opportunity to discuss – internally and with implementing partners – changes in the political and development context, review progress on the outcome indicators, assess whether the project, domain or Strategy remains on track, and – above all – to *'learn'* about what is working, what isn't and why. The discussions with Swiss Embassy and staff radiated a strong support for the current monitoring practices.

With two exceptions. The Results Framework is considered *'too complex'* and the Annual Report of limited *'value-added'*. The complexity of the Results Framework is easy to understand: it contains a whopping 48 development indicators and 23 management indicators. That's a lot. Few people – and the evaluation team members do not belong to them – will be able to draw, from this set of indicators, a clear and holistic picture on the Cooperation Strategy's results achievement (see also Section 2.1.3).

Moreover, the Results Framework does not explain how the achievement of a particular output or outcome 'indicator' contributes to (is linked to) the Results Framework outcome 'statements'. This puts the Swiss Embassy severely to the test. (Section 2.1.3, paragraph 63, contained an example.) The problem is two-fold. First, the outcome statements are highly aspirational and difficult to measure quantitatively. Second, the Results Framework does not explicate how and to what extent the indicators signal results achievement. Both elements leave it to everybody's 'imagination' and 'interpretation' whether the outcomes have been realized or not. Neither constitute a particularly good basis for structured learning about what works, what doesn't and why.

The challenge with the annual report is that it does not offer a good basis for an in-depth exchange between the Swiss Embassy and the SDC Asia Division. The evaluation did not manage to investigate this deeper. The evaluation team suspects however that the root of the problem (again) lies in the complexity of the Results Framework and the lack of a

narrative on how projects contribute to the results indicators and, in turn, evidence the outcome statements.

There is at face value little wrong with the structure of the annual report. It invites an analysis of the country development, the (intermediary) results of the Cooperation Strategy implementation, and the consequent need for adaptations (program steering). The reporting practice however is – and this is by no means unique to Nepal, the evaluation team observed this across many countries of operation – that the narrative reporting is highly descriptive and the assessments (on whether the performance per domain is satisfactory) and the conclusion (whether adaptations are needed) are not explained. What's missing is 'analysis' and 'evaluative conclusions'. Of course, both would be much easier to achieve if the Results Framework was less complex and the underlying narrative (theory) explicated.

The evaluation concludes that the Cooperation Strategy's monitoring system is useful and that the Swiss Embassy (despite the system's complexities) appreciates and makes effective use of it. In moving forward, the challenge for the SDC is to make the system even more purposeful and effective. This can be done by:

- making the outcome statements of cooperation programs less aspirational, more concrete, and closer to what Switzerland can realistically contribute to. For example, rather than aim for the *'federal state [to] provide political stability, social inclusion and economic prosperity'*, to aspire for a *'functional federal system of government with inclusive, participatory and open decision-making processes'*,
- explicate upfront how the SDC intends to contribute to such results achievement: who are its boundary partners, what support will they be provided, how are they expected to respond to this support, how will they affect other actors, what will be the ripple effect of these changes in behavior and actions. This narrative (or theory) will offer the SDC a point of reference against which to monitor progress, assess which 'assumptions' were correct (and which not), based on this learn about what works and what doesn't, and based on these lessons (insights) steer the program,
- strongly reducing the number of accountability indicators (from roughly 18 per domain to 3 per domain). This will allow for the formulation of a few, meaningful narratives (theories) as to how the SDC intends to contribute to development (see previous point) and make the results framework digestible,
- differentiating between program steering and accountability indicators. This is important as program steering and accountability require different types of information. Program steering requires information on whether SDC's boundary partners are responding to support, the narrative (see second bullet) is unfolding as expected, or that a change of course is needed. In other words, this requires information (signals) on whether the direction of travel is correct. Accountability, on the other hand, requires information (evidence) that the destination has been reached (or is likely to be reached). Whereas program steering requires information on process and behavioral change, accountability requires information on outcomes and impacts.
- to explicitly use the different narratives (theories) of the cooperation program as the basis for reflections, analysis, and conclusions in the quarterly / semi-annual review meetings and in writing the annual report such that (i) the lessons and conclusions from these review meetings and in the annual report are solid, understandable, and traceable, and (ii) the narratives (theories) can be revised based on the evidence-based lessons learned. This will serve meaningful reporting, in-depth exchanges, and – above all – personal and institutional learning.

4 Relevance

This chapter reflects on the Theory of Change, internal coherence, and geographic focus of the Cooperation Strategy.

Evaluation questions:

2.1 SQ: To what extent are the domains of intervention relevant, coherent, and appropriate for achieving the goals of the Cooperation Strategy? To what extent is the project portfolio relevant, coherent, and appropriate for achieving the results of the Cooperation Strategy regarding the domains of intervention? How do the different Swiss instruments (diplomatic, economic, bilateral cooperation) complement and reinforce each other?

AQ: What is the overall relevance of the Swiss engagement with its different instruments (diplomatic, economic, bilateral cooperation) in Nepal? Are synergies between programmes and domains sufficiently promoted and implemented in the programme, were the silos broken as intended?

The standard and additional evaluation questions for this chapter cover the same ground – the same two dimensions. First, the questions inquire whether the different instruments and projects can contribute to the domain-level outcome statements, and the three domains of interventions can contribute to the goals of the Cooperation Strategy. In other words, the questions inquire whether the Strategy's underlying Theory of Change is plausible and uncontested.

Second, the questions inquire whether the whole is more than the sum of its parts, i.e., whether the instruments, projects, and domains complement(ed) each other – offer(ed) synergies which allow the Swiss Embassy to do more with less resources and/or achieve greater development results. This second dimension matches the OECD-DAC evaluation criteria 'internal coherence'. The next two sections cover these two dimensions respectively.

The final section reflects briefly on the strategic decision in the Cooperation Strategy to concentrate Swiss development support in Province 1.

4.1. Theory of Change

The Cooperation Strategy is too complex, too multi-faceted to capture in a single, straightforward, and easy-to-display Theory of Change.¹⁰ Still, the Cooperation Strategy rests on a number of critical assumptions. This section reviews these assumptions based on the evaluation's findings. The reflection rests on the analysis in Chapter 2. First though, two remarks to properly frame these assumptions and reflection:

- the assumptions on the impact of federalization on Nepal's body politic and society stem from Nepal's Constitution; they are not of the Swiss Embassy's making,
- some assumptions require time to play out (some would even say 'multiple generations'); the evaluation's challenge was therefore not to ascertain whether they are true or false, but rather whether the country is moving in the right direction on these assumptions and Switzerland is contributing to this progress.

¹⁰ In part, the Cooperation Strategy also does not rest on a 'Theory of Change', but rather reflects 'real politics'. The implementation of the Constitution and the move towards a federal system of government in Nepal was not guided by a transition plan. Switzerland took the political process in Nepal and through an iterative process tried (and tries) to support it, 'hoping' or 'betting' that '*a gradual process of legitimate state-building*' (SDC 2018a) emerges. In fact, the Swiss Embassy is convinced that with a 'transition plan' the federalization of government would never have been decided upon by Nepal (as it would have made explicit the loss of power at the federal government sphere – the sphere which ultimately decided for federalization even though it undermines its power and influence).

Assumption 1. Federalization will broaden political participation, make Nepal's politics more open and inclusive, allowing everyone's (all groups') interests to be heard, considered and as much as possible served.

This assumption holds in part. On the one hand, the UML-MC coalition won a majority of the vote at all three spheres of government in the 2017 elections (except in Province 2 where Madhesi parties were elected) and the evaluation has no evidence that the political decision-making processes have become more open, inclusive and deliberative. On the other hand, the Madhesi people secured their own government in Province 2, 34% of elected officials in the federal parliament and provincial assembly are women, and at the local government sphere either the mayor or the deputy mayor is female. On balance, the Constitution's aspiration to broaden political participation remains work in progress.

Assumption 2. Federalization can be '*a gradual process*', a virtuous cycle of ever deepening federalization and people empowerment.

Federalization is a gradual process. The form and depth of federalism is being contested politically which slows down the federalization process. The first steps of federalism are having a transformative impact at the local government sphere. The expectation is that local and provincial governments will be the primary advocates of (more) federalization. Whether they will step up to the plate and be able to assert themselves at the federal government sphere, and whether this will invoke a virtuous circle of ever deepening federalization, still needs to bear out.

Assumption 3. Elected officials, whether mayors, councilors, chief ministers, or assembly members, assert their political leadership and start steering the provincial / local government affairs in an inclusive and participatory manner.

Both mayors and chief ministers have asserted their leadership. This shows (i) at the local government sphere in increased investments in roads, schools, and health services amongst others, and (ii) at the provincial government sphere in the building up of the provincial government from scratch. The evaluation has no evidence that mayors and chief ministers guided the local/provincial affairs in an inclusive and participatory manner.

Assumption 4. Switzerland can – through diplomacy and development cooperation – help push federalization along (in Province 1).

Section 2.2 and 3.1 bear witness that the SDC contributed to the move towards a federal system of government. The main laurels go to SDC's political engagement, both during the current Strategy period, as well as before. This political engagement was undergirded by regular technical inputs. Some of these inputs stemmed from development cooperation projects. These projects also proved useful case studies in what federalization means in terms of organizing individual sectors (such as TVET). All in all, the development cooperation projects are however mostly implemented in parallel with SDC's political engagements and contributed little to pushing federalism along.

Assumption 5. Switzerland has the political clout and antenna to engage with 'elected officials' and influence the political debate and sectoral policies.

This assumption holds. Section 3.1 evidenced that the SDC has privileged political access, the political acumen to use this effectively, and contributed to Nepal's peacebuilding, constitution writing, transitional justice process, federalization, and development partners' positioning. Section 2.2 adds SDC's contribution to efforts to transform sectors (such as migration and TVET). Both sections also highlight that SDC's influence is a function of Nepal's willingness to proceed in these areas (mostly yes on federalization, and only to some extent on migration and TVET).

Assumption 6. Switzerland can '*promote a peaceful settlement of differences through transparent dialogue and fair compromise*' and such settlements of specific cases will spillover and assert a positive influence on the body politic.

Again, Section 2.2 and 3.1 evidence SDC's contribution to peacebuilding, constitution writing, transitional justice, and federalization. This shows SDC's ability to engage politically, convene parties, and promote compromise. It is difficult for this evaluation to say anything on the ripple effect of these efforts on the body politic. This requires a closer study of the body politic and an ability to cancel out the noise created by Nepal's turbulent political culture.

Assumption 7. Opening-up the political space will open-up the economic space, allow for greater participation (of all groups), introduce inclusive economic development policies, attract foreign direct investments, foster entrepreneurship, and create employment and prosperity.

Besides safeguarding human security, this is probably the second 'golden egg' that is being hoped for. The evaluation gathered no evidence to this end. It is probably also too early to expect any. The theory is that provincial governments will assert themselves and promote local economic development (in part in competition with other provinces). After the 2017 elections, the provincial governments needed to be built up from scratch. They still need to assert themselves in promoting local economic development.

Assumption 8. Switzerland's Federal-State Building projects generate economic opportunities across Nepal's ethnic groups, castes, and for returning migrants, encouraging greater economic participation by all groups. Switzerland's Employment & Income and Migration domains help strengthen federalization, citizen's political empowerment, and inclusive political processes and policies.

The assumption here is that SDC's three domains of interventions can cross-fertilize. The evaluation found limited evidence for this. On the one hand, the SDC successfully restructured all projects in line with the new federal structure of government. This restructuring process also helped the Embassy in promoting the federalization of government. On the other hand, the evaluation gathered no evidence that SDC's employment, income and migration projects promoted the move towards a federal system of government. The federal state building projects took time to materialize and are still in their early stages of development (also due to the work restrictions from the COVID-19 Pandemic (response)). The evaluation did not come across evidence suggesting that these federal state building projects supported economic development or safe migration.

4.2. Internal coherence

The question of the Cooperation Strategy's 'internal coherence' has two components to it. First, the coherence between different instruments, most notably diplomacy and development cooperation. Second, the coherence between projects and domains of intervention. The coherence between SDC's political engagements and development cooperation has been addressed in Section 3.1. This section therefore covers the second dimension.

Like all development agencies, the SDC formally strives for coherence. Credit proposals for projects contain a section where the coordination and synergies between the project-under-consideration and other development projects is commented on. These sections highlight how these projects can complement each other. For example, the credit proposal of the Trail-based Tourism Development Project (TTDP), which has just been approved, states that (i) SDC's skills development project (ENSURRE) can offer youth apprenticeships in the hospitality sector, (ii) SDC's support to Province 1 (PSP) can support in the formulation of a Tourism Master Plan for Province 1, and (iii) SDC's upcoming private sector development support (IIED) can offer business development support and loans to micro entrepreneurs. The credit proposals generally do not detail what synergies such complementary actions offer and, importantly, how such synergies will be exploited.

Here again, the evaluation hit its own limitations. The evaluation exchanged with the Embassy and implementing agencies on numerous development projects but did not

conduct in-depth project evaluations. Its document review also provided limited evidence on the coherence between projects and domains. The discussions left the impression (and confirmed the evaluators' experiences) that SDC's development projects are complementary to each other. They contribute, in a limited way, directly to each other's activities and outputs (such as when SDC's skills development project, ENSURRE, helped develop 2 training curricula for migrants). For most part however, they target different parts of the 'system' (for example with one project developing training curricula and another project working on formal certification). The evaluation did not come across examples where synergies between projects had been exploited that led to greater development results than what could have been achieved by the project alone (or that development results were achieved at lower costs).

The Nepal Cooperation Strategy however raised the bar further. Whereas in the past *'domains worked largely in isolation'*, the new Strategy envisaged close integration: *'Federal State Building programs contribute to the achievement of sectoral outcomes, and sectoral operations promote progressive establishment of inclusive political and social institutions'* (SDC 2018). This meant that all sector interventions should also contribute to federal state building and promoting citizen's political empowerment and engagement (and vice versa that federal state building interventions should create sectoral development opportunities). This also lay at the core of the Strategy's assumption number 8 (see previous section). The analysis there showed that this remains a pipe dream for now. The evaluation argues however in the next chapters that there is potential for (i) the SDC and its implementing partners to collaborate more closely; and (ii) for them to jointly contribute to more open, inclusive, and deliberative decision-making processes in the years to come.

Finally, the evaluation observes that the Employment & Income domain is – to put it nicely – rather complicated. The domain covers support to (i) agricultural market development, (ii) small irrigation schemes, (iii) pedestrian trail bridges, (iv) motorable road bridges, (v) TVET, and (vi) private sector development. The SDC is of course perfectly aware of this fact. On the one hand, it seeks to address this through a 'more holistic approach to private sector development'. (This is discussed in detail in Section 5.3.4.) It is also exiting the trail and motorable road bridges support projects. On the other hand, the SDC has now added a tourism project to the mix and asserts that it finds it important to maintain 'their feet in the clay' with at least one project operating at the beneficiary level.

Section 5.3.4 argues that the envisaged new approach to private sector development makes sense (although the proof of the pudding will be in eating it). Here, the evaluation merely points out that with federalization, migration, TVET and the new private sector development approach, the SDC may have enough on its plate and can forego further excursions into infrastructure, irrigation, and tourism. Of course, what would make sense, given Nepal's agri-based economy, is to see how the new approach to private sector development can (i) exploit agricultural products where Nepal holds a comparative advantage, or (ii) provide employment for the youth who forego the continuation of their parents' farms.

4.3. External coherence

The decision to support with the Cooperation Strategy the implementation of the Constitution and the move towards a federal system of government required the Swiss Embassy to adjust its projects and enable them to support new federal (political and administrative) institutions at province and local level (see also Chapter 3.1 for the management implications of this decision). Moreover, the Swiss Embassy agreed with the Nepal government to focus on Province 1. Consequently, *'all projects in Province 1 should align their activities with the provincial periodic plan'* (SDC 2019b).

This decision is proving valuable even though the fruits of the decision still need to ripen before they can be harvested.

The Swiss Embassy was able to build up a quick rapport with the Province 1 government after its election in 2017. This allowed the Swiss Embassy to accompany and advise the Province 1 government in building up the provincial government from scratch (see also Section 2.2). It also ensured that the Swiss Embassy had direct relations at all three spheres of government. (It already enjoyed good working relations with the federal government through its political engagements and project support and local governments through project support. The latter was further extended during this Cooperation Strategy period as many development projects focused on Province 1 and engaged directly with local governments in the province.)

The political context hindered the Swiss Embassy in making full use of its direct relationship with all these spheres of government and support the intergovernmental cooperation (in Province 1) as envisaged by the Nepal Constitution. As soon as the federal government recognizes and acknowledges the value and need of such intergovernmental cooperation, the Swiss Embassy will (again) be well-positioned to accompany and facilitate the intergovernmental cooperation.

The Swiss Embassy is well-resourced (see also Section 0). Still, its staff resources are limited. The Embassy would not have been able to replicate its engagement in Province 1 across multiple provinces (at least not without loosening its guidance and monitoring of the development cooperation projects). Based on above observations, the choice to focus on Province 1 was good and remains promising.

5 Context analysis

This final chapter, before reaching the evaluation's conclusions and recommendations, covers three topics. The first section reflects on the 'relevance' of the Nepal Cooperation Strategy 2018-22. The second section considers the 'context sensitivity' of the Cooperation Strategy, both in its initial design and implementation. The final section answers the 'what'-question: what should be the next Cooperation Program's areas of engagement?

5.1. Relevance

Evaluation question:

1.1 SQ: How well does the Cooperation Strategy reflect the development priorities, set by the partner country and the policies of the Federal Council Dispatch?

This standard evaluation question matches the OECD-DAC Evaluation Criteria 'Relevance', whereby it focuses on the development relevancy of the Cooperation Strategy for the national (governmental) development priorities and Switzerland's strategic and development priorities.¹¹ As noted in Chapter 1, the Cooperation Strategy seeks first-and-foremost to support the implementation of the 2015 Constitution and the move towards a federal system of government. This should allow all groups to participate and be represented in government, making government at all levels more receptive and responsive to peoples' concerns and overcome the exclusion and discrimination which lay at the root of Nepal's recent (and violent) social conflicts. The Cooperation Strategy thereby responds to and builds directly on a central proclamation in Nepal's Constitution:

'We, the people of Nepal ...

Ending all forms of discriminations and oppression created by the feudal, autocratic, centralized and unitary system, Embracing multi-caste, multi-lingual, multi-cultural and diverse geographical specificities, by ending discriminations relating to class, caste, region, language, religion and gender discrimination including all forms of racial untouchability, in

¹¹ The OECD-DAC defines 'relevance' as '*the extent to which the intervention objectives and design respond to beneficiaries', global, country, and partner/institution needs, policies, and priorities, and continue to do so if circumstances change'* (OECD-DAC 2019).

order to protect and promote unity in diversity, social and cultural solidarity, tolerance and harmonious attitudes, we also express our determination to create an egalitarian society on the basis of the principles of proportional inclusion and participation ...

Now therefore, in order to fulfill the aspirations for perpetual peace, good governance, development and prosperity through the medium of federal democratic republican system of governance, hereby promulgate this Constitution through the Constituent Assembly.
Emphasis added (Constitute Project 2021)

The Cooperation Strategy aligns with Switzerland's Dispatch on International Cooperation 2017-20. The latter specifically aimed to, amongst others, *'strengthen the rule of law and democratic participation ... ensure the respect for human rights and fundamental liberties ... promote conflict transformation ... and support sustainable access to services for all'* (FDFA 2016). It also fits Switzerland's own Federal Constitution which, amongst others, *'promotes respect for human rights and democracy [and] the peaceful coexistence of peoples'* (Swiss Confederation 2018) and Switzerland's guiding premise in international development cooperation *'to help countries help themselves'* (Swiss Federal Parliament 2017), which a federal system of government should ultimately contribute to.

Finally, the key informant interviews in Nepal underscored that the implementation of the Constitution and the move to a federal system of government are the dominant theme in Nepal's current political discourse. The evaluation team concludes that the Cooperation Strategy 2018-22 was aligned with Nepal's development priorities and the policies of the Federal Council Dispatch.

5.2. Context sensitivity and adaptation

Evaluation questions:

1.2 SQ: Which changes in the context were the most important and what effects may they have caused on the Cooperation Strategy? Which adaptations have been taken in the current country strategy 2018-22 to reflect these changes? How did the implementation of the Cooperation Strategy adapt to the COVID-19 pandemic?

These evaluation questions inquire into the key contextual changes during the implementation of the Cooperation Strategy and the Swiss Embassy's response thereto. The two main changes in the political and development context of Nepal were (i) a return to party politics and concomitant political instability, and (ii) the COVID-19 Pandemic. Section 5.2.2 reflects on both changes and the Swiss Embassy's response thereto. The opening section however first acknowledges the context sensitivity of the Nepal Cooperation Strategy 2018-22, which rests on an astute context and political economy analysis.

5.2.1 Context sensitivity of the Nepal Cooperation Strategy 2018-22

The Cooperation Strategy recognizes key drivers of change within Nepal and the opportunity for renewal that they present. These drivers are embedded in the adoption of the new Constitution, the move to a federal system of government, the country's demography with its young population and hundreds-of-thousands of youths entering the labor market each year, the outmigration as poverty reduction strategy of many Nepalis, and the changes in (private sector led) social and economic service provision in response to Nepali's increasing purchasing power stemming from the inflow of remittances from migrant workers.

At the same time, the Cooperation Strategy astutely observes the restraining factors of development: a fiercely contested political space, a political elite fighting over access to state resources, a body politic that is dominated by a small elite of politicians (and bureaucrats), and deeply rooted caste- and ethnicity-based discrimination that remain pervasive at all levels of society. The Cooperation Strategy also recognizes that whilst Nepal's challenges may be 'economic', its problem is 'political' and that political problems should be dealt with politically. The Cooperation Strategy is in addition realistic, noting that: *'some provisions of the Constitution remain contested, especially in the Tarai, ... the root*

causes of past conflicts ... remain insufficiently addressed ... there is a uncertain degree of devolution of power and responsibilities to the state level ... [and] the implementation of the Constitution will remain controversial' (SDC 2018a).

Section 2.1 (on progress to federalization), Section 2.2 (on SDC's contribution), Section 3.1 (on SDC's political engagement), Section 0 (on the Swiss Embassy's active management), Section 0 (on the Swiss Embassy's political economy analysis and monitoring practices), and Section 5.1 (on the relevance of the Cooperation Strategy) attest to the Cooperation Strategy the Swiss Embassy's sensitivity to the political and development context of Nepal.

The Swiss Embassy builds its development cooperation on close political engagement and discussions at the federal and provincial sphere of government. The Cooperation Strategy supports major societal transformations stemming from the federalization of government and migration. The next Section (5.3) additionally shows how the SDC is broadening its support to the private sector, which again should ultimately translate into new business and employment opportunities for the many youths entering the labor market each year.

Based on these observations, the evaluation concludes that the (implementation of the) Nepal Cooperation Strategy 2018-22 is 'context-sensitive'.

5.2.2 Main changes in context during implementation

As noted above, the two main changes in context during the Cooperation Strategy implementation were:

1. a return to party politics and political instability, and
2. the COVID-19 Pandemic.

On political instability

Over the last three decades, Nepal was characterized by a highly fluid political landscape in which different political elites vied for access to state resources, political leaders frequently reneged on alliances, and there was a frequent change in government. After the 2017 local, provincial, and federal elections, Nepal however enjoyed three years of relatively political stability. The United Marxist Leninist (UML) and the Maoist Centre (MC) forged a new party (the Nepal Communist Party) which ensured they had the control over the majority of seats in the federal parliament and 6 of 7 provincial assemblies, as well as most local governments. Consequently, they formed the federal government and 6 of 7 provincial governments and could govern both spheres of government by majority-rule.

This period of political stability ended abruptly in late 2020 and the first half of 2021, when parliament was unconstitutionally dissolved twice, the Nepal Communist Party split again in the UML and MC, leading to further splits from UML, and a new five party coalition government (excluding UML) was instated in July 2021. This new government is however only to serve as a bridge to the next elections which, as per constitution, are scheduled for May 2022 (local government) and November 2022 (provincial and federal government).

For the Swiss Embassy, these political developments showcased the continued fragility of the political context, as well as the influence of politics on the federalization process and federal policy developments (which gradually slowed down under the former government and picked up again under the new five-party coalition government). For the evaluation team, it confirmed the relevance and appropriateness of the Swiss Embassy's approach to embed all its actions in political economy analysis (see Section 0) and political engagements (see Section 3.1).

On the COVID-19 Pandemic

As to the second change (the rise of a pandemic), the Swiss Embassy moved quickly. The WHO called the spread of the coronavirus a Pandemic on 11 March 2020. On instigation of the Swiss Embassy, the SDC approved a CHF 5 million emergency response *'to contain*

the spread of COVID-19 and to address the socio-economic consequences' on 23 March (SDC 2020).

This umbrella credit – funded from (anticipated) underspending on other projects (due to the Pandemic) – ultimately helped Province 1 purchase COVID-19 testing kits and medical equipment, establish health care waste management systems and water purification & treatment systems in 4 hospitals, and invest in a Livelihood Support Programme, a COVID-19 MSME Debt Fund and the Nepal Accelerating Investment Programme.

In addition, several projects (most notably SaMi and MiRiDew) were redirected to support returning migrants. All projects adapted to working in a virtual environment. The SECO-funded, World Bank administered public financial management project (PFM) also enhanced its monitoring to identify, understand and respond to the impact of the crisis on Nepal's public financial management.

The evaluation team lauds the Swiss Embassy's and SDC's headquarters quick response to the COVID-19 Pandemic in Nepal. Based on the few conversations that the evaluation team had in the field, the impression was that the support under the umbrella credit was provided quickly and effectively. The Embassy intends to evaluate the project early 2022. The evaluation supports this as it is likely to carry valuable lessons for the SDC on what worked, what didn't and why in an emergency response. These lessons can be used in future emergency cases: to replicate what worked and to further improve where possible.

As an initial input to such an evaluation, the evaluation team observed an element of randomness in the farmers and businesses that benefited from the socio-economic support provided under the emergency response. For example, whether a farmer obtained a voucher for purchasing seeds from the Livelihood Support Program or a SME received a credit from the MSME Debt Fund depended on a series of decisions by the SDC (on the scope, selection criteria, geographic coverage and limits of the support), the execution of these choices by an implementing agency (which again involved a series of decisions, for example on which farmers and SMEs ultimately qualified for the support), and the access to information about these support programs on the part of potential beneficiaries (who needed to proactively apply for the support).

To a large extent, such randomness is unavoidable in the absence of a government which can set up a national-wide, fully funded social security net or emergency relief system. Moreover, in this case, with the COVID-19 Pandemic's severe health and social impacts, any support is better than no support. However, as is the case with most decisions, there were those who are 'left behind'. Recognizing this, SDC's Global Program Health channeled its support to developing countries through the UN and multilateral system. In evaluating the emergency response, it will be interesting to compare both approaches and investigate both how access to emergency relief can be broadened and initial randomness can be ameliorated with follow-up support.

5.3. Looking into the future

Evaluation questions:

1.2 SQ: What kind of adaptations are under consideration in view of the Switzerland's International Cooperation Strategy 2021-24?

1.3 AQ: Is there a need to adapt the current thematic priorities in view of the Nepali context and the new Federal Dispatch and Asia Division Guidelines (in particular regarding climate change)?

These evaluation questions inquire whether the emerging political and development context in Nepal and Switzerland's new International Cooperation Strategy 2021-24 require a change in focus of the Nepal Cooperation Program 2023-26. These questions also link nicely to the SDC Asia Division's interest in this evaluation, which it translated into a similar, albeit more broadly formulated, question: were SDC's intervention areas correct and what should its future domains of interventions be to remain relevant and effective in Nepal?

This section answers these questions. The first subsection presents what can be deduced from the key informant interviews. It affirms SDC's choice to remain engaged in federal state building and migration, whilst being on 'stand-by' in supporting Nepal's transitional justice process. The second subsection briefly recaps Switzerland's International Cooperation Strategy 2021-24 and the Asia Division Guidelines foci and choices for Nepal. This serves as a building block for the final two subsections which reflect on the envisaged shift towards more climate action (mainstreaming) and a more holistic approach to private sector development. The evaluation supports this shift, whilst also raising questions (and recommendations) for SDC's consideration.

5.3.1 Deductions from Nepal's political and development context and this evaluation

On federal state building

The dominant theme in Nepal's political discourse is federalization. It forms both a clear political priority and the arena for the contestation over political power. Section 2.1 evidenced that federalization in Nepal is underway, but also remains work in progress. The federal 'structure' of government is by and large established. This new structure of government must be translated into more open, inclusive, and deliberative decision-making 'processes' (both within each sphere of government and between the three spheres of government). This is needed to realize the aspirations of the Constitution and '*create an egalitarian society on the basis of the principles of proportional inclusion and participation*' (Constitute Project 2021).

Section 2.2 showed that the SDC contributed significantly to peace and constitution building and federalization of government. Moreover, Nepal's political parties and development partners see the SDC as a '*friend*' to the implementation of the Constitution and the move to a federal system of government. The Swiss Embassy enjoys privileged access to Nepal's decision-makers at all three spheres of government. It thus finds itself in a unique position to further facilitate the federalization process. From a process and development point of view, there is no turning back (or leaving the scene) for the SDC: it is to remain engaged and, where needed, 'accompany' the process.¹²

The next steps will require all the Embassy's political acumen. If the SDC is to support 'the quality of political decision-making processes', then it will need to engage with parliamentarians, assembly members and council members at the three spheres of government. This is politically sensitive; Nepal's federal government tends to consider this as undue interference in the country's sovereign affairs. (The government's position is, from a substance point of view, questionable. The SDC support to the peace-process, Constituent Assemblies and implementation of the Constitutions could equally be viewed as interference in the country's sovereign affairs). This will require a deft touch from the Swiss Embassy. But as the adage goes: if not now, when; if not the SDC, who?

Of course, members of the legislative branch come and go, are elected and are ousted from office. This means that apart from individual awareness and capacity building of legislative members, attention should also go to building decision-making processes and standards and support functions (e.g., secretariats and advisory functions). Such process and capacity development support also offer 'safe entry points', as they signal that the support is about the quality of decision-making (in line with the aspirations of the 2015 Constitution) and not about intervening in a country's sovereign affairs.

On migration

The same conclusion as on federal state building can be drawn for migration, even though the underlying argumentation is different. On migration, there is a (tentative) shift amongst

¹² Of course, the SDC can still decide differently based on, for example, domestic political considerations.

Nepal's political parties that migration is a political reality and economic boon (rather than a disgrace and resource drain). Section 2.2 argued that this is, at least in part, due to SDC's 10-year engagement on migration and the success of the migrant resource centers that the SDC sponsored. Section 2.3 also concluded that SDC's results are not yet fully embedded in the government.

Like on federalization, the SDC enjoys a unique position, being the lead development partner on the topic for Nepal's federal, provincial, and local governments, and leading the development partner coordination on the topic. It would be too early and not opportune to leave now. Instead, all efforts should now go to have the three spheres of government take over: to have them buy-in to the topic even more and make available the necessary resources. To have the respective spheres of government invest in migration services will require both success stories, best practices and, importantly, close political engagement.

On transitional justice

The story on transitional justice is not much different, although here the Swiss Embassy can take more of a backseat – a wait and see attitude – and continue to 'accompany' and 'facilitate' the process when the local actors are ready to move forward. The reason is that the pieces of the puzzle – the four pillars of a holistic approach to transitional justice – have been laid out (with help of the Embassy and the Peace and Human Rights Division of the FDFA). It is now for Nepal's government, political parties and victim groups to gather around the table and determine how they want to go about putting the pieces of the puzzle together. Once they decide to gather, the Embassy and the FDFA can again facilitate. But until they do, neither the Embassy, nor the FDFA can do much except to signal (regularly) that they are on stand-by. (The SDC can continue to support psychosocial counseling, whereby – like with safer migration – the local governments should, over time, take over.)

On the key informants' wish-list

In most interviews, the evaluation team asked the key informants where they thought future support from development partners was needed. The evaluation team kept score and Table 3 shows the tally. Economic development was mentioned most. At the same time, different key informants understood the term differently or referred to different aspects of economic development: from improved access to public goods to transfer of international technology, from market and value-chain development to SME and entrepreneurship support. In second place came support to technical and vocational training (which is of course closely related to economic development). Third was support to climate change adaptation and disaster risk management and governance (whereby the latter was mentioned mostly by international development partners).

Table 3 Areas for future support (as identified by the evaluation's key informants)

Area	Key informants				
	Total	Federal	Provincial	Local	Others
Economic development	14	7	3	3	1
TVET	7	3	1	1	2
CCA/DRM	6	2		2	2
Governance	6	1			5
Migration	4	2		1	1
Tourism	4			4	
Infrastructure	4	3		1	
Information technology	2	2			
Health	1			1	

Source: key informant interviews

Legend: CCA/DRM = Climate Change Adaptation and Disaster Risk Management, TVET – Technical and Vocational Education and Training

5.3.2 SDC's strategic framework

Switzerland's International Cooperation Strategy 2021-24 and corresponding Asia Division Guidelines foresee a stable funding envelope for Nepal and continued support – both through development cooperation and political engagement – to:

'Democratic State Building and Respect for Human Rights in Nepal: Switzerland's engagement shall remain located at the nexus of humanitarian aid, peace policy and development cooperation ... the transfer of responsibilities from national to subnational level shall be supported [and] citizens shall play a more important role in shaping inclusive development. [Moreover] reliable and continuous diplomatic relations support technical cooperation and vice versa' (SDC 2021a).

The two strategy papers also foresee continued support to the topic of safer migration. On Nepal, the Asia Guidelines note that *'the SDC will continue its engagement in ... safer migration, by leveraging the benefits for migration for sustainable development through decent work conditions and strengthening migration management capacities'* (SDC 2021a).

The previous Subsection (5.3.1) underwrites both choices.

Looking ahead, the Strategy and Guidelines place greater emphasis on climate action and confirm a shift in the economy portfolio:

- Swiss international cooperation funding to address the effects of climate change and manage the sustainability of natural resources *'is set to increase gradually from CHF 300 million per year ... to CHF 400 per year by the end of 2024, equivalent to around 15% of total international cooperation resources'* (FDFA 2021). This is to be achieved through a *systematic mainstreaming in all current and future programs [and] in most countries with a stand-alone portfolio. [In Nepal], the future program will apply a systematic mainstreaming to its programs'* (SDC 2021a).
- *'as countries move up the development ladder, the need for more economic development support (macro-economic, investment climate and trade facilitation) has emerged. [For Nepal] the emphasis on private sector development will increase ... [by] building framework conditions for private sector development, investment and start-up promotion'* (SDC 2021a).

From a political and economic point of view, these strategic shifts make sense: climate action and economic development are politically and economically relevant, both globally and in Nepal. For Nepal, climate change – especially through the melting of glaciers and changing precipitation patterns – forms a real and present danger. As for economic development, Nepal is on the verge of graduating from Least Developed Country status to that of lower middle-income country. This is, in part, due to a broadening economic base fueled by the remittances of Nepal's migrant workers. This changes Nepal's economy (more services oriented, urbanization, increasing private provision of health and education services, etc.) and the development support it requires. Still, from an evaluation perspective, both choices also raise questions. These questions are posed and addressed in the next two subsections (building on what the SDC already has in the planning).

5.3.3 Climate action

The Swiss Embassy 'heard the call for climate action' in Switzerland's International Cooperation Strategy 2021-24. At the same time, it considers SDC's comparative advantage – vis-à-vis the government and development partners – to lie in supporting federalization, safer migration, and private sector development. Having said that, it recognizes the potential for mainstreaming climate action throughout its project portfolio. In fact, in response to Switzerland's International Cooperation Strategy 2021-24, the Swiss Embassy conducted a detailed analysis of the current and potential of mainstreaming climate action in its project portfolio (SDC 2021c). Moreover, it joined a World Bank initiative to support Nepal's green and sustainable recovery from the COVID-19 Pandemic (the so-

called Green, Resilient and Inclusive Development Initiative) and is working towards the 'environmentally sustainable operations' of the Embassy.

The evaluation team recognizes the potential for mainstreaming climate action, including in:

- federal state building, as 'a substantive topic' around which to enhance the quality of political decision-making, and,
- in private sector development, as 'a sectoral focus' for promoting start-ups, MSME development, and a green/circular economy.

No key informants saw a role for Switzerland in supporting Nepal on climate change mitigation (which generally involves major investments – for example in hydro power development – where the World Bank and ADB have the lead and China and India also play major roles). The topic of climate change adaptation and disaster risk management was mentioned by key informants as a potential area of future SDC support (see Table 3 above). Climate change adaptation and disaster risk management again lend itself for mainstreaming (as it is about how people and communities, businesses and sectors, federal, provincial, and local governments prepare themselves for and adapt to the consequences of climate change). These findings support the Asia Division Guidelines strategic choice to focus in Nepal on the mainstreaming of climate action and forego on the development of a stand-alone climate action portfolio.

This nonetheless leaves the evaluation team with one question: how to ensure that mainstreaming of climate action in individual projects adds up to something substantive, such that the whole is more than the sum of its parts, both in substance and in scale? To support the development effectiveness and sustainability of individual actions, it makes sense to complement the mainstreaming of climate change and disaster risk management with a small, dedicated, project 'to link' the individual actions to a holistic local, provincial, or federal climate change adaptation and disaster risk management approach or help feed the information or lessons from these individual actions into local, provincial, or federal processes.

This proposed dedicated project is NOT another 'technical' intervention. Instead, it is to be much more process-oriented, coordinating (i) what and how climate change is mainstreamed in the individual SDC-funded projects, and (ii) how these individual mainstreaming actions feed into and build into wider local, provincial, or federal climate actions. In other words, it is solely to 'connect the dots', 'lacing together' the individual climate actions into a bigger whole. Moreover, by working on a 'coherent' and 'synergetic' set of interventions, the SDC also prepares the ground to potentially move into climate action full force – with a dedicated domain of intervention – in the Cooperation Program 2027-30. As such, it could perform a 'bridging function' to subsequent cooperation programs.

A dedicated project, initiative or action allows the SDC to organize a 'pool of national and international expertise' which can (i) help individual projects to mainstream climate change adaptation and disaster risk management into their activities, and (ii) ensure uniformity, complementarity, and utility for wider (provincial or federal sphere) climate change adaptation and disaster risk management activities. As an alternative to a 'pool', the SDC can also think about appointing a single 'envoy' who advises individual projects and links project level initiatives to local, provincial, and federal initiatives.

5.3.4 Private sector development

Section 4.2 already commented that the 'Employment & Income domain' of the current Nepal Cooperation Strategy 2018-22 is rather convoluted. Something SDC is well-aware of. In moving forward, the SDC wants to shift towards '*a more holistic approach to economic development*'. The SDC observes that in advanced economies the private sector in general and micro, small and medium enterprises (MSMEs) specifically form the engine of growth and the main source of employment. With Nepal soon to graduate from least-developed

country to lower middle-income country, the SDC wants to help Nepal broaden its economic base. Moreover, the SDC sees the federalization of government as an opportunity for provincial governments to support local economic development and for provinces to differentiate according to their comparative advantage. To that end, the SDC wants to help:

1. address regulatory constraints to private sector and MSME development, including (for example) by lowering the threshold for foreign direct investment and making it easier to start (and close) a business, and
2. to improve the 'eco-system' for MSME development, including by supporting incubator and accelerator programs and improving access to skills training, business development services, international technology and (blended) finance.

Over the last two years, the SDC has already made the first steps in this direction.

- The SDC has joined hands with the Swiss Investment Fund for Emerging Market (SIFEM) to (i) set up a SME credit line within a local commercial bank; and (ii) bring together development partners and bilateral development finance institutions (including FCDO, AFD, and FMO) to set up the Nepal Invests platform (Nepal Invests 2021). This platform is to facilitate bilateral development institutions' entry into Nepal's private equity finance market. (It builds on the Oxford Initiative of bilateral development finance institutions to start engaging with fragile states. The Oxford Initiative identified Nepal as pilot country.)
- The SDC has, together with the private equity fund 'One to Watch', set up a debt fund for 100 SMEs requiring working capital to overcome the economic consequences of the COVID-19 Pandemic. The debt fund also provided business support services to the SMEs.
- The SDC provided technical assistance funds to the World Bank to help the Office of Prime Minister in Nepal to improve the regulatory framework for businesses.
- The SDC is developing a new (multi-phase) project – the so-called Investment and Innovation for Economic Development (IIED) project – to support (i) SMEs that are too large for micro-credits and too small for corporate finance in gaining access to finance and business support services; and (ii) provincial government in Province 1 to effectively take up its role in promoting local economic development.

From an economics point of view, promoting MSME development makes perfect sense. The question is whether Nepal's entrepreneurs, MSMEs, banks, regulators, and provincial governments are ready for it. The Swiss Embassy 'believes' they are: it wants to '*showcase that it can work ... offer a proof of concept ... and thus accelerate private sector development*'. That's fair enough, but in moving forward the SDC should regularly test whether 'its believe' bears out, whether 'its assumptions' are correct. For example:

- are (would-be) entrepreneurs responding to the offer of incubators, accelerators, and business support services with the envisaged results in start-ups, business growth, forward- and backward linkages, and employment?
- are commercial banks providing non-collateral-based loans to MSMEs?
- are high-net worth individuals providing private equity to start-ups and MSMEs?
- are government regulators easing the starting, running, or closing of a business?
- are provincial governments developing and implementing local economic development strategies in an inclusive and participatory manner with the private sector?
- are entrepreneurs and businesses in Province 1 responding to better framework conditions (created by the provincial government) and investing in business expansion?
- and, importantly, are the above envisaged developments leading to an ever-expanding private sector, i.e., is there a 'multiplier effect' operating?

A disclaimer is in order here. The evaluation did not conduct a scoping study on the potential for private sector / MSME development in Nepal. Accordingly, the evaluation cannot answer above questions, nor draw any hard conclusions. It can only observe. One such observation is that in the Embassy's 'pitch' there is little to no mentioning of local boundary partners, i.e., the local actors through whom the Embassy seeks to affect change. The latter are important, because it is ultimately the Nepali entrepreneurs, MSMEs, banks, regulators, and provincial governments that need to respond to the support, pick up and run with the ball, and multiply the investments to transform the economy and reach scale. In a similar vein, the SDC ought to work towards the sustainability of its support from 'Phase 1' onwards. It ought to promote and monitor that local private or public institutions step up to the plate and provide assistance to the private sector on their own initiative and out of their own interest.

Perhaps, the SDC is once more 'ahead of the curve', like with federalization and safer migration. But it makes sense for the SDC to regularly test its assumptions and slow down (or accelerate) the support depending on the responsiveness of local reform actors. The experience with federalization and safer migration shows that one can accompany and even initiate local development processes, but not 'push through' change. The latter can only be done from within.

The evaluation recommends the SDC to develop a detailed Theory of Change, explicating the boundary partners, how these boundary partners are expected to respond to the support, and how changes in the perspective, rationale and behavior of these boundary partners is expected to affect other economic actors and contribute to an economic transformation at scale. The Swiss Embassy can subsequently integrate this Theory of Change into its monitoring system and processes and regularly check whether its assumptions about its boundary partners' responses are bearing out.

5.3.5 Conclusion

This section answered the 'what'-question: what should SDC's future areas of engagement be? The evaluation affirmed SDC's decisions to continue its support to federalization, safer migration, and transitional justice, as well as mainstream climate action in its federal state building and private sector development portfolio and take a more holistic approach to private sector development. At the same time, the evaluation recommends the SDC:

- to shift its attention from the 'structure' of federal government to the 'quality of political decision-making processes', including political engagement with the federal parliament, provincial assembly, and municipal councils,
- to 'engage politically' with the federal, provincial, and local governments for them to allocate resources to the promotion of safer migration and TVET,
- to take 'a stand-by approach' to Nepal's transitional justice approach and further support the process as soon as Nepal's political leadership and parties are ready to move forward,
- to 'complement' the mainstreaming of climate action with a dedicated climate action and disaster risk management project to explicitly link the individual mainstreaming activities to local, provincial, federal sphere activities and initiatives and thus contribute to substantive climate action at scale,
- develop a 'detailed Theory of Change' for its private sector development portfolio and to regularly monitor and assess whether its 'assumptions', as to how its boundary partners would react, uphold in practice and the portfolio remains on track to achieve its objectives.

6 Conclusion

Evaluation question

5.1 AQ: What could be possible areas of the future bilateral cooperation in terms of innovations and know-how broker? What is Switzerland highest added value which could be expanded? What aspects Switzerland should prioritize to exploit them fully?

Over the last 15 years, Nepal moved from conflict to peace, from a monarchy to a republic, from a unitary to a federal government. These are fundamental changes. Moreover, the newly gained authority and resources proved 'transformative' for local governments, which started to invest in roads, education, health services, and agricultural support, amongst others. Whilst there is broad support for federalization – both out of conviction and necessity – the form and depth of federalization is contested between political parties and between the federal and provincial sphere of government. The political transformation that Nepal started 15 years ago remains both promising and 'work in progress'.

The SDC accompanied this process and offered a listening ear, mediation, an ability to convene, and where needed technical inputs. Throughout, the SDC put itself 'at the service of' peace, transitional justice, the constitution, and the federalization of government. Importantly, it acted politically astute, talking with everyone, recognizing common ground, and emphasizing the positive and constructive contributions of all parties involved. It continuously engaged 'politically' based on the observation that Nepal's challenges were indeed 'political' and required home-grown, political solutions. It did so aptly and SDC's contribution is recognized by all main political parties of Nepal.

In parallel, the SDC displayed leadership on migration, TVET and, more recently, private sector development. Together with federalization, these domains of intervention were 'relevant' for Nepal's political, social, and economic development. On migration and TVET, the SDC pursues systemic change and managed to alter the perspective amongst local stakeholders on these topics, albeit not yet to a degree that it has changed their rationale and behavior and actually brought about systemic change. Federalization evidences the importance of such systemic change. The impact of federalization is far larger than what is being achieved through SDC's interventions in migration, TVET and private sector development (simply because it reaches all local governments).

The SDC, under the leadership of the Swiss Embassy's senior management, also manages well and actively the implementation of the Cooperation Strategy 2018-22. It responds to opportunities (e.g., on transitional justice) and emergencies (e.g., COVID-19), it is sensitive to the politics of development and undergirds all its actions and interventions with explicit political economy analysis, it is prepared to lead (whether on supporting the federalization process or introducing new systems on migration or TVET), and it walks the talk (e.g., by putting staff into Province 1), and it monitors the implementation of the cooperation program actively and diligently. The SDC does appear a lone fighter and could work towards building alliances and partnerships (not to reduce its load, but to further increase its impacts).

The SDC is doing well and can – to a large degree – stay the course in the next Cooperation Program 2023-26. Its astute political engagements remain the key to supporting home-grown transformative change that are effective and sustainable and promote Nepal's sustainable development. Its support to federalization, transitional justice, migration, TVET and private sector development remains relevant. To mainstream climate action in its portfolio, rather than add a new pillar to the Cooperation Program, is wise. And SDC's focus on Province 1 is smart, both considering its limited resources and development effectiveness.

In moving forward and trying to further improve its development effectiveness, the SDC faces 7 challenges.

1. So far, the move to a federal system of government revolves around the federalization of function, funds and functionaries and setting up the new structures of government.

In meeting the aspirations of the 2015 Constitution (*'to create an egalitarian society [with] proportional inclusion and participation'*), this needs to be followed-up by attention for the political decision-making 'processes', which need to become more open, inclusive, and deliberative.

2. The SDC bet on the provincial governments being pivotal in making federalism a success, both in terms of ensuring representation for all (see previous point) as well as to open up the economic space and through local economic development promote and ensure broad-based economic growth which benefit all. Whilst the bet (and the focus on Province 1) made and continues to make sense, provincial governments (including in Province 1) are struggling to assert themselves, carve out a unique, value-adding role, and contribute to political and economic representation and inclusiveness. An open question is how best to support the Province 1 government to assert themselves. This evaluation does not have an answer. Ingredients will be 'a change in perspective' (on the role of provincial government) and 'financial capacity' to take action. It will require all SDC's political acumen and engagements to forge a path forward here.
3. To bring about systemic (transformative) change on migration, in TVET, in private sector development, the SDC will need to identify, and find ways to (politically) alter, the perspective and rationale of the key political decision-makers, in such a way that it alters the behavior of public and private actors across the country (just as is happening through the federalization of government).
4. In mainstreaming climate action in SDC's development cooperation portfolio, the challenge will be to 'connect the dots', have the individual actions flow into and support broader federal, provincial and/or local climate programs, and ensure that the whole is more than the sum of its parts.
5. The political engagements and the implementation of development cooperation projects by implementing agencies remain, to quite some degree, parallel activities. If the SDC wants to broaden its reach and overcome the first development challenge, there is much to be gained if the SDC manages to 'partner with' the implementing agencies, bind them into the political engagement processes, and give them an opportunity to contribute to building the political decision-making processes. In the same vein, continuous engagement and partnership with bilateral and multilateral development partners will remain needed to keep these players as much as possible 'on course and on the side of federalism'.
6. The SDC's results framework is both useful and complicated. Here, the challenge is to make it more realistic (bring it closer to what the SDC can influence) and purposeful (truly serve SDC's need for program steering and accountability).
7. To be patient. This may be the most difficult challenge (and recommendation) of all. As the late Colin Powell learned, *'never step on enthusiasm'*. And the SDC and the Swiss Embassy are enthusiastic. The evaluation does not want to reduce this. Nepal also shows that real and meaningful change emanates from transformations that are home grown, such as Nepal's move to a federal system of government. The trick (and challenge) is thus to identify, connect to and support local transformation processes. These can be slow in coming and do not abide by the four-year horizons of international development cooperation strategies and projects. As one key informant to the evaluation aptly put it: development partners are all too often *'overenthusiastic and need to be kept in check'*. If Nepal shows anything, it is that change is possible, but one cannot force it.

The next chapter's recommendations build on these insights and challenges. They suggest 'continuity' with a little 'finetuning'.

7 Recommendations

The main body of this report already revealed numerous ideas and suggestions. The previous Chapter pulled these different thought streams together and identified 6 challenges for the implementation of the next Cooperation Program. This Chapter translates these insights into recommendations. Each recommendation is explained and explicitly targeted to a specific (management) entity within SDC: the entity with the authority to act on the topic at hand. The recommendations also address the two main questions the Asia Division and the Swiss Embassy', namely: '*what*' should Switzerland's future domains of interventions be and '*how*' should Switzerland intervene to effectively contribute to systemic change?

Recommendation 1. To continue its course, both in 'working politically', 'engaging with large international development partners', 'focusing on Province 1', and investing time, effort and money in 'federalization, migration, TVET and private sector development'. On 'transitional justice', the SDC can await local action before reengaging. The Employment & Income domain should concentrate on the new private sector development approach.

Target audience: primary – Swiss Embassy; secondary – Asia Division, FDFA Political Division

Reason: The approach and scope of the current Cooperation Strategy is effective and relevant. The focus of all SDC's efforts should be on seeking and contributing to systemic change.

Challenge: To contribute to 'systemic change' in migration, TVET and private sector development which reaches all corners of Nepal.

Recommendation 2. To expand SDC's political engagement to the national parliament, provincial assembly, municipal councils, as well as intergovernmental coordination to support these entities in progressing towards more open, inclusive, and deliberative decision-making processes.

Target audience: primary – Swiss Embassy; secondary – Asia Division

Reason: To work towards the Constitution's aspiration for an egalitarian and inclusive state.

Challenge: The federal government is reluctant to have development partners engage with the legislative branch of government and intergovernmental coordination. If any development partner is able to break this reluctance, it is the SDC (given its reputation and political access).

Note: parliamentary support can entail a full spectrum of support options, from political accompaniment to facilitation, from technical (topical) inputs to institution building (e.g., secretariat), from capacity development of elected members to capacity development of secretariat staff.

Recommendation 3. To deepen SDC's political engagement on migration, TVET and private sector development to identify the 'levers' with which to change the perspective, rationale and behavior of local political decision makers and bring about the envisaged 'systemic change'.

Target audience: primary – Swiss Embassy; secondary – Asia Division, FDFA Political Division

Reason: The SDC introduced new models but has not yet realized the systemic change that it aspires for.

Challenge: The 'levers' are hidden and need to be found; it went beyond the scope of this evaluation to identify them. Moreover, change will be slow and long-term, requiring patience for results to materialize.

Recommendation 4. To 'complement' the mainstreaming of climate action with a dedicated, process-oriented, climate action and disaster risk management initiative (or 'envoy') to coordinate and explicitly link the individual mainstreaming activities to local, provincial, federal sphere activities and initiatives.

Target audience: primary – Swiss Embassy; secondary – Asia Division

Reason: to ensure that SDC's climate action contributes to wider climate action efforts at the local, provincial, and federal sphere of government and the Nepal program responds meaningfully to Switzerland's International Cooperation Strategy 2021-24. It can also serve as bridging function to later cooperation programs.

Challenge: To find the right balance between mainstreaming and dedicated supportive climate action.

Recommendation 5. To bind in SDC's implementing partners in SDC's political engagement and 'work with them' to promote more open, inclusive, and deliberative political decision-making processes at the federal, provincial, and local sphere of government.

Target audience: primary – Swiss Embassy; secondary – Asia Division

Reason: SDC's political engagement and the implementation of development projects are to a large extent parallel activities. They can complement each other more, extending the substantive and geographic reach of the SDC.

Challenge: To invest the time and effort to effectively work together on-the-ground and concretely.

Recommendation 6. To both simplify and strengthen the substance of SDC's results framework for cooperation programs by:

1. making outcome statements less aspirational, more concrete, and linking them to what the SDC 'can contribute' to (e.g., federalization rather than political stability, social inclusion and economic prosperity),
2. preparing a detailed 'narrative' on 'how' the SDC 'assumes' it can affect change, identifying the local reform actors, their reform agenda, their support needs, how they are expected to respond to support and what the ripple effect will be of these local reform actors' actions,
3. 'distilling from this narrative' a limited and separate set of qualitative and quantitative indicators for program steering (that evidence whether SDC's assumptions held or that a change of tactics / course is required) and accountability (that evidence whether the goal is likely to be achieved),
4. using the narrative and program steering indicators for program monitoring, drawing lessons learned, deciding the next course of action, and preparing an analytical annual report,
5. using the accountability indicators to account for the program's results.

Target audience: primary – SDC Management (who needs to give their fiat), secondary 1 – SDC's Quality Assurance Division (to update the guidelines for the Cooperation Strategy format) – secondary 2: the Swiss Embassy in Nepal and all other embassies and Swiss cooperation offices (to adopt this recommendation in: the formulation of new cooperation programs).

Reason: To make the Results Framework more purposeful and (further) improve its utility for learning, program steering and accountability.

Concrete outcome statements, a detailed narrative on change, and relevant indicators will also make it easier for SDC and implementing partners to link individual projects to the Results Framework, as it makes it easier for project partners to 'mentally connect' to the overall goal, substantiate its contribution to the indicators, and place this contribution in the

'underlying narrative'. Together with binding implementing partners into the political engagement process, it should help to get implementing partners out of a 'project mentality' and into a broader 'development effectiveness approach'.

Finally, simpler and better articulated Results Frameworks will make it easier to prepare analytical and consequential Annual Reports.

Challenge: For embassies and Swiss cooperation offices to 'invest the time and resources' to explicate their thinking into a narrative and distill, from this narrative, meaningful indicators of change. (Once done, it is easy to incorporate the narrative and indicators into SDC's well-established and functioning monitoring process.)

Recommendation 7. For the Swiss Embassy, the Asia Division and SDC's Global Programs to (i) engage annually in a strategic level discussion to update each other on each other's programs and confirm areas of mutual interest and benefit, and (ii) focus the work-floor collaboration on these areas of mutual interest and benefit.

Target audience: primary – Swiss Embassy and SDC's Global Programs, secondary – Asia Division

Reason: The collaboration between the Swiss Embassy and SDC's Global Programs is haphazard and of little value-added to either the bilateral or the global programs.

Challenge: Both the Swiss Embassy and SDC's Global Programs have their hands full with their own programs. Any collaboration should therefore focus on the areas of mutual interest and benefit. This will give a natural incentive to collaborate effectively, efficiently and purposefully.

Recommendation 8. For the SDC and the FDFA to ensure the continuation of its 'political engagement' on federalism, migration, TVET and private sector development in Nepal by subsequent senior managements of the Swiss Embassy in Nepal.

Target audience: primary – SDC Directorate and FDFA Political Division

Reason: SDC's political engagement in peacebuilding, transitional justice and federalism was and will continue to be key to its development effectiveness.

Challenge: To identify a senior management team which can continue the deep political engagements of the SDC, continue to mobilize and empower Embassy staff to engage and support these political engagements, and bind in the implementing partners and other international development players into the process.

Recommendation 9. To consider preparing a podcast on how the Swiss Embassy engages politically and accompanies locally driven change processes in support of sustainable development.

Target audience: primary - Swiss Embassy.

Reason: The SDC (and other development partners) tend to find it difficult to engage politically in support of sustainable development. Nepal provides a case on how to do it, as well as what the preconditions and limitations are. (A podcast, rather than a case study, is proposed as this will also highlight the 'personal engagement' undergirding the political engagements, bring forth the many nuances in the story (offer greater relief), and to reach a larger audience.

Challenge: For the Swiss Embassy to find the time to prepare and record its story.

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Evaluation of the Nepal Cooperation Strategy 2018-22

Volume II - Appendices

Contents

A	Evaluation questions.....	1
B	Evaluation Design Matrix	3
C	Methodology	8
D	Project sample	10
E	Financial portfolio analysis	12
F	Documentation	17

A Evaluation questions

This appendix captures the main evaluation areas and questions for the Nepal Cooperation Strategy evaluation. The evaluation areas and questions consist of standard evaluation questions (as defined by SDC's Evaluation + Corporate Controlling Division and applied across all cooperation strategy evaluations¹) and additional evaluation questions (as identified by the Swiss Embassy in Nepal and SDC's Asia Division).

Evaluation Area 1: Context analysis (referring to the partner country context, the region and to the Swiss context) - at the time of the elaboration and during the implementation of the Cooperation Strategy

Standard evaluation questions

- 1.1 Positioning and adaptation of CS with respect to country and regional context as well as Swiss policies
111. How well does the CS (strategic orientation, overall goal, domains of intervention and transversal themes, global challenges) reflect the development priorities, set by the partner country/countries and the policies of the Federal Council Dispatch (FCD)?
 112. Which changes in the context (national and regional) were the most important and what effects may they have caused on the CS? Which adaptations have been taken in the current country strategy 2018-2022 to reflect these changes? What kind of adaptations are under consideration in view of the Switzerland's International Cooperation Strategy 2021-24?
 113. How did the implementation of the CS adapt to the COVID-19 pandemic (adaptive programming and implementation)?

Additional evaluation questions

- Are fragility aspects and new opportunities (in the Nepali federal context) identified in the context analysis appropriately addressed in the CS? Are they appropriately reflected in the subsequent Annual Reports and implementation of the programme?
- Are peacebuilding elements (i.e., implementation of the constitution, Transitional Justice, and Inclusion) adequately covered in the CS?
- How did the program portfolio adapt to the evolving federal context? And is the approach chosen adequate (i.e., infrastructure support to promote federalism)?

Evaluation Area 2: Relevance and appropriateness of the projects/programs portfolio with regard to the domains of intervention of the Cooperation Strategy

Standard evaluation questions

2.1 Relevance of the projects/program portfolios

211. To what extent are the domains of intervention relevant, coherent and appropriate for achieving the goals of the CS?
212. To what extent are the project/program portfolios relevant, coherent and appropriate for achieving the results of the CS regarding the domains of intervention?

¹ SDC's Evaluation + Corporate Controlling Division has prioritized the standard questions for this evaluation. The following standard evaluation questions are therefore not addressed in this Nepal Cooperation Strategy evaluation: (i) quality of context analysis: To what extent is the context analysis realistic and relevant? Does the analysis include current issues (e.g., social and economic inequality, global challenges, power relations, regional disparities) and relevant stakeholders (e.g., private sector, state apparatus and political parties, institutions and powers)? (ii) Quality of the CS monitoring system: To what extent is the CS monitoring system relevant and effective, in order to provide evidence-based data/information for accounting for results (reporting) and CS steering? And (iii) which innovations generated by field experience have been scaled up through policy dialogue, alliances, networking and dissemination?

Additional evaluation questions

- What is the overall relevance of the Swiss engagement with its different instruments (diplomatic, economic, bilateral cooperation) in Nepal? How did the combination of different foreign policy instruments contribute to the achievement of results?
- Is there a need to adapt the current thematic priorities in view of the Nepali context and the new federal Dispatch and Asia Division guidelines (in particular climate change)?
- Are synergies between programmes and domains sufficiently promoted and implemented in the programme, were the silos broken as intended?

Evaluation Area 3: Implementation of the CS and its portfolio

Standard evaluation questions

3.1 Management performance

311. How effective is the CS management of the SCO (regarding transversal themes, collaboration with the global programs, financial and human resources and aid diplomacy)? What are its contributions to an optimal achievement of results?

3.2 Coordination and aid effectiveness in the country set-up

321. Which role does the Swiss Representation play vis-a-vis the national government and the donor community? Which added values result due to Switzerland's support in the respective country?

322. How do the different Swiss instruments (diplomatic, economic, bilateral cooperation) complement and reinforce each other? How are existing interventions (SDC's Global Programmes, SECO, SEM) coordinated and harmonized with the country portfolio?

Evaluation Area 4: Results of the CS – in relation to the results at country level

Standard evaluation questions

4.1 Domain results, effectiveness, and contribution to country results

411. Which contributions of the Swiss Cooperation portfolio become visible at (the output) and outcome level, particularly regarding the achievement of the development results in the partner country? Which internal and external factors enhance or hinder aid performance and results achievements? To what extent are the identified outcomes set in the Results Framework being achieved?

4.2 Sustainability and scaling-up

421. With regard to policy dialogue and scaling-up, what are the most important results achieved under the current strategy?

422. Which actions have been taken at the country level to enhance the sustainability of the Swiss investments?

Additional evaluation questions

- How is the relevance of the Swiss engagement perceived by other stakeholders (government, donors, multilaterals)? What is Switzerland's perceived profile?

Additional evaluation questions on the Outlook to be addressed in the recommendations:

- What could be possible areas of the future bilateral cooperation in terms of innovations and know-how broker?
- What is Switzerland highest added value which could be expanded? What aspects Switzerland should prioritize to exploit them fully?

B Evaluation Design Matrix

The evaluation design matrix shows how the standard (SQ) and additional (AQ) evaluation questions will be answered. It specifies, per set of questions, our understanding of the questions, the data collection method(s), the data sources, and the data analysis approaches.

Evaluation areas and questions	Understanding of the evaluation team (Judgement criteria)	Data collection methods	Data sources	Data analysis methods	Team collaboration
Evaluation area 1: Context analysis (referring to the partner country context, the region and to the Swiss context) - at the time of the elaboration of the CS and during the implementation of the CS					
<p>1.1 SQ: How well does the CS (strategic orientation, overall goal, domains of intervention and transversal themes, global challenges) reflect the development priorities, set by the partner country/countries and the policies of the Federal Council Dispatch?</p>	<p>This question matches the OECD-DAC evaluation criterion '<i>Relevance</i>', whereby it focuses on the development relevancy of the Cooperation Strategy for national (governmental) development priorities and Switzerland's strategic and development priorities. Vis-à-vis the OECD-DAC evaluation criterion '<i>Relevance</i>', the question excludes the needs and priorities as expressed by other national / regional development partners and target groups.</p>	Document review	<p>National development strategy and policy</p> <p>Federal Council Dispatch 2017-2020</p>	Deductive analysis	<p>Lead: GE</p> <p>Peer Review (PR): CG</p>
<p>1.2 SQ: Which changes in the context (national and regional) were the most important and what effects may they have caused on the CS? Which adaptations have been taken in the current country strategy 2018-2022 to reflect these changes?</p> <p>SQ: How did the implementation of the CS adapt to the COVID-19 pandemic (adaptive programming and implementation)?</p> <p>AQ: Are fragility aspects and new opportunities (in the Nepali federal context) identified in the context analysis appropriately addressed in the CS? Are they appropriately reflected in the subsequent Annual Reports and implementation of the programme?</p> <p>AQ: Are peacebuilding elements (i.e., implementation of the constitution,</p>	<p>The standard questions request a factual description of the key contextual changes and the Swiss Embassy's response thereto. The additional questions add a normative element and inquire whether the Cooperation Strategy (implementation) responded appropriately and adequately to (changes in) the context, as well as the fragility and federalization of Nepal.</p> <p>The evaluation interprets '<i>appropriate</i>' and '<i>adequate</i>' as whether the Cooperation Strategy (adaptations) were '<i>Relevant</i>' to the evolving needs and priorities of Nepal and '<i>Effective</i>' in contributing to the Cooperation Strategy's objectives.</p>	Interviews Expert opinion Document review	<p>Peer brief by Mary Holey (team member)</p> <p>National level key informants (e.g., government, academia). State 1 level key informants (e.g., government, civil society) Swiss Embassy staff International development partners External political and developmental analysis (selected) Embassy Annual Reports (+ internal August 2021 reflections) MERVs (selected)</p>	Inductive & deductive analysis	<p>Lead: MH</p> <p>With: GE</p> <p>PR: CG</p> <p>Interviews: ALL (in two-er teams)</p>

Evaluation areas and questions	Understanding of the evaluation team (Judgement criteria)	Data collection methods	Data sources	Data analysis methods	Team collaboration
Transitional Justice, and Inclusion) adequately covered in the CS? AQ: How did the program portfolio adapt to the evolving federal context?					
1.3 AQ: Is there a need to adapt the current thematic priorities in view of the Nepali context and the new Federal Dispatch and Asia Division guidelines (in particular climate change)? ² What kind of adaptations are under consideration in view of the Switzerland's International Cooperation Strategy 2021-24?	This question inquires whether the emerging political and development context in Nepal and the new Federal Dispatch would in-and-by-itself (i.e., logically) require a change in the current domains of interventions.	Document review	The evaluation's analysis based on questions in above row Federal Council Dispatch 2021-2024 SDC's Asia Division Guidelines	Inductive & deductive analysis	Lead: GE PR: MH + CG
Evaluation area 2: Relevance and appropriateness of the projects/program portfolio with regard to the domains of intervention of the CS					
2.1 SQ: To what extent are the domains of intervention relevant, coherent, and appropriate for achieving the goals of the CS? To what extent is the project portfolio relevant, coherent and appropriate for achieving the results of the CS regarding the domains of intervention? How do the different Swiss instruments (diplomatic, economic, bilateral cooperation) complement and reinforce each other? ³ AQ: What is the overall relevance of the Swiss engagement with its different	The standard and additional questions cover the same ground – the same two dimensions. First, the questions inquire whether the different instruments and projects <i>can</i> contribute to the domain-level outcome statements, and the three domains of interventions <i>can</i> contribute to the goals of the CS. In other words, the questions inquire whether the underlying <i>Theory of Change</i> is <i>plausible</i> and <i>uncontested</i> . Second, the questions inquire whether <i>the whole is more than the sum of its parts</i> , i.e.,	Document review Interviews	Results Framework Credit proposals Project-level annual & evaluation reports Swiss Embassy Staff Implementing agencies Boundary partners ⁴ National development partners	Portfolio analysis Theory of Change Document synthesis Deductive analysis	Lead: GE PR: JP Theory of Change: GE Document synthesis ⁵ : GE + PRS

² The evaluation team moved this question from evaluation area 2 (relevance) to evaluation area 1 (context analysis) as the question is closely related to the questions under evaluation area 1 (context analysis).

³ The evaluation team moved this question from evaluation area 3 (implementation) to evaluation area 2 (relevance) as this question inquires into the internal coherence of the Cooperation Strategy, which is covered (from different dimensions) in evaluation area 2.

⁴ These are the individuals and organizations through which the Swiss Embassy seeks to affect change. (Based on: Earl, S., Carden, F., & Smutylo, T. (2001). Outcome Mapping. Building Learning and Reflection into Development Programs. Ottawa: International Development Research Center.)

⁵ This entails a systematic and structured review of the credit proposals, latest annual report, and recent evaluation reports of a selection of projects from the Cooperation Strategy project portfolio. The selection of projects will be made by the evaluation team in consultation with E+CC, the Swiss Embassy, and SDC's Asia Division.

Evaluation areas and questions	Understanding of the evaluation team (Judgement criteria)	Data collection methods	Data sources	Data analysis methods	Team collaboration
instruments (diplomatic, economic, bilateral cooperation) in Nepal? Are synergies between programmes and domains sufficiently promoted and implemented in the programme, were the silos broken as intended?	whether the instruments, projects, and domains complement(ed) each other – offer(ed) synergies which allow the Swiss Embassy to do more with less resources and/or achieve greater development results. This second dimension matches the OECD-DAC evaluation criteria ' <i>Internal Coherence</i> '. (It also touches upon OECD-DAC criteria ' <i>Effectiveness</i> ': whether the different instruments have been used wisely and synergistically to indeed bring about the envisaged change. This is expected to be covered in Evaluation Area 4).				Interviews: ALL (in two-er teams)
Evaluation area 3: Implementation of the CS and its portfolio					
3.1 SQ: How effective is the CS management of the SCO (regarding transversal themes, collaboration with the global programs, financial and human resources and aid diplomacy)? What are its contributions to an optimal achievement of results? How are existing interventions (SDC's Global Programmes, SECO, SEM) coordinated and harmonized with the country portfolio?	These questions inquire whether the Swiss Embassy, through active management – both in designing and managing development interventions (projects), as well as in utilizing its different instruments (diplomatic, economic, bilateral cooperation) – is able to <i>identify synergies</i> between (external) interventions and <i>actively contribute</i> to the achieving the Cooperation Strategy's goals (in contrast to ' <i>just</i> ' implementing a portfolio of projects).	Document review Interviews	Embassy Annual Reports (+ internal August 2021 reflections) Credit proposals Project-level annual & evaluation reports Swiss Embassy Staff Implementing agencies Boundary partners	Portfolio analysis Document synthesis Deductive analysis Peer review	Lead: GE PR: CG + MH Embassy annual reports: GE + CG + MH Document synthesis: GE + PRS Interviews: ALL (in two-er teams)
3.2 SQ: To what extent is the CS monitoring system relevant and effective, in order to provide evidence-based data/information for accounting for results (reporting) and CS steering?	This question inquires whether the CS monitoring system is <i>useful</i> , i.e., whether it offers information which the Swiss Embassy uses to steer the program and report on its results achievements.	Document review Interviews	Latest Results Framework / monitoring data. Swiss Embassy staff Implementing agencies	Inductive & deductive analysis Document synthesis	Lead: GE PR: JP Document review: GE + JP

Evaluation areas and questions	Understanding of the evaluation team (Judgement criteria)	Data collection methods	Data sources	Data analysis methods	Team collaboration
					Document synthesis: GE + PRS Interviews: ALL (in two-er teams)
<p>3.3. SQ: Which role does the Swiss Representation play vis-a-vis the national government and the donor community? Which added values result due to Switzerland's support in the respective country?</p> <p>AQ: How is the relevance of the Swiss engagement perceived by other stakeholders (government, donors, multilaterals)? What is Switzerland's perceived profile?⁶</p>	Both the standard and additional questions inquire into the value-added of Switzerland's engagement in and support to Nepal vis-à-vis the government, bilateral development partners and multilateral development partners.	Online survey Interviews	Boundary partners National development partners International development partners Swiss Embassy staff Implementing agencies The evaluation's analysis of evaluation area 4 (results), which includes an inquiry into 'why' Swiss cooperation was (not sufficiently) effective.	Inductive & deductive analysis	Lead: GE PR: JP Survey: GE Interviews: ALL (in two-er teams)
Evaluation area 4: results of the CS – in relation to the results at country level					
<p>4.1 SQ: Which contributions of the Swiss Cooperation portfolio become visible at (the output) and outcome level, particularly regarding the achievement of the development results in the partner country? Which internal and external factors enhance or hinder aid performance and results achievements? To what extent are the identified outcomes set in the Results Framework being achieved?</p>	This set of questions matches the OECD-DAC evaluation criteria ' <i>Effectiveness</i> ' and ' <i>Sustainability</i> ' (see below). Additionally, it inquires into (i) the success- and fail-factors of, as well as the enabling and restraining conditions for Switzerland's development effectiveness; and (ii) the extent to which Switzerland's supported approaches have been scaled-up by the government (through effective policy dialogue with the government).	Document review Interviews	Embassy Annual Reports & monitoring system Latest project annual and evaluation reports Swiss Embassy staff Implementing agencies Boundary partners National development partners	Document synthesis Contribution analysis	Lead: GE PR: JP Latest Embassy annual report: ALL Document synthesis: GE + PRS

⁶ The evaluation team moved this question from evaluation area 4 (results) to evaluation area 3 (implementation) as the question overlaps with the standard questions on Switzerland's role and value-added vis-à-vis the national government and other donors.

Evaluation areas and questions	Understanding of the evaluation team (Judgement criteria)	Data collection methods	Data sources	Data analysis methods	Team collaboration
<p>SQ: With regard to policy dialogue and scaling-up, what are the most important results achieved under the current strategy? Which actions have been taken at the country level to enhance the sustainability of the Swiss investments?</p> <p>AQ: How did the combination of different foreign policy instruments contribute to the achievement of results?⁷ Is the approach chosen to promote federalization adequate (i.e., infrastructure support to promote federalism)?</p>	<p>Effectiveness: <i>'the extent to which the [Cooperation Strategy] achieved, or is expected to achieve, its objectives, and its results'</i>.⁸</p> <p>Sustainability: <i>'the extent to which the net benefits of the intervention continue or are likely to continue'</i> (after Swiss support ceases).</p>				<p>Interviews: ALL (in two-er teams)</p>
Additional questions on the outlook to be addressed in the recommendations					
<p>5.1 AQ: What could be possible areas of the future bilateral cooperation in terms of innovations and know-how broker? What is Switzerland highest added value which could be expanded? What aspects Switzerland should prioritize to exploit them fully?</p>	<p>These two questions mirror the SDC Asia Division's and the Swiss Embassy's interests in this evaluation respectively, namely <i>'what'</i> should its future domains of interventions be (with an emphasis on where Switzerland can be innovative and of greatest added value) and <i>'how'</i> should Switzerland intervene to effectively contribute to systemic change.</p>	<p>All of the above</p>	<p>The evaluation's analysis of evaluation areas 1 to 4.</p>	<p>Inductive and deductive analysis</p>	<p>Internal workshop: ALL</p>

⁷ The evaluation team moved this question from evaluation area 2 (relevance) to evaluation area 4 (results) as the question is part and parcel of the question of effectiveness and the associated contribution analysis.

⁸ OECD (2019) Better Criteria for Better Evaluation. Revised Evaluation Criteria. Definitions and Principles for Use. OECD: Paris.

C Methodology

This appendix briefly explains the purpose and scope of the data collection and analysis methods.

C.1 Data collection methods and sampling strategies

The evaluation relied on four data collection methods: an expert brief, document review, interviews, and an online survey. This section details the purpose and scope of these data collection methods and – where relevant – the applied sampling strategy.

C.1.1 Expert brief

The purpose of the expert brief was to provide the evaluation with an, independently derived, timeline and overview of the main developments in the political and developmental context of Nepal. The brief covered (i) key (external) events and policy reforms influencing the political and societal discourse and developments, (ii) the individuals and political groupings shaping these events, (iii) the enabling and restraining conditions promoting / holding back peace, stability, and development, and (iv) the opening and closing of reform space for development. The brief was used as one source of information (as an informal benchmark) for evaluating the extent to which the Swiss Embassy was astute in its context analysis and responded appropriately and adequately to changes in the political and development context in Nepal. The expert brief was prepared by Mary Hobley, evaluation team member, and long-time Nepal expert.

C.1.2 Document review

The purpose of the document review was fourfold. First, to capture facts (about the Cooperation Strategy (implementation), Switzerland's development interventions (i.e., projects), the Swiss Federal Dispatch, Nepal's official development priorities, and development in Nepal's political and development context). Second, to reconstruct the Cooperation Strategy's Theory of Change (i.e., how the Cooperation Strategy thought to achieve its objectives). Third, to gather data on Switzerland's results achievement at the project, domain, and strategy level. Fourth, to benefit from the insights of implementing agencies annual reports, external project evaluations and external analysis on Nepal. The document review included SDC corporate, country, and project level documentation and, to a limited extent, external literature. The full documentation is included in Appendix F.

C.1.3 Key informant interviews

The purpose of the key informant interviews was to gather qualitative data for answering the evaluation questions. The interviews covered all four evaluation areas. The key informants encompassed Swiss Embassy staff, the implementing agencies, Switzerland's boundary and national development partners, international development partners, and academia. The key informants were purposefully selected based on their engagement with Switzerland's development cooperation and/or deep knowledge of the Nepal development (cooperation) context.

As the focus was on Switzerland's achievement of the Cooperation Strategy's objectives and contribution to the national development results, the evaluation selected key informants with a view on (part of) Switzerland's development cooperation and Nepal's overall development context. The evaluation only engaged to a limited extent with target groups (through field visits to a select number of projects).

The key informant interviews entailed semi-structured interviews of 45 to 90 minutes. The interviews always started in an open manner, allowing the key informants to express their views, thoughts, experiences on the Nepal development context and/or Swiss development cooperation. Based on the initial answers and a prepared interview guide, the evaluators

subsequently structured the interview based on the knowledge areas of the key informants and information requirements of the evaluation.

C.2 Data analysis methods

This section briefly introduces the data analysis methods used in the evaluation.

C.2.1 (Financial) Portfolio analysis

The purpose of the (financial) portfolio analysis was threefold. First, to understand the scope of Switzerland's development interventions. Second, to assess the financial management of the Cooperation Strategy and the financial headroom for the next Cooperation Program. Third, to draw a sample of projects from which to purposefully select key informants (for the interviews) and around which to organize the key informant interviews during the field mission. The (financial) portfolio analysis was conducted based on the project overview from the Swiss Embassy and SDC's SAP data. The Financial portfolio analysis is included in Appendix D.

C.2.2 Document synthesis

The document synthesis encompassed a structured analysis of the project level documentation (namely: the credit proposal, the latest annual report, and if available a recent evaluation report). The purpose of the document synthesis was (like the document review) to gather (factual) data on the main evaluation questions and benefit from the insights of past analysis (whether from the implementing agencies or external evaluations). The document synthesis 15 projects under the Cooperation Strategy (see Appendix D).

C.2.3 Inductive and deductive analysis

The two most common (and natural) data analysis methods in evaluation are inductive and deductive analysis. Inductive analysis entails interacting with the collected data with an open mind: identifying emerging themes and patterns. Such analysis takes place in the course of the actual data collection when one tries to make sense of the collected information and extract initial findings and working hypothesis. Deductive analysis concerns a structured analysis of the data based on a pre-defined set of questions and criteria. Through deductive analysis one scrutinizes the collected data on its potential answers to the evaluation questions.

C.2.4 Peer review

The SDC Peers on the evaluation team have extensive knowledge and experience in identifying, developing, implementing, and managing cooperation strategies and development interventions. The Peers will bring this knowledge and experience to all their work in this evaluation. The peer review will thus be an integral part of the evaluation (be part and parcel of all abovementioned analytical work). Over and above this across-the-board contribution, the Peers will specifically benchmark the effectiveness of the Swiss Embassy in managing the Cooperation Strategy (evaluation area 3) against their own experience and learnings in managing cooperation strategies and programs.

D Project sample

The project portfolio under the Nepal Cooperation Strategy contains by-and-large 21 projects.⁹ The Swiss Embassy shared with the evaluation team 3 additional projects, which are being prepared and are indicative for the current strategic orientation of the Swiss Embassy. The evaluation team purposefully selected 15 out of these 24 projects for a detailed project-level document review (or document synthesis).¹⁰

The document review (synthesis) encompassed the selected projects' credit proposals, latest annual reports, recent evaluation reports, the outcome monitoring summaries, and the fund flow analyses. Its purpose was to learn about SDC's project level work in Nepal and benefit from past (evaluative) analysis of these projects (whether conducted by the project teams or by external evaluators). The document synthesis also served as a basis for the selection of a further subset of projects around which to organize (part of) the field work in Nepal.

The projects were selected based on the following criteria – the projects:

- cover all three domains of intervention (federal state building, employment and income, migration),
- support the federalization process (if not directly, then as cross-cutting theme),
- have the potential for synergies with other (selected) projects within / outside the domain,
- include infrastructure projects (to validate the choice for, amongst others, infrastructure projects to support federalism),
- encompass successful and challenging projects for the Swiss Embassy,
- include (relatively) new and legacy projects,
- entail mandates, contributions, and self-implementation projects.

⁹ This excludes (i) SDC's support to ICIMOD (a regional initiative, funded mostly by SDC's Global Program Climate Change and Environment), and (ii) projects that ended but have not yet formally closed and/or had only limited expenditures during the first years of the Nepal Cooperation Strategy 2018-2022.

¹⁰ The evaluation team initially selected 13 projects and put these for consultation to the Swiss Embassy in Nepal and SDC's Asia Division in Bern. The Swiss Embassy suggested three additional projects (ENSSURE, TBSSP and IIED) to sufficiently cover (i) how SDC supports the federalization process through, amongst others, infrastructure projects; and (ii) SDC's shift from livelihood support under the previous strategy to economic development under the current Cooperation Strategy. The Swiss Embassy additionally suggested to exclude three other projects from the review (in order to keep to the original 13 projects). These were the Dealing with the Past, MiRiDeW and SECO projects. The evaluation team accepted the suggested additions but wished to keep the three suggestions for exclusion (as these could potentially offer answers to key evaluation questions). To keep the project sample to 15 projects maximum and maintain a reasonable balance between projects from the three domains of intervention, the evaluation team deleted Switzerland's project-level support to the National Vocational Qualification System.

Table 1 Project selection

Nr.	Acronym	Project name	Implementing agency	Type
Federal State-Building¹¹				
1	PLGSP	Provincial and Local Governance Support Program	MoFaGA	Contribution
2	PSP	Province Support Program	PWC	Mandate
3	DwP	Support to DwP Roadmap Implementation (including a look at the two smaller Projects: Peaceful Transition in Madhesh & Support to the Conclusion of the Peace Process)	Swiss Embassy	Self-implemented
Employment and Income				
4	NAMDP	Nepal Agricultural Markets Development Program	Swisscontact	Mandate
5	PSERC	Private sector led Economic Recovery from Covid-19	World Bank	Contribution
6	MLRBP	Motorable Local Road Bridges Programme	CIAS-MEH Consortium	Mandate
7	ENSSURE	Enhanced Skills for Sustainable and Rewarding Employment	Helvetas	Mandate
8	TBSSP	Trail Bridge Sub-Sector Program	Helvetas	Mandate
Migration				
9	SaMi	Safer Migration Project III (SaMi)	Helvetas	Mandate
10	MiRiDeW	Migrant Rights & Decent Work	ILO	Contribution
Other				
11	SECO-PFM	SECO: Nepal Public Financial Management Multi-Donor Trust Fund Phase II – WB (Contribution)	World Bank	Contribution
12	SRRC	Support to Relief and Recovery from Covid-19	Swiss Embassy	Self-implemented
New				
13	TTDP	Employment: Trail-based Tourism Development Project	TBD	Mandate
14	UDAYA	Employment: Investment and Innovation for Economic Development	TBD	Mandate
15	ReMi	Migration: Reintegration of Returnee Migrant Workers Project	TBD	Mandate

¹¹ In the Federal State-Building domain, the choice fell on Federal State-Building and Transitional Justice projects, and consequently exclude the gender equality focused projects.

E Financial portfolio analysis

A comparative analysis between the SAP records of SDC's Nepal project portfolio and the financial planning in the Nepal Cooperation Strategy 2018-2021 offers the following insights:

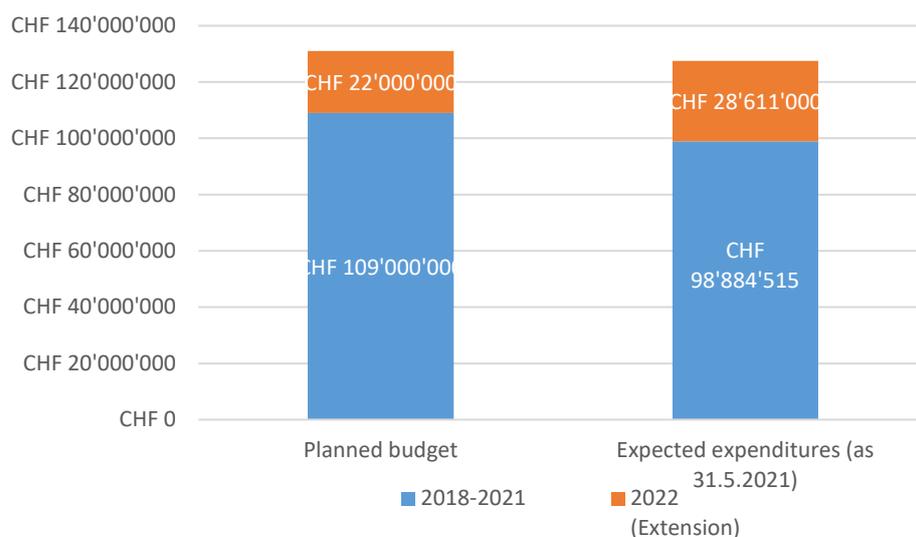
- The 22 main projects implemented under the Nepal CS (Table 2) absorb 97% of the budget for bilateral cooperation (or CHF 127,5 million of CHF 131 million, Figure 1).
- The actual allocation of funds between the domains of intervention is in line with the financial planning in the Nepal Cooperation Strategy (Figure 2) with 22% of the budget envelop being spent in the Federal State Building domain, 52% in the Employment & Income domain, 21% in the Migration domain, and 6% on Covid-19 support¹².
- The annual expenditures are slightly more backloaded than planned (Figure 3). The Nepal Cooperation Strategy envisaged relatively constant project outlays (between CHF 26 million and CHF 28,5 million annually). Upon the extension of the Nepal Cooperation Strategy up until 2022, the Swiss Embassy received an indicative additional budget of CHF 22 million. The actual project outlays in 2018 were CHF 19,1 million. The subsequent annual outlays increased yearly and are expected to reach CHF 28,6 million in 2022 (the highest annual outlay during the Cooperation Strategy period).
- Most projects are executed within or on budget (Table 3). 12 projects are expected to be 100% on budget. 3 projects deviate by less than 5%. There are additionally four projects where expected expenditures remain significantly below budget. For two of these projects, actual expenditures have likely occurred before 2018 (information that is not captured in the available SAP records). Finally, there are three projects which likely overspent significantly. These are: Support to Dealing with the Past Roadmap Implementation, Migrants Rights and Decent Work, and Gender Based Violence.

¹² The Nepal Cooperation Strategy 2018-2021 included CHF 5 million for Post-Earthquake Reconstruction and Small Projects (from the Humanitarian Aid Department). In practice, the funds for Post-Earthquake Reconstruction were spent prior to 2018.

Table 2 Main projects of the Nepal Cooperation Strategy 2018-2021

#	Project number	Project acronym	Project name	Start date	End date
Federal State Building					
1	7F-09921.01	PLGSP	Provincial and Local Government Support	01/04/2019	15/07/2023
2	7F-10196.01	She Leads	She Leads- Women Leadership Program	01/01/2019	31/12/2022
3	7F-10126.01	PSP	State Support Program	01/10/2018	31/01/2024
4	7F-09472.02	GBV	Gender Based Violence	01/02/2016	04/08/2024
5	7F-09855.01		Peaceful Transition in Madhesh	17/06/2017	30/06/2021
6	7F-10029.01		Support to the conclusion of Peace Process	01/04/2018	30/06/2020
7	7F-10195.01		Support to the Dealing with the Past Roadmap Implementation	01/08/2019	31/12/2021
8	7F-09886.01		Interim Capacity Support to Federalism	01/04/2018	31/01/2020
9	7F-10767.01		2021 Population and Housing Census	01/07/2021	31/12/2022
Employment and Income					
1	7F-08486.02	NAMDP	Nepal Agricultural Markets Development	01/01/2014	30/11/2024
2	7F-09104.01	ENSSURE	Enhanced Skills for Sustainable and rewarding Employment	01/08/2014	15/07/2025
3	7F-01702.05	TBBSP	Trail Bridge Sub-Sector Program	01/08/2014	30/11/2023
4	7F-03971.03	DRILP	Decentralized Rural Infrastructure and Livelihood Project	01/01/2016	31/07/2021
5	7F-07595.02	MLRB	Motorable Local Road Bridges Project	01/06/2016	31/12/2024
6	7F-08976.02	SIP	Small Irrigation Program	01/02/2014	31/12/2024
Migration					
1	7F-09987.01	SaMi	Safer Migration Project	16/07/2013	15/07/2022
2	7F-10049.01	MiRiDeW	Migrant Rights and Decent Work	01/09/2018	31/08/2021
3	7F-08972.01	NVQS	Nepal Vocational Qualification	01/02/2014	15/07/2024
4	7F-10648.01	ReMi	Reintegration of Returnee Migrants	01/01/2021	31/10/2025
Covid-19					
1	7F-10508.01	SRRC	Support to Relief and Recovery from Covid-19	27/04/2020	30/04/2022
2	7F-10787.01		Emergency Covid Support	14/05/2021	31/12/2021
3	7F-10622.01	PSERC	Private Sector led Economic Recovery from Covid-19	01/09/2020	31/08/2022

Figure 1 FDFA-SDC Bilateral Cooperation – planned and expected expenditures*



*Total bilateral cooperation (excluding SECO, FDFA-SDC Institutional Partnerships, and FDFA-Directorate for Resources Global Budget Nepal).

Source: Nepal Cooperation Strategy 2018-2021 (Annex E), Swiss Embassy e-mail (28 June 2021)

Figure 2 Allocation of funds between the domains of intervention

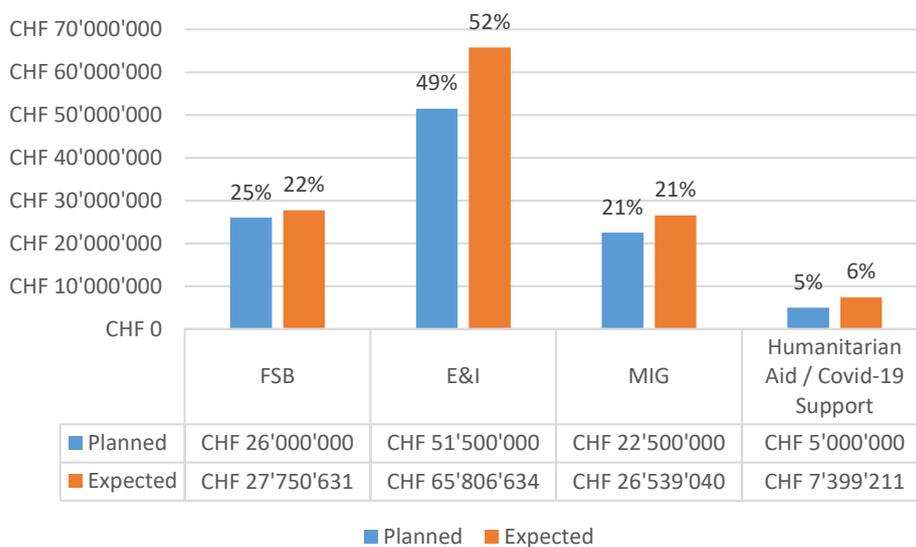


Figure 3 Annual project expenditures – planned versus actual / expected

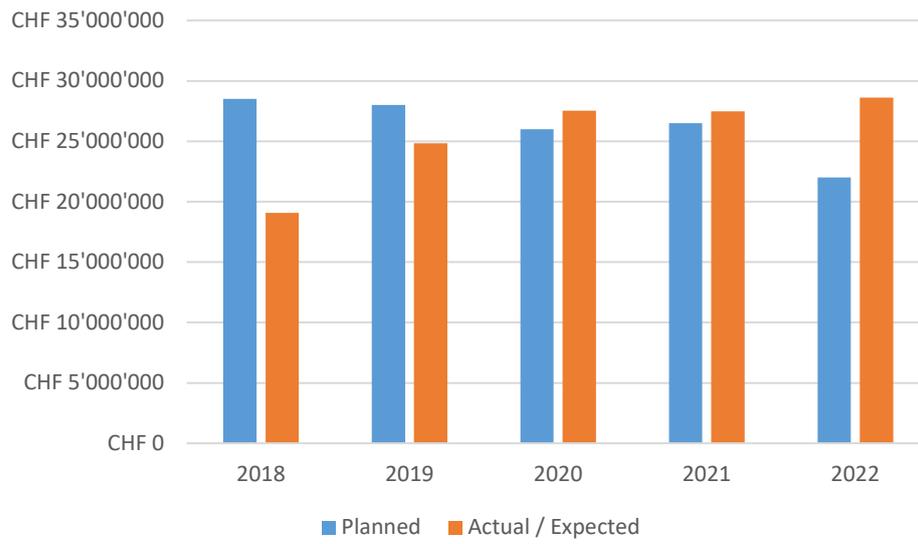


Table 3 Planned versus expected expenditures per project

Domain	Project #	Acronym	Project name	Start date	End date	Actual 2018	Actual 2019	Actual 2020	Plan 2021	Plan 2022	Plan 2023	Plan 2024	Plan 2025	Budget Total	Actual / expected Total	Difference
1 FSB	7F-09921.01	PLGSP	Provincial and Local Government Support	01/04/2019	15/07/2023		CHF 3.930.000	CHF 1.165.500	CHF 2.185.000	CHF 2.020.000	CHF 600.000			CHF 9.900.000	CHF 9.900.500	0%
	7F-10196.01	She Leads	She Leads- Women Leadership Program	01/01/2019	31/12/2022		CHF 100.000	CHF 100.000	CHF 400.000	CHF 640.000	CHF 10.000			CHF 1.250.000	CHF 1.250.000	0%
	7F-10126.01	PSP	State Support Program	01/10/2018	31/01/2024	CHF 23.906	CHF 124.574	CHF 2.734.206	CHF 2.500.000	CHF 2.200.000	CHF 1.800.000			CHF 9.900.000	CHF 9.382.686	-5%
	7F-09472.02	GBV	Gender Based Violence	05/08/2020	04/08/2024			CHF 1.000.000	CHF 2.007.500	CHF 1.300.000	CHF 1.000.000	CHF 390.833		CHF 4.890.833	CHF 5.698.333	17%
	7F-09855.01		Peaceful Transition in Madhesh	17/06/2017	30/06/2021	CHF 101.880	CHF 1.698	CHF 34.008	CHF 56.309					CHF 250.000	CHF 193.895	-22%
	7F-10029.01		Support to the conclusion of Peace Process	01/04/2018	30/06/2020	CHF 193.649	CHF 146.875	CHF 12.868	CHF 27.132					CHF 555.000	CHF 380.524	-31%
	7F-10195.01		Support to the DWP Roadmap Implementation	01/08/2019	31/12/2021		CHF 275.105	CHF 122.550	CHF 250.000	CHF 1.000.000	CHF 1.500.000			CHF 2.000.000	CHF 3.147.654	57%
	7F-09866.01		Interim Capacity Support to Federalism	01/04/2018	31/01/2020	CHF 130.000	CHF 260.000							CHF 400.000	CHF 390.000	-3%
	7F-10767.01		2021 Population and Housing Census Nepal	01/07/2021	31/12/2022				CHF 900.000	CHF 100.000				CHF 1.000.000	CHF 1.000.000	0%
1 E&I	7F-08486.02	NAMDP 2	Nepal Agricultural Markets Development	01/07/2020	30/11/2024			CHF 1.500.000	CHF 2.367.000	CHF 2.551.000	CHF 2.500.000	CHF 981.000		CHF 9.440.000	CHF 9.899.000	5%
	7F-09104.01	ENSSURE 2	Enhanced Skills for Sustainable and rewardig Employment	16/07/2021	15/07/2025				CHF 1.300.000	CHF 3.150.000	CHF 4.100.000	CHF 4.200.000	CHF 1.850.000	CHF 14.600.000	CHF 14.600.000	0%
	7F-01702.05	TBBSP 5	Trail Bridge Sub-Sector Program	01/12/2019	30/11/2023		CHF 3.600.000	CHF 2.100.000	CHF 2.050.000	CHF 1.400.000	CHF 200.000			CHF 9.350.000	CHF 9.350.000	0%
	7F-03971.03	DRILP 3	Decentralized Rural Infrastructure and Livelihood Project	01/01/2016	31/07/2021	CHF 1.632.000	CHF 1.100.000							CHF 5.700.000	CHF 2.732.000	-52%
	7F-07595.04	MLRB 4	Motorable Local Road Bridges Project	01/01/2021	31/12/2024			CHF 1.156	CHF 1.600.000	CHF 2.300.000	CHF 3.000.000	CHF 1.700.000	CHF 366.320	CHF 9.820.000	CHF 8.967.476	-9%
	7F-08976.02	SIP 2	Small Irrigation Program	01/01/2020	31/12/2024			CHF 3.600.000	CHF 4.132.000	CHF 4.204.000	CHF 4.282.000	CHF 1.382.000		CHF 17.520.000	CHF 17.600.000	0%
1 MIG	7F-09987.01	SaMi 3	Safer Migration Project	16/07/2018	15/07/2022	CHF 2.000.000	CHF 3.372.898	CHF 3.951.576	CHF 1.900.000	CHF 3.252.000	CHF 3.648.411			CHF 18.120.000	CHF 18.124.886	0%
	7F-10049.01	MIRiDeW	Migrant Rights and Decent Work	01/09/2018	31/08/2021	CHF 400.000	CHF 500.000	CHF 1.461.880	CHF 530.000					CHF 2.391.880	CHF 2.891.880	21%
	7F-08972.02	NVQS 2	Nepal Vocational Qualification	16/07/2020	15/07/2024			CHF 1.322.620	CHF 1.320.000	CHF 1.930.000	CHF 1.720.000	CHF 700.000		CHF 7.000.000	CHF 6.992.620	0%
	7F-10648.01	ReMi	Reintegration of Returnee Migrants in NP	01/01/2021	31/10/2025				CHF 800.000	CHF 1.175.000	CHF 1.725.000	CHF 1.625.000	CHF 1.575.000	CHF 6.900.000	CHF 6.900.000	0%
1 Covid-19	7F-10508.01	SRRC	Support to Relief and Recovery from Covid-19	27/04/2020	30/04/2022			CHF 2.492.856	CHF 1.871.355	CHF 535.000				CHF 4.900.000	CHF 4.899.211	0%
	7F-10787.01		Nepal, Emergency Covid Support	14/05/2021	31/12/2021				CHF 500.000					CHF 500.000	CHF 500.000	0%
	7F-10622.01	PSERC	Private Sector led Economic Recovery from Covid-19	01/09/2020	31/08/2022			CHF 1.800.000		CHF 200.000				CHF 2.000.000	CHF 2.000.000	0%

F Documentation

SDC

- Federal Constitution of the Swiss Federation
- Bundesgesetz über die internationale Entwicklungszusammenarbeit und humanitäre Hilfe
- Dispatch on Switzerland's International Cooperation 2017-2020
- Switzerland's International Cooperation Strategy 2021-2024
- Regional Guidelines for Asia 2021-2024. Towards sustainable and inclusive prosperity in Asia
- Global Programs: Mapping Asia activities 2020

Nepal Cooperation Strategy

- Swiss Cooperation Strategy Nepal 2018 – 2021, including Results Framework
- Nepal Annual Report 2021
- Nepal Annual Report 2020
- Nepal Annual Report 2019
- Nepal Annual Report 2018
- Monitoring System for Development Changes. Nepal. Period of observation: August 2020 to February 2021
- Selected position papers and presentations informing the Swiss Embassy's policy dialogue

Project Portfolio

- Provincial and Local Governance Support Program (PLGSP): Credit Proposal, Annual Report
- Province Support Program (PSP): to be named
- Support to Dealing with the Past Roadmap Implementation (DWP): internal documents (14) on transitional justice including 3 credit proposals, 2 internal Embassy reports, 9 project reports/assessments and mission reports
- Nepal Agricultural Markets Development Program (NAMDP): Credit Proposal, External Review
- Private sector led Economic Recovery from Covid-19 (PESRC): Credit Proposal
- Motorable Local Road Bridges Programme (MLRBP): Credit Proposal
- Enhanced Skills for Sustainable and Rewarding Employment (ENSSURE): to be named
- Trail Bridge Sub-Sector Program (TBSSP): Credit Proposal, Outcome Monitoring Summary
- Safer Migration Project III (SAMI): Credit Proposal, Mid-Term Review, External Review (SAMI II)
- Migrant Rights & Decent Work (MIRIDEW): Credit Proposal, Evaluation, Outcome Monitoring Summary
- Public Financial Management Multi-Donor Trust Fund Phase II (PFM): to be named
- Support to Relief and Recovery from COVID-19 (SRRC): Credit Proposal
- Trail Based Tourism Development Project (TTDP): Credit Proposal
- Investment and Innovation for Economic Development (IIED): Entry Proposal

- Reintegration of Returnee Migrant Workers Project (REMI): Credit Proposal

Other

- Nepal's 2015 Constitution. Unofficial translation by Nepal Law Society, International IDEA and UNDP.
- Deaton, Angus. 2013. The Great Escape. Health, wealth, and the origins of inequality.
- Country Report Nepal, Economist Intelligence Unit
- Expert brief on Nepal, Mary Hobley
- OECD-DAC. 2019. Better Criteria for Better Evaluation. Revised Evaluation Criteria. Definitions and Principles for Use.

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