

NEPAL

Integrating Gender Responsive Budgeting into the Aid Effectiveness Agenda



**Integrating Gender Responsive Budgeting into the
Aid Effectiveness Agenda**

Nepal country report

**Dr. Meena Acharya
SAHAVAGI**

The European Commission is the executive body of the European Union. Led by 27 Commissioners, it initiates proposals of legislation and acts as guardian of the Treaties. The Commission is also a manager and executor of common policies and of international trade relationships and is responsible for the management of European Union external assistance. The Commission chairs the Programme Steering Committee for the EC/UNIFEM programme 'Integrating Gender Responsive Budgeting into the Aid Effectiveness Agenda'.

UNIFEM is the women's fund at the United Nations. It provides financial and technical assistance to innovative programmes and strategies to foster women's empowerment and gender equality. Placing the advancement of women's human rights at the centre of all of its efforts, UNIFEM focuses on reducing feminised poverty; ending violence against women; reversing the spread of HIV/AIDS among women and girls; and achieving gender equality in democratic governance in times of peace as well as war.

This publication has been produced by UNIFEM with the assistance of the European Union. The contents of this publication are the sole responsibility of the authors; they do not necessarily reflect the views of UNIFEM, the United Nations or any of its affiliated organizations, and can in no way be taken to reflect the views of the European Union.

This research report has been generated as part of a UNIFEM programme, "Integrating gender responsive budgeting into the aid effectiveness agenda". The programme is funded by the European Commission (EC) and consists of research and programmatic technical assistance. The three-year programme seeks to demonstrate how gender responsive budgeting (GRB) tools and strategies contribute to enhancing a positive impact on gender equality of aid provided in the form of General Budget Support (GBS).

In the first stage of the programme, research was carried out in ten developing countries (Mozambique, Morocco, India, Uganda, Tanzania, Rwanda, Nepal, Cameroon, Peru and Ethiopia) in July 2008. The research aimed to investigate how GRB tools and strategies have been used in the context of currently used aid modalities-specifically general budget support (GBS) and sector budget support (SBS). The ten countries were selected by UNIFEM and EC on the basis of criteria such as the existence of GRB work, the use of GBS or SBS, and the presence of budget reform processes. The investigation was intended to deepen the understanding of national partners and European Union (EU) decision makers of the opportunities for using GRB to enhance accountability to gender equality in aid effectiveness. The second stage of the programme will involve the selection of five countries in which targeted and tailored technical support will be provided to improve country capacity to further institutionalise GRB.

The European Commission (EC) and UNIFEM have a broader collaboration in the area of promoting gender equality including the EC-UN Partnership on Gender Equality for Development and Peace, which was launched in 2007 with UNIFEM, the EC and the ILO International Training Centre. This partnership supports stronger action on gender equality and women's human rights in national development processes and in cooperation programmes supported by the EC.

304 East 45th Street
15th floor
New York, New York 10017 USA
Tel: 212-906-6400
Fax: 212-906-6705
www.unifem.org

For further information please visit the GRB website on www.gender-budgets.org or email gender.budgets@unifem.org.

CONTENTS

Selected information on Nepal	
Acronyms	
Acknowledgements	
Executive Summary	
Section I: Introduction	
1.1 Background and objectives	10
1.2 Methodology	10
Section II: Development Management - the Context	12
2.1 General background to the country and the people	12
2.2 The role of the foreign aid in the economy	14
2.3 Major donors and the modalities of aid delivery	15
2.4 European Commission (EC)	19
2.5 DFID	23
2.6 Gender in alignment, harmonization and coordination	26
Section III: GON budgetary system and Gender Responsive Budgeting (GRB)	28
3.1 The budgetary process	28
3.2 GRB activities and methodology	30
3.3 Gender responsiveness of 20007/08 budget and foreign aid	32
3.4 Achievements of, opportunities and challenges	36
Section IV: Sector Analysis - Education	39
4.1 Nepal's school education system and the programmes	39
4.2 The EFA objectives and targets	39
4.3 Budget and the partners in EFA (2004 – 2008)	40
4.4 EFA program details and strategies	41
4.5 Secondary Education Support Program (SESP)	43
4.6 Results and further issues	44
References	46
Annexes	48

Selected information on Nepal

Variables	2007/08
Exchange rate	68.5 (Average)
Population	26.42 million
Area	147,181 Sq. km
Per Capita PPP\$ (Overall)	1550
Women	1038
Men	2072
HDI	0.534
GDI	0.520
Population below national poverty level	31 percent
Gini Index	47.2
Ethnic diversity, number of caste/ ethnicity	100
Languages	93
Fiscal Year	Mid July to Mid July
Bikram Sambat (B.S.) - National Calendar in use	Current year 2065

Acknowledgements

I would like to express my sincere thanks to the European Commission (EC) and the United Nations Development Fund for Women (UNIFEM) for giving me this opportunity to participate in the international study on Gender Responsive Budget for Aid Effectiveness". I hope this international exercise would provide adequate material in support of Gender Responsive Budgeting as a tool for enhancing aid effectiveness for gender equality and holding country governments and development partners accountable to gender equality goals committed in numerous International Conventions and Declarations including CEDAW and BPfA. I thank our lead researcher Ms. Debbie Budlender for her several readings of my paper and valuable inputs.

We appreciate the comments and feed backs from Technical Committee members, Government of Nepal officials at various levels and the participants of the round table meetings in Kathmandu (25th July, 2008) and Chitwan DDC (July 31, 2008). Specially, I appreciate the help accorded to our team by the then Coordinator of the GRBC/MOF, Joint Secretary Mr. Krishna Hari Baskota, and the Under Secretaries Mr. Teertha Dhakal (NPC), Mr. Ritu Raj Bhandari (MOWCSW), Reshmi Raj Pandey (MOLD), Mr Hari Lamsal from Department of Education and Mr. Jeevan Baskota from the Finance Ministry. The Chitwan meeting was attended by representative of DDC and Municipality and almost all line Ministry Offices. I am grateful to each and every one of them. We also like to thank Mr. Mangal Das Manandhar, National Project Director of the Alternative Energy Project for his cooperation.

Our study partners, EC and DFID deserve special thanks for giving us necessary information and time for discussions. Particularly we thank personally Attaché Mr. [Troncoso Perera, Program Officer Mr. Shiva D. Bhandari](#) and Ms Marcia Kamitsi at EC Delegation/ Nepal and Deputy Program Officer Ms. Nita Pachhai and Education Advisor Ms. Halima Begum in DFID for the time and information given to us. Sincere thanks are due also to the program Coordinator of UNIFEM/ Nepal, Ms. Sangeeta Thapa, the Senior Program Officer Mr. Ananta Rijal and the UNIFEM Country Office staff.

I also express my gratitude to my team members, Ms Chapala Koirala, Mr. Shankar Aryal and Ms Neera Shrestha for their valuable inputs. Lastly, my colleagues in SAHAVAGI in Chitwan, Mr Shaligram Sharma and Mr. Madhu Sudhan Pandey also deserve special thanks for organizing the Chitwan Round Table.

While expressing my indebtedness to all, who helped in completing this study, I take the full responsibility for any shortcoming or weakness in the Paper.

January, 2009

Dr. Meena Acharya

ACRONYMS

ADB	Asian Development Bank
ASIP	Annual Strategies Implementation Plan
BPEP	Basic and Primary Education Project
BPfA	Beijing Platform for Action
CAP	Country Action Plan
CBOs	Community Based Organizations
CBS	Central Bureau of Statistics
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CPIA	Country Policy and Institutional Assessments
CPN	Communist Party of Nepal
CSP	Country Strategy Paper
DANIDA	Danish International Development Assistance
DDC	District Development Committee
DFID	Department for International Development
EC	European Commission
EFA	Education for All
ESP	Enabling State Program/DFID
FY	Fiscal Year
GDP	Gross Domestic Product
GON	Government of Nepal
GRBC	Gender Responsive Budget Committee
GTZ	German Technical Cooperation
IMF	International Monetary Fund
IMR	Infant Mortality Rate
INGO	International Non Government Organization
LGA	Local Grant Assistance
MDG	Millennium Development Goals
MGEP	Mainstreaming Gender Equity Program
MIP	Multi Annual Indicative Program
MMR	Maternal Mortality Rate
MOF	Ministry of Finance
MOHP	Ministry of Health and Population
MOLD	Ministry of Local Development
MTEF	Medium Term Expenditure Framework
MOWCSW	Ministry of Women Child and Social Welfare
NDF	Nepal Development Forum
NDHS	Nepal Demographic and Health Survey
NGOs	Non Government Organizations
NHSP-IP	Nepal Health Sector Program - Implementation Plan
NLSS	Nepal Living Standards Survey
NPC	National Planning Commission
NRB	Nepal Rastra Bank
NRs.	Nepalese Rupees
OHCHR	Office of the High Commissioner for Human Rights
ODA	Official Development Assistance
PAIMC	Peace Agreement Implementation Monitoring Special Committee
PFM	Public Finance Management
PMAS	Poverty Monitoring & Analysis System
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategic Plan

PSWG	Peace Support Working Group
RCIW	Rural Community Infrastructure Work
RDIF	Rights, Democracy and Inclusion Fund
SESP	Secondary School Support Program
SSDP	Sub-Sector Development Plan
SWAp	Sector-wide Approaches
TPAMF	Tanka Prasad Acharya Memorial Foundation
TYIP	Three Year Interim Plan
UN	United Nation
UNFPA	United Nations Population Fund
UNIFEM	United Nations Development Fund for Women
VDC	Village Development Committee
WFP	World Food Program

Executive summary

I. Introduction

This is one of the 10 country case studies under UNIFEM/EU sponsored new programme entitled '*Integrating gender responsive budgeting into the aid effectiveness agenda*'. The programme seeks to ensure putting in place concrete measures by donor and programme country for mainstreaming gender into mechanisms and instruments used for planning and managing general budget support (GBS), for both Direct Budget Support and programmes with Sector-wide Approaches (SWAp). The country research is based mainly on a documentary review and a series of interviews and round tables with key stakeholders.

II. Development context role of and modalities of foreign aid in Nepal

2.1 General background to the country and the people

Nepal has achieved substantial reduction in overall poverty levels and progress in human development in spite of 10 year long armed conflict, and continuing political upheavals. Between 1995/96 and 2003/04 the percentage of people below national CBN (cost of basic-needs)¹ poverty line declined from 42 percent to 31 percent, nationally. The country's overall achievements in the human development front have also been impressive. HDI increased from 0.427 to 0.534 between 1990 and 2006. GDI increased from 0.312 (1991) to 0.520 in the same period. However, the gains in poverty reduction and human development have been distributed very unevenly among men and women, between urban and rural population, people of various castes and ethnicities and regions. The Gini Coefficient has increased from 0.342 to 0.420.

Therefore, the Tenth Plan/ PRSP (2002-2007) and the current Three Year Interim Plan (TYIM 2007-2010) are designed to address the discriminatory structures and norms along with accelerating the growth rate. Gender equity and inclusion is one of the four strategic pillars of PRSP along with broad-based growth, social sector and rural infrastructure development and good governance. The TYIM envisions building Nepal into a prosperous, modern and just nation, through its political and socio-economic transformation and equitable development, with short-term emphasis on reconstruction and peace. All the development partners including EC and DFID in Nepal have accepted the goals and strategies enshrined in PRSP and TYIP (Acharya and the Team, 2008).

2.2 The Role of the foreign aid in the economy, the major donors and modalities of aid delivery

The role of foreign aid and the associated foreign assistance in Nepal's development policies and pattern of investment have been prominent. On the average foreign aid to GON has constituted slightly more than 3.5 percent of the GDP and 56 percent of the development expenditure during the 10th Plan period. Between 2005/07 and 2007/08 ODA, including both loans and grants, constituted about 20-25 percent of the total budgetary expenditure and 55 to

¹ CBN is defined as the cost of per capita minimum calorie, minimum of shelter and clothing, primary education and health and human security necessary for survival of an individual. At 2003/4 prices it is estimated at NRs 7696 (TYIP 2007) per capita.

60 percent of the development budget. Slightly more than 61 percent of assistance was in the form of grants.

IDA/World Bank and ADB together provided about 40 percent of the total aid in the period. Japan and India together accounted for 14 percent. EC contributed only 0.2-0.3 percent. However, its member countries United Kingdom, Germany and Denmark contributed 15-18 percent. This was besides the amount going to the pool for education and health. The UN agencies provide about 5 percent. Further, in the case of bi-lateral donors and the UN system, only part of the aid is channeled through the government budget and the rest is thus not included in the estimates above. The multilateral agency aid flows primarily through the GON budget. It is estimated that, roughly only about 50 percent of the foreign aid in Nepal passes through the GON budget. The rest is channeled through NGOs/ INGOs, Government Departments and Ministries on project basis, various independent Boards and Constitutional bodies, and locally elected DDCs/VDCs and Municipalities.

As to the modalities of aid, for the FY 2007/08, no budgetary support was planned. The budgetary supports for the 10th Plan period was mostly from the World Bank and the IMF in support of PRSP. While PRSP has gender and inclusion as one of its major strategies for poverty reduction, the conditionality on the Bank and IMF credit were directed primarily to achieving macro-economic reforms and stability. In the FY 2007/08 about 27 percent of the estimated ODA was as sector support to health and education, 22 percent for programmes and 38 percent for projects. This excludes TA. An incomplete estimate for TA by the GON for 2007/08 showed NRs.13.4 billion (GON, 2007). No complete figures were available.

In the FY 2007/08, only EFA within education sector and the health sector were being supported under SWAp modality. Multiple donors including DFID and EU were supporting the EFA. EFA has evolved out of a long experience of basket funding and has gender equality and inclusion as its focus at this stage. SESP covering secondary education was evolving with ADB and DANIDA assistance.

EFA and SESP have yielded significant results early on in terms of both outcome and management indicators, such as GER, NER, GPI and pass rates and inclusion sensitive monitoring at all levels, women's involvement in the management structure up to the district levels, accountability and transparency etc. Issues that needed further attention included gender balance in higher secondary grades, monitoring and information collection on out-of-school children and increase in scholarships, its timely release and distribution.

In the health sector, SWAp was introduced only in 2007/08. DFID was supporting the Health Pool as well. It is too early to comment on its results. Nevertheless, the sector seems still to be taking a WID approach to women's health in practice and not fully adopting the life cycle or gender approach, although 62 percent of the budget in the sector was classified as directly responsive to women. The programmes in this category included safe motherhood, reproductive health, family planning etc, which fulfill women's basic needs, but were not particularly gender sensitive in the programme contents (UNFPA, 2007). The management information system was not very gender sensitive either. The action plans and the monitoring system, therefore, need to be redesigned completely to make them more gender sensitive.

Further issues that needed to be addressed in both sectors included increasing women's representation at the managerial and policy levels and increasing the coverage of SWAps vertically to encompass other components (e.g. higher grades and higher education) and horizontally to bring all donors in the sector into the pool. In FY 2007/08, only about 38 percent of the total foreign aid in the education budget and 43.5 percent in the Health sector was channeled through the pool, although other parts of the funding were also as per the jointly agreed upon Sector Action Plans.

2.3 Gender in EC and DFID programmes

As to the integration of gender aspects in EC programmes, many of the programmes funded by EC in both government and non-government sectors were gender sensitive by design, for example, the earlier BPEP II, current EFA, WFP managed food for work and Care Nepal activities. Nevertheless, EC's own efforts relating to gender concerns in its investment activities were very limited. For example in the government sector environment, requiring community involvement, received the bulk of the EC Aid, in the FY 2007/08, but the project document was silent on inclusion and gender aspects.

EC had allocated a total of Euro 21 million to the non-GON sector between 2003 and 2007, to be spent by 2012. Of this only 3.7 percent was allocated directly to women's programmes and only about 1.4 percent to women's NGOs (Acharya and the Team, 2008). EC's Standard Format External Assistance Management, the final project report criteria, and the NGO Funding Evaluation Criteria for Micro Projects/ Programmes did not address much the gender issues except at one point where it asked how much the project action promoted gender equality. However, no criteria for this evaluation had been set. The last document did not even mention gender equality as a criterion for evaluation for the proposals. One of the sectors identified for grants was women- in-development and women were mentioned as target group. Yet, there was no binding requirement that gender issues should be considered in the proposals requested for other fields, though there was much scope to do so under the objectives, relevance of the action and methodology headings. Consequently, NGO reporting also seemed to pay very little attention to gender.

DFID on the other hand, has tried to engender and make inclusive all its policies, plans, strategies, programmes and the monitoring system since last few years. Its Interim CAP (2007-2009) specifically mentioned promoting *social inclusion, including gender equality* as one of its basic strategies and emphasizes the centrality of inclusion in all its actions – taking into account the needs of the Janajatis, Dalits, Madhesi and other excluded groups. It specifically accepted the need for specific and supportive budgetary allocations for women and socially excluded groups for addressing structural issues. For the women, the approach was to ensure gender equitable policies and plans, focus on increasing their political participation and improving their access to services.

In the FY 2007/08 DFID supported the EFA and the health sector by contributing to the related pools, supporting basic services through government programmes, which included targeted interventions for girls and women. In its funding to NGOs also, gender and inclusion figured prominently. For example of the total investment of Pound 1.6 million from the RIDF, a DFID managed multi-donor Fund, women's NGOs accounted for 32 percent and NGOs led by Janajati, Dalit and Madheshi to nearly 15 percent.

For monitoring the government managed programmes DFID used the Government's Poverty Monitoring and Analysis System, which also focused on poverty reduction, inclusion and gender. For monitoring self managed-programmes, it was using the Livelihoods and Social Inclusion (LSI) Monitoring and Evaluation system, which was quite elaborate conceptually focusing on inclusion and gender. LSI required basic disaggregation of budget information. In addition, LSI emphasized that it is important for DFID to be able to report on how much of the investment was spent on poor and excluded people (i.e. goes directly to them); how much on activities indirectly aimed at alleviation of poverty and social exclusion; and how much on “neutral” items.

III. GON budgetary process and Gender Responsive Budgeting (GRB)

3.1 The budgetary process

Nepal Government's Annual Budget is presented to the Parliament in Mid-July and passed in August/September. There are two parts of the budget, one for programmes and projects managed by the line ministries and the other for grants to the local self- governance institutions- DDCs, Municipalities and VDCs. These grants are channeled through Ministry of Local Development (MLD) and separate procedures for expenditure and control system apply to them.

As to the Central Government Budget, NPC and MOF have together worked out the Budget Formulation Guidelines, 2004 and revised it in 2007. In addition, the NPC issues guidelines every year to both the line ministries and the DDCs. Both of these guidelines aim to link annual programming and budgeting processes to the targets of the periodic plans, MDGs and MTEF. Further, the MOF also issues circulars to the line ministries guiding them in the processes and focus of the budget for the next fiscal year along with the areas, which need adequate justification. On the expenditure side, a detailed manual laying down the process for estimates for budget demands and reporting formats have been worked out and circulated to all concerned ministries and departments. It provides for a time-bound budget formulation and discussion schedule, which has been brought into practice.

The process starts with Resource Committee (MOF and NPC) providing budget ceilings to the ministries for next Fiscal year in current Mid-year. On the basis of these ceilings Ministries must start bottom-up budget preparation by early March, discuss with NPC and MOF by April-June and submit it to MOF. This process is quite elaborate involving local self-governance bodies and the line agencies up to the village/ community level.

The guidelines also require tying all budgets and cash releases to the forecasts of and reports on physical achievement goals and results from each budget item proposed on the development expenditure side. For guiding the budget implementation, GON uses a form, which has to specify vision, mission and objectives and annual work programmes linking for each activity, trimester-based expenditures to tri-mester based expected outcomes. For the regular/ administrative expenditure, the estimates are based on previous year's expenditure, proportionately increased for regular annual gross salary increases and inflation. However, they also have to state their mission, objectives and the work plans.

For taxation and economic policy part MOF has several consultative bodies which involve experts and other stakeholders. The Federation of Chambers of Commerce and Industry are also consulted.

There are consultative meeting with the donors at the MOF and Heads of the foreign aid agencies. No woman's institution or women are involved formally in this general consultation processes.

However, a GRBC has been constituted in FY 2006/07, and it invites a broad women's interest groups- a broad spectrum of stakeholders from the government and non-government sections- for pre-budget consultations.

MOF then prepares the final budget document, which is passed by the Cabinet and then presented to the Parliament for discussion and approval. It is discussed widely in the Parliament including by women Parliamentarians in various Committees and otherwise, overall and sector by sector and then passed. It is also discussed in the media.

3.2 GRB activities and methodology

MOF has introduced Gender Responsive Budgeting (GRB) from the last fiscal year (FY 2007/8), with UNIFEM assistance and within the framework of the overall reform of the budgetary system funded by other donors. A Gender Responsive Budget Committee (GRBC), coordinated by Division Chief /Joint Secretary of Programme and Budget Division, has been instituted in the Ministry of Finance (GON Decision, 2062-5) to initiate and give continuity to this process. NPC, MOWCSW, MOLD, and UNIFEM/ Nepal are permanent members of the GRBC. UNIFEM played a special role in awareness raising and funding these activities with MOF.

A new classification of Budget was introduced, which is applicable throughout the GON system. However, to start with the emphasis has been on 13 sectors, which have been the focus of gender mainstreaming activities so far. As for the current GRB guidelines, each programme proposed has to be scored as per the indicators developed by GRBC, in which different aspects of gender sensitivity (participation, capacity building, benefit sharing, increased access to employment and income earning opportunities and reduction in women's work load) have been allocated 20 potential marks each. Programmes scoring 50 or more points are classified as directly responsive to women, those scoring 20 to 50 as indirectly responsive and those estimated scoring less than 20 as neutral. All line ministries, departments, project/programme units at all levels, commissions and committees have to fill in forms classifying their demands for pre-programmes and associated expenditure items into the three categories and send them to MOF and NPC together with other documents. In addition, all programmes/projects involving NRs. 50 million and more must also have a gender audit report attached.

As per FY 2007/08 budget estimates, about 11 percent of the total budget was classified as directly responsive to women, about 33 percent as indirectly responsive² and 55 percent as neutral on gender. The social sector, which includes education, health, drinking water and local development and peace and reconstruction accounted for about 38 percent of the estimated total budget allocations and about 57 percent of ODA. The donor funding was concentrated more on gender sensitive sectors, such as education, health and local development under the social sector and more capital intensive physical infrastructure - transportation and electricity- and agriculture under the economic sector, which are foundations of broad based growth. For example, education and health, together accounted for 31 percent of the total estimated donor funding.

In the social sector, about 24 percent of the allocations were classified as directly responsive to women and 55 percent as indirectly responsive. In the education sector 89 percent of expenditure estimates was in the indirectly responsive category with only 2.0 percent in the directly responsive one. In the health sector, on the other hand, 62 percent allocations were labeled as directly responsive and 14 percent indirectly responsive.

Under the economic services, only 10 percent expenditure was estimated to be directly responsive to women. However, about 50 percent of expenditure on agriculture was in the indirectly responsive and 6 percent in directly responsive categories. In the

² In FY 2008/09 the percentages have gone up to 14 and 45 respectively.

irrigation sector, the case was reversed with 46 percent of the allocations classified as directly responsive and 16 percent as indirectly responsive. Such classifications need further investigation to ascertain their consistency.

3.3 Positive outcomes

The main positive outcomes from the gender responsive budgeting exercise so far may be noted as:

- Establishment of a permanent GRBC and start of a regular gender assessment as a part of the regular annual financial management system;
- Introduction of regular annual progress assessments, performance monitoring and indicators to assess progress towards gender equality fulfilling acutely felt needs.
- Start of a process to incorporate gender related information in Annual Economic Surveys and Annual Budget Surveys, budget review meetings and line ministry budgetary systems;
- Creation of the potential for gender sensitization of the whole government machinery;
- Generation of gender awareness among the planning and implementing agencies and making gender a concern for all of them and not only for the gender focal points/units; and
- Establishing a channel for regular flow of data on impact of development efforts on women through GRB; such information will create a basis for transparency and accountability towards gender equality for both the GON and the development partners.

3.3 Opportunities, challenges, and direction for future action

The formation of GRBC as a permanent body and introduction of GRB as a regular exercise, development of the scoring system taking into account both the dimensions of participation and selected indicators of benefit sharing and empowerment, commitments expressed by the high officials of MOF including the Secretary provide good opportunities for taking GRB exercises further. The TYIP objectives of gender equality and inclusion and specific mention of "engendering the macro economic framework", as one of the Plan objectives ensure adequate scope for further work. Moreover, the strong representation of women in the Constituent Assembly/ Parliament can provide additional support to GRB exercise, with proper capacity building inputs.

On the other hand, many challenges remain in operationalization of the GRB concepts and methods, making it applicable to all sectors and creating ownership throughout the system, which must guide the future action plan. Particularly following measures are recommended:

a. Improving the system

- Improvement in the scoring system taking into account more institutional aspects and relating it specifically to the institutional objectives, targets and inputs of different agencies/sectors, which differ widely;
- A change in the nomenclature of the categories "directly responsive and indirectly responsive " to Equity promoting and Equality oriented;
- Narrowing of the middle band of 20-50 to 45-55, changing the scoring system to percent basis, to be calculated only for criteria applicable to a particular institution/sector to make programmes across sectors more comparable;

b. Creating ownership throughout the system

- Creation of ownership throughout all ministries, departments, district/village level offices and local self-governance bodies by capacity building and enforcement of the directives;

- Rigorous application of the scores ones revised for classifications;
- Full integration of GRB into the regular quarterly expenditure monitoring and management system;
- Rigorous application of the provision that all projects/programmes involving above NRs. 50 million must have a gender audit report;

c. Capacity building

- Strengthening MOWCSW and the Gender Focal Points/units with adequate resources and appropriate positioning;
- Institution of a system to involve the gender focal Points/units in all planning and budgeting exercises in the related institution;
- Capacity building training specifically on the importance of GRB concepts and its methodology for all stakeholders in the government and non-government sectors including politicians and parliamentarians at all levels;

d. Expanding the focus

- Expansion of GRB activity-focus to include all ministries, particularly law, home and police, and communications;
- Gender audit of all macro and meso-level economic structural adjustment programmes- taxation, privatization, reduction in budget deficits, management and regulations of the special economic zones, trade and exchange liberalization, monetary policy etc;
- Generation of Caste/Ethnicity and gender disaggregated data in more sectors and activities and at national and sub-national levels;

e. Expansion of GRBC

- Expansion of GRBC to make it more representative of various sections of the society, gender experts and advocates

SECTION - I: Introduction

1.1 Background and objectives

This is one of the 10 country case studies under UNIFEM/EU sponsored new programme entitled '*Integrating gender responsive budgeting into the aid effectiveness agenda*'. The programme seeks to demonstrate how gender responsive budgeting (GRB) tools and strategies can contribute to enhancing a positive impact of General Budget Support (GBS) on gender equality. The objective is to ensure putting in place concrete measures by donor and program country for mainstreaming gender into mechanisms and instruments used for planning and managing general budget support (GBS) including programmes with Sector-wide approaches (SWAp). Firstly, the knowledge generated from these exercise was utilized already for policy advocacy for GRB as a tool for enhancing accountability to gender equality in the aid effectiveness agenda at the Accra High Level Forum on Aid Effectiveness and beyond. Secondly, the findings from these studies are being used as a guide for improving country capacity to use of GRB under new aid modalities.

In Nepal, in the plans and programmes directed to poverty reduction, human development, the broad based growth (agriculture, rural infrastructure, community forestry etc) and governance, gender has been mainstreamed adequately. It is at the implementation and monitoring that the main challenges remain. Further, macro-economic programmes and larger infrastructure projects have remained outside the purview of gender audit (UNFPA, 2007; Acharya and the Team, 2008). The gender responsive budgeting, that has been introduced since the last year (FY2007/08), is expected to provide regular feed back on the implementation aspects filling an intensely felt need, as a part of the regular management information system and to take the process of gender audit further to cover macro-economic and taxation policies as well. It may also act as an incentive to generate more resources for gender mainstreaming activities within the regular budget. Gender advocates hope that gender audit becomes a regular part of all budgeting exercises, including macro-economic and taxation policies. This study seeks to contribute to this process.

1.2 Methodology

This country research is based mainly on a documentary review and a series of interviews and round tables with key stakeholders. Documents reviewed included Nepal's Development Plans and Policies, PRSP strategies and its implementation plans and progress, guidelines, circulars and manuals related to the public finance management systems, performance assessment frameworks, budget reform processes, national budgets, education sector policies and implementation plans and monitoring instruments. Joint Assistance Strategies (JAS) and other documentation from budget support donor groups, relevant MOU for GBS, country strategy papers of the donors, MOU for SWAps, sectoral budgets (allocations, expenditure, indicators and targets) were also reviewed. Other materials reviewed in-depth included CSPs, CAPs, implementation plans and monitoring frameworks of DFID and EC. Together with Gender Equality and Women's Empowerment (UNFA, 2007), the findings from the EU/UNIFEM funded earlier Mapping of Foreign Aid in the context of aid effectiveness for gender equality (Acharya and the Team, 2008) have also provided basic background to the current research. Other sources of information and inputs have been:

1. Interviews and interactions with related Government officials (ODA Coordinator, budgeting and planning staff from the ministries of finance, agriculture, education and local development and related gender units), representatives of MOWCSW;
2. The Technical Committee and Round table interactions: Interactions at the local development officials at the district level helped to assess the implementation aspects and provide local perspective to the study;

3. EC Delegation in Nepal and DFID/Nepal;
4. Civil society organizations including those working with women and other related fields such as aid effectiveness and fiscal reform, education, health etc;
5. Individual researchers that were involved in GRB activities and consultants on budget reforms

SECTION - II: Development Management - the Context

2.1 General background to the country and the people

Geographically, Nepal has three ecological regions, the high mountains with Himalayan cold climate, the mid-Hills with temperate climate, and the Indo-Gangetic plains, the Terai. For administrative purposes, the country is divided into Five Development Regions and 75 districts³. Nepal had a population of about 23 million in 2001. As per 2006 medium projections, the population increased to about 26 million. Slightly more than half of the population was female in 2001. The sex ratio (men/women*100) was 99.8. However, this is on the increasing trend, despite substantial improvement in maternal mortality rates. The projection for 2006 also showed an increased proportion of males⁴.

The country's 26 million people are divided in multiple social groups based on ethnicity, language, geography, and caste, which have important implications for gender analysis (Acharya and Bennett, 1981), social justice, and equitable development. According to the 2001 Census, there were 100 ethnic/caste groups and sub-groups in the country of which, Indo-Aryan group constituted 57 percent and the Janajatis (Tibeto-Burman and some other Terai groups) about 37 percent. The religious minorities- Muslims, Sikhs, Christians and others accounted for 4 percent. About one percent did not report their ethnicity/caste or religion. All three groups are divided in multiple sub-groups (TPAMF, 2008).

Nepal has set poverty reduction with equity as its overriding goal of development from the mid-eighties. However, until 1995/96 no substantial improvements were visible on the poverty front, although Nepal's physical and social infrastructure had expanded vastly since the sixties. Between 1995/96 and 2003/04 the percentage of people below national CBN (cost of basic-needs)⁵ poverty line declined from 42 percent to 31 percent, nationally, despite the 10 year long armed conflict⁶ and a reduction in the growth rate. The percentage below the national poverty line declined from 21 to 9 percent in urban areas and 43 to 35 percent in rural areas (TYIP: NPC, 2007). People with less than one Purchasing Power Parity dollar (PPP\$) declined from 33.5 percent to 24.1 percent in 2006. This may be attributed largely to remittance income, which increased from 1.7 percent of GDP in 1995/96 to 13.9 percent in 2006/07 (NRB, 2007).

The country's overall achievements in the human development front have also been impressive. HDI increased from 0.427 to 0.534 between 1990 and 2006. GDI increased from 0.312 (1991) to 0.520 in the same period (UNDP, 2007). Thus in the 1990s female/male disparities have also been reduced. Women's access to literacy, education, and health resources has increased significantly. During the past two decades, outreach of health services and health facilities has expanded notably. IMR, MMR, and under-five mortality rates have declined and life expectancy is changing in favour of women, indicating women's

³ Each district is divided in several VDCs and municipalities. All together, there are about 4000 VDCs and 58 municipalities. Each VDC has 9 wards, while the number of wards in municipalities depends on the population size of the town.

⁴ When enquired about this, CBS officials said that the sex ratio at birth used for projections was 105, while in Nepal it was less than 100. For projections, international formula was used without any change.

⁵ CBN is defined as the cost of per capita minimum calorie, minimum of shelter and clothing, primary education and health and human security necessary for survival of an individual. At 2003/4 prices it was estimated at NRs 7696 (TYIP 2007) per capita.

⁶ On the one hand, the Communist Party of Nepal (Maoists) led an armed insurgency in Nepal from 1995 to 2005. On the other, the King abrogated the 1991 Constitution in 2003 and suspended most of the democratic rights in the name of fighting the insurgency. This pushed the democratic forces to make an alliance with the CPN (Maoists) and jointly with them fight for democracy and A Constituent Assembly Election. All this has led to eventual election of the present Constituent Assembly and the abolition of Monarchy. However, the country is still going through transition, which has affected all-round.

improving access to health services and survival chances. Nepal is well set to achieve its MDG 2 target on primary universal education, has already achieved Goal 4 target on reduction of under-five mortality rate and Goal 5 target on delivery attended by health care personal. It is estimated that she will require a total of US\$ 8.8 billion of ODA for 2005-2015 period (Table 10 below) to achieve the rest of the targets.

Despite the progress, the gains in poverty reduction have been distributed very unevenly among men and women, between urban and rural population, people of various castes and ethnicities and regions (Ibid). The Gini Coefficient increased from 0.342 to 0.420 (NPC, 2007, UNDP, 2007). The reduction in contribution of agriculture to GDP was not matched by concomitant reduction of its role as employment provider, which remained at 66 percent in 2001. Gender, caste/ethnicity and geographical residence (urban/rural, remote assessable) have played crucial role in this uneven impact of development on various groups of the people. Traditionally the Hindu high castes, Brahmin and Chhetris and Newars among the Janajati, have exercised power in Nepal and have highest access to resources and education, while the Dalits⁷ and certain tribal groups have been most disadvantaged, with lowest access to power structure, resources, and education (NPC, TYIP, 2007). However, in no group women's human development status was equal to that of men, although human development gains of various groups of women also varied widely (TPAMF, 2005)

Table 1: Selected economic and social indicators 1990- 2006

Indicators	Status		
	1990/01	2000/01	2006
Percent population below \$1/day (PPP value)	33.5	Na	24.1
Percent of population below national poverty line	42	38	31
Per capita earned income PPP\$	N.A.	1301	1550
Rural population below national poverty level	N.A.	43.3*	34.6*
Urban population below national poverty level	N.A.	21.6*	9.6*
GINI coefficient	N.A.	34.2*	47.2
Dalits below poverty level	N.A.	57.8*	45.5*
HDI	0.158	0.490	0.534
GDI	-	0.470	0.520
Gender parity in adult (15 years+) literacy	35.4	55.7	N.A.
Dalit literacy rate(6 years+)	22.6	33.8	N.A.
Infant mortality rate (IMR)	108	64	48
Under five mortality rate	162	91	61
Maternal mortality rate (MMR)	850	415	281

Source: (a) Nepal Demographic and Health Survey, 2006 (b) MDG, progress Report, 2005 (c) World Development Report, 2007 (d) Human Development Report, 2006/08, and 2003 (e) Resilience Amidst Conflict Assessment of Poverty in Nepal, 2007 (f) TPAMF, 2005

* These figures are for 1995/96 and 2003/04

Gender disparities continue even in literacy. In 2001, only 35 percent of adult women were literate compared to 63 percent of men. Further, the higher the level of education the larger the disparity. Gender disparity among the graduate and above group has remained constant since 1991. Women from the Dalit groups and certain Janjati groups were most disadvantaged. For example, while 56 percent of women of higher caste Brahmin/Chhetris were literate only 24 percent of Dalit women were so. Terai Dalit women had lowest literacy rate (11 percent) in 2001. Similarly, in 2001, Dalit women's life expectancy was lower by 5 years than the national average of 60.7 years (DFID/World Bank, 2006).

No significant improvements were visible in women's access to economic resources or the political power structure until the changes of April 2007. Economically, women's

⁷ In Nepal, service casts, which are placed at the bottom of the Hindu caste Hierarchy are called Dalits.

access to fixed assets property and credit was still very limited due to inequitable inheritance laws and unequal access to economic opportunities. Nearly 83 percent of women had no house or land under their legal ownership in 2001 (UNFPA, 2007). Women's PPP\$ per capita earned income was only half of that of men (UNDP, 2007).

Women constituted almost 43 percent of the labor force (Census, 2001), 48 percent in agriculture and 34 percent in the non-agricultural sector. Thus, they had much lesser access to better paying non-agricultural jobs, while the subsistence sector was increasingly feminized. Moreover, in the non-agricultural sector, they were concentrated in low paying and less productive, low capital-intensive jobs. As per NLSS 2003/4, women earned about 3/4th of what men earned as wages, both in agriculture and outside agriculture, while many worked as unpaid family workers. Further, compared to 1995/96 female/male wage ratios both in agricultural and non-agricultural sectors had even declined slightly in 2003/2004. In many manufacturing industries, most of the labor regulations were circumvented by employing women at piece rates (UNFPA, 2007).

All this evidence has led to the conclusion that unequal distribution of resources and entitlements among various groups of population and men and women is a major cause of persistent poverty. The Tenth Plan/ PRSP (2002-2007) and current Three Year Interim Plan (2007-2010) were designed to address the discriminatory structures and norms, so as to facilitate poverty reduction among the most disadvantaged groups and women. Gender equity and inclusion have gained prominences as one of the four strategic pillars of poverty reduction. Other three pillars include broad based growth, social and rural infrastructure development, and good governance. Coming after a 10-year long armed conflict, and with the country still in transition, the Three Year Interim Plan (TYIP) envisions building Nepal into a prosperous, modern, and just nation, through its political and socio-economic transformation and equitable development, with short-term emphasis on reconstruction and peace. All the development partners in Nepal have accepted these goals and strategies outlined (Acharya and the Team, 2008).

2.2 The role of the foreign aid in the economy

The role of foreign aid and the associated foreign assistance in Nepal's development policies and pattern of investment have been prominent. On the average, foreign aid to GON constituted about 4 percent of the GDP and 56 percent of the development expenditure during the 10th Plan period (2002-2007) (Acharya and the Team, 2008).

In the period under review (FYs 2005/06- 2007/08) ODA, including both loans and grants, constituted about 20-27 percent of the total budgetary expenditure, (including both development and recurrent) and 49 to 60 percent of the development budget. Development budget excludes expenditure on public administration, police, defense etc. Slightly more than 61 percent of assistance to GON budget was in the form of grants (Table 2).

**Table 2: Government budgetary operations, FY 2004/5 – 2007/8 and donor support
(NRs. million)**

Headings	2005/6 Actual	2006/7 Revised estimates	2007/8 (Estimates)
Revenue	72,282	86,135	103,667
Total expenditure	110,889	131,851	168,996
Of which development expenditure	(40,038)	(53,731)	(75,252)
Foreign aid (Grants+ Loans)	22,041	26,277	44,828
Of which ----Grants	(13,827)	(15,946)	(27,461)
----Loans	(8,214)	(10,331)	(17,367)
Budgeted aid % of total expenditure	19.8	19.9	26.5
Budgeted aid % of development expenditure	55.0	48.9	59.6
Grants as % of total budgeted aid	62.7	60.7	61.3
Loans as % of total budgeted aid	37.3	39.3	38.7

Source: MOF Budget Speech for FY 2007/8

2.3 Major donors and the modalities of aid delivery

GON has multiple development partners ranging from the IDA/World Bank and ADB to smaller INGOs like GAVI. IDA/World Bank and ADB together are the largest donors. In the three years under review (FY 2005/06- 2007/08), together they were expected to provide slightly more than 41 percent of the total aid (Table 3)⁸. Japan accounted for 9 percent. As per these estimates EC was contributing only 0.2-0.4 percent, but its member countries United Kingdom, Germany and Denmark were expected to contribute about 15 percent. This was besides the amount going to the pool for education and health (see section IV below). The UN agencies were to contribute about 6 percent. In the case of bi-lateral donors and the UN system, only part of the aid was channeled through the government budget and the rest was thus not included in these estimates. The multilateral agency aid flows primarily through the GON budget.

Roughly, it is estimated that only about 50 percent of the foreign aid in Nepal passes through the GON budget. The rest is channeled through NGOs/ INGOs, Government Department and Ministries on project basis, various independent Boards and Constitutional bodies, and local government institutions (Acharya and the Team, 2008).

⁸ Only estimates of the beginning of the financial year are available by donors. Figures on actual disbursements are available only for total aid. Government source Book with details on ODA is issued only in the beginning of the FY.

Table 3: Estimated foreign aid summary, FY 2004/05-2007/08
(Amount in NRs. million)

Donors ¹	FY 2004/05		FY 2005/06		FY 2006/07		FY 2007/08 estimates	
	Amount	% to total	Amount	% to total	Amount	% to total	Amount	% to total
IDA total	9,403.8	29.1	6,908.4	20.8	6,264.2	15.4	10,286.6	22.9
ADB total	5,710.9	17.7	6,764.6	20.4	8,909.7	21.9	9,801.1	21.9
EFA Donor	2,309.4	7.1	2,769.0	8.3	4,915.2	12.1	6,589.7	14.7
Japan Total	3,425.5	10.6	4,569.8	13.8	2,905.5	7.1	3,591.3	8.0
Germany (GTZ + KFW)	2,835.4	8.8	2,997.6	9.0	3,246.2	8.0	2,891.6	6.5
India	623.1	1.9	342.2	1.0	4,457.8	11.0	2,779.8	6.2
UK (DFID + DRF)	1,684.2	5.2	1,257.1	3.8	1,801.8	4.4	2,397.0	5.3
UN Agencies	2,588.5	8.0	2,226.4	6.7	2,755.0	6.8	2,216.5	4.9
US – USAID	179.0	0.6	176.4	0.5	1,092.2	2.7	904.6	2.0
Denmark	1,147.5	3.6	859.6	2.6	906.1	2.2	844.0	1.9
European Commission	199.7	0.6	134.2	0.4	98.9	0.2	106.4	0.2
Donor Health Pool	-	-	1,771.4	5.3	-	-	2,690.8	6.0
Others*	2,202.9	6.8	2,441.8	7.4	3,283.9	8.4	2,419.6	5.4
Total	32,309.9	100.0	33,218.5	100.0	40,636.5	100.0	44,828.3	100.0
Annual average change in donor support (%)			2.8		22.3		10.3	

Source: Source Book for Projects Financed with Foreign Assistance, MOF, GON 2004/05, 2005/06, 2006/07, 2007/08

^{1/} Each donor provides assistance under different program names. Figures in this table summarize all such assistance under one institution or country name as the case may be as follows:

IDA: IDA, IDA-TSC, IDA-PRSC;

ADB: ADB, ADB- GRP, ADB - PSM, ADB - RFS

UN Agencies: ILO, UNDP, UNFPA, UNICEF, WFP, WHO, UNESCAP, UNEP, UN Habitat

Japan: Japan, Japan- DRF, Japan- KR2, JICA, JBIC, NPG, KRI, JFPR

Switzerland: Switzerland, HELVETAS, SDC;

Netherlands: Netherlands, SNV, Nederland Shell Co;

Other: Australia, Canada, Care/Nepal, France, Korea-KOICA, Universal Postal Union, GAVI, GLOBAL, SIDA

Nepal government receives foreign aid, in several modalities, which includes direct budgetary support, sector support, program/project specific support and TA. Technical assistance is in kind - in the form of technical services, commodities, goods etc - and may be either sector or programme/project specific. Above figures, do not include TA, complete information for which were not available. An incomplete estimate by the GON for 2007/08 showed NRs 13.4 billion (GON, 2007) for that year.

For FY 2007/08 no budgetary support was planned. About 27 percent of the estimated ODA was allocated as sector support to health and education. Another 22 percent was for programmes and 38 percent for projects. The modality for about 13 percent could not be identified⁹ (Table 4). Thus, the bulk of the aid was delivered either for projects or programmes, with separate accounting and reporting needs for each of them, which costs much administrative and accounting time for GON.

⁹ These figure are compiled from the detailed listing of the programmes and projects under donor funding, for one year , 2007/08 and should be taken as approximate.

Table 4: Modalities of aid delivery in the 2007/8 allocation (NRs in million' 000)

Kind of support	Grant	Percent of total	Loan	Percent of total	Grants + Loans	Percent of total
Program Support	6,645	24.2	3,240	18.7	9,885	22.1
Project Support	8,230	30.0	8,998	51.8	17,227	38.4
Sector Support	10,175	37.1	1,779	10.2	11,954	26.7
Other Unidentified	2,411	8.8	3,350	19.3	5,761	12.9
Total budgeted ODA	27,461	100.0	17,367	100.0	44,827	100.0

Source: Compiled from, MOF/GON "Source Book for Projects financed with Foreign Assistance, FY, 2007/08, 2007.

Budget support

Direct budgetary support has been a relatively small part of the overall resource flow to Nepal. Such support has been mostly from the World Bank and was conditional on macro-economic policy packages, which emphasized financial stability and structural adjustment. Recently poverty reduction, inclusion and gender sensitivity have started to get attention as policy issues (see the World Bank Benchmark system in its web site). Resources to public sector restructuring and privatization are directed through MOF. Sometimes India and China also provide budgetary support on GON request to address crises.

As noted above, no budget support was planned for FY 2007/08. Such support was, however, provided during the 10th Plan period for implementing PRSP by both the World Bank and the IMF. A Poverty Reduction Support Credit (PRSC) amounting to US\$ 345.8 million to be disbursed in two tranches between 2003 and 2006 was approved by the World Bank for accelerating economic growth and reducing poverty. The conditions for the disbursement of funds under PRSC II included: (i) Credible actions against bank defaulters, (ii) Introduction of automatic pricing mechanism for petroleum products,¹⁰ (iii) Delineation of job and responsibilities of executives and bureaucrats, and (iv) "Flexible" labor laws (NRB Files, 2007). However, the disbursement of funds under PRSC II did not take place because of the political situation. Following the political transition in April 2006 and considering the special circumstances the country was in, the World Bank relaxed conditions renaming the program as the Transition Support Credit (TSC). TSC had only one condition, namely labour law flexibility within the special economic zones. The GON could not meet that condition. As a result, the TRC remained suspended.

The total support agreed upon with the International Monetary Fund (IMF) in 2003 for the three-year Poverty Reduction and Growth Facility (PRGF) was SDR 49.9 million. Final review of this program was completed in November 2007. The PRGF conditions focused more on macro-economic stability while the World Bank focused on the structural adjustment of the economy with specific interventions for human development and poverty reduction. The objective set was to reduce poverty through private sector led growth and structural reforms, within the framework of the four pillars of the PRSP. Four macro-economic quantitative targets and a number of structural reforms relating to tax administration, fiscal transparency, financial sector and oil sector pricing reform were also agreed upon. There was no separate mention of gender in this credit, although the PRSP is quite gender sensitive. Particularly, gender aspects of privatization should have been considered explicitly. However, now gender and inclusion are an integral part of the World Bank CPIA bench marking system, which provides basic guidelines for assistance for western donors.

¹⁰ In Nepal, petroleum products and cooking gas were subsidized heavily until the current down turn, creating supply problems constantly as the government was not able to providing necessary resources for such subsidies.

Sector support

As to the sector support, in the FY 2007/08 only EFA within education sector and the health sector were being supported under this modality. In both education and health, both pooled and parallel funding modalities were in use. About 31 percent of the total aid was directed to education and health. Multiple donors including DFID and EC were supporting the EFA (see Table 5). About 38 percent of the total foreign aid in the education budget was channeled through the EFA pool. However, other parts of the funding were also as per the jointly agreed upon Education Sector Action Plan. EC was funding the education sector outside the pool. JICA was continuing its support through a separate funding arrangement (Acharya, 2007). The non-pooled support to the sector came both 'in kind' and in cash. But a coordinated approach applied to all programmes in the sector. Secondary education was in the process of evolving a sub-sector approach and ultimately both primary and secondary education were to be merged into a single school education sector. In the FY 2007/08, the Secondary Sector Education Program (SSEP) was supported by GON, ADB and DANIDA through a basket fund.

Table 5: Estimated investment by donors in the education sector, FY 2007/8 (NRs'000)

Donors	2007/08	Percent
ADB	986,156	12.7
Denmark	1,416,238	18.3
Japan	20,000	0.3
IDA\ WB	1,759,600	22.7
India	70,000	0.9
UN Agencies	541,345	7.0
Switzerland / SDC	8,525	0.1
EC	10,000	0.1
EFA Pool *	2,942,226	37.9
Total	7,754,090	100.0

Source: Budget, 2007/8

*(DANIDA, Finland, Norway, IDA, DFID, ADB, and UNICEF)

In the FY 2007/08, the larger health sector donors as reflected in the Government Budget included WHO (UN agencies), Germany (GTZ+KfW), Japan, UK- DFID and DRF, USAID, IDA/WB, and India (Table 6). Other smaller donors included Norway, a few I/NGOs and the Global Fund. However, only IDA and DFID had adopted the pool modality, which accounted for 44 percent of the total foreign assistance in the sector. The rest was being funded under separate programmes. Although initially 11 donors had promised to support the SWAp, they reneged on their promises. This is a severe problem of accountability. Further although majority of programmes were targeted to women, they lacked gender perspective (see Section IV below).

Besides education and health, in many other programmes (for example, Food for Work and Forestry) many donors were collaborating. These co-funded programmes had inclusion and gender as major component of their strategy, with specific targets and monitoring indicators (Acharya and the Team, 2008).

Table 6: Health sector estimated investment by donors, FY 2007/08
(NRs.'000)

Donor	2007/08	Percent
Germany (GTZ+KFW)	171,825	2.8
Japan	6,005	0.1
UK- DFID and DRF	425,082	6.9
US-USAID	904,569	14.6
IDA-WB	279,169	4.5
UN-Agencies	619,097	10.0
India	350,000	5.7
Norway	33,978	0.5
Switzerland	26,190	0.4
Netherlands	1,392	0.02
Donor Pool Fund	2,692,813	43.5
Other	675,378	10.9
Total	6,185,498	100.0

Source: Budget 2007/8

2.4 European Commission (EC)

European Commission has poverty reduction with sustainability and equity as its central objective for development partnership. Its development policy emphasizes establishing a link between trade and development of the assisted countries through (a) Institutional capacity building (good governance, rule of law and implementation of macro-economic policies), (b) Regional integration and co-operation, and (c) Transport, food security and sustainable development. Human rights and democratization, gender and the environment have been identified as major crosscutting issues for development assistance. Accordingly, and in line with the NDF, 2004 decisions they also constitute the core principles of EC's Nepal Strategy Papers, 2002-2006, and 2007-2013.

EU started its assistance in Nepal in 1977. Up to 2000, its assistance to Nepal amounted to Euro 130 million, which was disbursed for irrigation, watershed management, livestock, reproductive health, primary education, refugees, and institutional capacity building. However, the first Country Strategy Paper was developed only for 2002-2006. This paper proposed to support the development efforts of Nepal aligning with the Tenth Five Year Plan (2002-2007) and PRSP. EC investment plan, 2002- 2006, followed these principles and concentrated its investment in three areas, poverty reduction, consolidation of democracy and conflict mitigation and integration into the international economy (Table 7). EC assistance was entirely in grants.

Table 7: European Commission support to Nepal, (2002-2006)

Concentration Area	Euro million	Action	Euro million
1.Poverty Reduction	58.0	Renewable Energy and the Environment	15.0
		Strengthening Rural Development and Governance	41.0
2.Consolidation of Democracy and Conflict Mitigation	10.0	1. Medium Term: Conflict Mitigation Package I: Support for Local Communities and Civil Society	3.0
		2. Medium Term – Conflict Mitigation Package II: Support for the Judicial System	7.0
3.Integration into the International Economy	4.0	Trade Policy (Accession to WTO)	2.0
		Economic Cooperation, Export Promotion and Capacity Development	2.0
Total	70		70

Source: EC National Indicative Programme (2002-2006).

EC's new Nepal Strategy Paper for 2007-2013 has indicated an estimated Euro 120 million assistance for the period. The priority sectors are the same as the previous ones: Education (human rights, conflict prevention and good governance as the cross cutting issues), Stability and Peace Building and Trade Facilitation and Economic capacity building

(Nepal, CSP 2007-2013). The investment plan is broken in two periods. Accordingly, its new Multi Annual Indicative Program Paper (MIP, 2007-2010), intends to invest about 60 million Euros in Nepal in the period which is allocated to three sectors, education (60 percent), stability and peace building (37 percent) and trade facilitation (3 percent).

EC's emphasis on education and environment will continue. For the next phase, the EC support to education will also take place within a comprehensive sector policy support to ensuring intra-sectoral and inter-sectoral coherence between different education sub-sectors and with other sectors (such as health, tourism, etc.). As a continuation of its earlier funding of *Basic and Primary Education Program Phase II* (1999-2004), EC is participating in the EFA pool, which has gender mainstreaming as one of its main strategies (See Section IV below).

Support on strengthening the peace process and functioning of the democratic institutions through a participatory democratic system based on good governance, listed as the second priority, specifically includes support to women's active participation in the peace and democratization processes through civil society and national efforts. The level of participation by women and other minority groups is to be the main indicator for this focal sector.

Its third priority programme is Trade Facilitation and Economic Capacity Building, by fostering a business environment conducive to enhancing EC-Nepal economic relations (in the areas of trade, investment, and finance) and creating a dynamic private sector in Nepal. This is expected to help in developing sustainable small and medium size enterprises and creating employment opportunities. Gender has not been mentioned specifically under this heading.

However, the Embassy officials assured that all these programmes were supposed to ensure gender mainstreaming as per the EC commitments and its Gender Tool Kit (EC Toolkit, 2004). As per this Toolkit all development cooperation programmes and related activities require (a) micro-and meso level sex disaggregated statistics and qualitative information on program/project beneficiaries, (b) in-depth gender analysis of programmes/projects at the micro, *meso* and macro levels, and (c) most important, gender-sensitive monitoring and evaluation throughout the project cycle. Yet EC/Nepal did not seem to be using the kit in its funding of the environmental programme or civil society funding (see below) in Nepal.

Civil society funding of EC

As per discussion with the officials of the EC Representative Office in Nepal, of the total EC assistance, about 50 percent or a bit more goes to the government of the recipient country and rest goes to UN organizations, INGOs or NGOs. In Nepal EC allocated a total of Euro 21 million to the non-GON sector (Table 8) between 2003 and 2007. This assistance was classified in three groups, Co-financing with NGOs, which were actually INGOs, Human Rights and Democracy, under which many NGOs, INGOs and autonomous institutions in the state sector were funded, and aid for conflict victims and Bhutanese refugees.

The EC, under the NGO Co-financing (2005-2012), had provided a total of Euro 6.9 million to 11 different INGOs working in Nepal. However, of the eleven, only one (the ADRA Nepal) program aimed at poverty alleviation of women in 4 Eastern Hill districts of Nepal. The fund allocated for this program (2004-2007) was only 7.7 percent of the total. Other programmes focused on Janajati and Dalit rights and socio-economic empowerment,

sustainable rural livelihood and anti-human trafficking programmes through various INGOs. Practical Action was one of them, whose report is discussed below.

In the group of Human Rights and Democracy related projects, a total of Euro 5.5 million was allocated to 35 different NGOs and INGOs. Funded programmes focused on social inclusion, human rights and access to justice, conflict resolution and peace building, empowerment of backward communities including Dalit women, and awareness raising on trafficking and violence against women and children. However, only 5 percent of the fund was allocated to women related programmes under this heading.

Table 8: EC funding outside GON budget, (2003-2007)

Programme	Allocations		Programmes for women	
	Euro'000	Percent	Euro'000	Percent
NGO Co-financing	6,817	32.8	527	7.7
Human Rights and Democracy	4,954	23.9	246	5.0
Conflict and Bhutanese refugees I	5,000	24.1	--	--
Conflict and Bhutanese refugees II	4,000	19.3	--	--
Total	20,771	100.0	773	3.7

Source: Data sheet provided by EC, November 2007

Humanitarian aid for the people affected by the conflict in Nepal and for the Bhutanese refugees Global Plan approved by two EU decisions (13/06/2006 and (23/09/2005) together had allocated a total of Euro 9 million to various organizations. Activities funded under the 2006 decision target health, water/sanitation and food security, and protection of civilian population. The projects had only 10-14 month's duration starting from 2006. Activities covered under the earlier decision included primarily protection of children (health and psychosocial counseling of children and adolescents), civilians and detainees and mine risk surveillance.

In total EC funding outside the GON budget, only 3.7 percent had been allocated to women's programmes (Table 8). As to the spending channels, slightly more than 45 percent of EC funding earmarked for Nepal was spent through INGOs. Another 43 percent went to UN agencies, mostly for Bhutanese refugee. Only about 9 percent was allocated to all kinds of Nepalese NGOs, and of that, only 1.4 percent was for women's NGOs (Acharya and the Team, 2008).

Gender sensitivity in practice

According to the officials in the EC Representation Office, in the EC system environment and gender were taken as cross-cutting issues and project proposals with gender and environmental mainstreaming were rated higher in funding considerations. Children and vulnerable groups also were accorded priority in funding. Independent outside organizations selected through competitive bidding assisted EC in monitoring of gender and environmental aspects. The Project Manager was responsible for regular monitoring, who visited the program areas for follow up. Assessment and mid-term reviews were conducted on a regular basis together with other development partners as this minimized time of the government.

Many of the programmes funded by EC in both government and non-government sectors were gender sensitive by design. For example in the earlier BPEP II and the current Education Sector SWAp, which EC funded, gender is a priority area (See below section IV). Similarly EC had funded programmes implemented by WFP and Care Nepal, which paid adequate attention to gender concerns.

Nevertheless, EC's own efforts relating to gender concerns in its investment activities were found to be very limited. For example, in the programmes implemented during the 2002-2006, only under the Rural Development and Governance theme, women's participation was mentioned in the livestock raising activities and community meetings. One of the success indicators identified for the activities was participation of women in the decision making process. Land reform component also spelled out that specific attention to women and women's groups. Other programmes did not mention gender or women at all.

The environment sector received the larger part of EC funding in the FY 2007/08 GON budget. The funding was for community based Renewable Energy Project involving installation of the photovoltaic systems in remote area, through private or the community energy service provider's groups. A number of training and community/NGO mobilization measures were planned. However, no women or women's groups were mentioned anywhere in the project documents although rural energy is a prime concern for women. When this was inquired about, the embassy officials responded that, the Alternative Energy Project of GON managed the assistance and EC had little further information on details.

Similarly, Conflict Mitigation I involved improving socio-economic conditions of ex-Kamaiya camps¹¹. Conflict Mitigation II aimed to enhance the capacity and effectiveness of Nepal Human Rights Commission to monitor human rights violations, investigate, and initiate preventive and remedial actions across Nepal. There is enough evidence to show that women members and young girls of Kamaya families are also sexually exploited. Facts abound to prove that women are hit hardest by conflicts, displacements, refugee situation and other forms of human right violations. Domestic and public violence constitute the biggest threats to women's lives. Gender equality as the crosscutting issue should have been accorded adequate attention in both these activities throughout, but no such attention was visible.

In discussions with the EC officials, it was stated that generally the EC Headquarter team and appraisal missions assessed programmes/project documents in various stages, after which the programmes were finalized. Appraisal missions assessed the program every six month. EC Office in Kathmandu had only minor role in the process.

EC monitoring system

It emerged from the review of documents provided that, EC emphasis in monitoring was on the four principles of Paris Declaration, ownership, alignment, donor harmonization and managing for results. EC relied primarily on the implementing partners and the task managers to review and collect information and assess whether the monitoring reports met the purpose of EC. It had designed a document on strengthening project internal monitoring. The section on monitoring mentioned that among other things the analysis of the project impact should also evaluate how the project outcome impacted on both men and women, for which sex disaggregated data was required. Emphasis was also given on the role of Task Manager as dialogue partner who was supposed to keep regular contact with implementing partners for regular internal reviews. This was the only place where women were mentioned. No gender concerns were shown in other parts of the document, which related mostly to the process of monitoring without much attention to its contents (EC Strengthening Project Internal Monitoring, 2007).

The Standard Format External Assistance Management also did not mention women. The final project report criteria too did not address much the gender issues except at one

¹¹ In Nepal's Far-Western and Mid - Western Tarai, bonded laborers are called Kamayas. They were freed by legal action only about 5 years ago- but their resettlement is still not completed.

point where it asked how much the project action promoted gender equality. Yet, there were no criteria or points elaborated on which basis to answer this question.

The NGO Funding Evaluation Criteria for Micro Projects/ Programmes (Annex 1) did not even mention gender equality as a criterion for evaluation of the proposals. One of the sectors identified for grants was women- in-development and women were mentioned as target group. Nevertheless, there was no binding requirement that gender issues should be considered in the proposals requested for other fields, though there was much scope to address gender issues under the objectives, relevance of the action and methodology headings.

Consequently, NGO reporting also seemed to pay very little attention to gender. For example, the First Progress Report of the project Access for Opportunities, submitted by the Practical Action (2008) had followed the format very nicely. However, very little attention was paid to the gender aspects in the report. Target groups included marginalized, poor and Dalits but there was no mention of women in the list of participants in the program or beneficiaries. This information was not disaggregated by gender or other social divisions. The points where gender and inclusion aspects should have been highlighted with quantitative indicators as also qualitative information among other things include:

- Targets and beneficiaries
- Orientation of partner's staff
- Inception meeting with local partners and stakeholders
- Baseline survey
- Local meetings for orienting communities on alternative transport systems and benefits
- Target group description, in discussions on NGOs, VDCs and DDCs'. Women's participation was mentioned neither in quarterly review and planning meeting nor in participatory monitoring.
- The work plan of 2008-09 (which did not even mention women)

To conclude, in spite of the EC's gender mainstreaming commitments, policies, objectives and elaborate tools, the EC/ Nepal did not seem to be applying these consistently in its development cooperation in Nepal. Gender did not seem to be adequately factored in EC programmes. The EC's Nepal office did not seem to have capacity to do so.

2.5 DFID

DFID's Interim Country Assistance Plan (November 2007- April 2009) aimed at helping Nepal in peace building and laying the foundations for inclusive development. Its objectives were specified as:

- (a) Support the implementation of the peace agreements,
- (b) Help to build a more effective and inclusive state with focus on health and education delivery, and systems and inclusion of under-represented groups in political and governance structures, and
- (c) Promote inclusive economic growth for improving economic opportunities for poor people, with a focus on rural infrastructure, particularly roads, and other growth areas with opportunities for inclusion of economically excluded groups, including women.

The Interim CAP envisioned expenditure of £90 million over FYs 2007/08 and 2008/09, with possibility of scaling up. DFID policies, strategies and approaches in the CAP (2004) focused on social inclusion, inclusive growth generating employment for youth, targeting more than 50 percent women. The Interim CAP also specifically mentioned promoting *social inclusion, including gender equality* as one of its basic strategies and continuing to ensure that social

inclusion remains central to all actions – taking into account the needs of the Janajatis, Dalits, Madhesis and other excluded groups.

Specifically on women, the approach was to ensure gender equitable policies and plans, focus on increasing their political participation and improve their access to services. Support to basic services through government programmes included targeted interventions for girls and women. Separate Social Inclusion Strategy Action and Action Plan had been formulated for specific focus on inclusion. Monitoring formats used Livelihoods and Social Exclusion (LSI) indicators to disaggregate data.

Activities planned included gender and social exclusion awareness training for all DFID Nepal staff, a gender and social exclusion assessment (GSEA) for Country Plan (2009-11) and preparation of a Gender Equality Action Plan to be implemented by end of 2008. Separate reports were compiled on MDG 3, especially on education for the corporate report. DFID programmes were not directly engaged in gender budgeting exercises, but DFID Nepal's LSI good practice guidance included social exclusion and gender sensitive budgeting.

In the FY 2007/08, DFID was one of the participants of the pool funds in both health and education sectors. It supported the National Education for All (EFA) programme, which had targeted components to reach girls and other disadvantaged groups. Specifically, it was supporting the girls scholarship programme, efforts to recruit more female teachers, incentives to retain girls in school and complete their education and within the EFA to eliminate user fees as an incentive to attract girls to school. DFID was also supporting the MOE for capacity building and to access Global funds (Fast Track Initiative) through fast track initiatives, which required complying with international gender-sensitive education planning. In the Health sector, DFID was supporting the National Health Sector programme by providing direct funding and Technical Assistance for Social Inclusion and the National Safe Motherhood programme.

DFID did not allocate its resources using gender budgeting and no earmarking was done. However, the officials interacted opined that there was added value in National Programmes earmarking budget for gender, but this should be related to specific activities and not just be a tick box exercise. On the gender responsive budget initiatives of GON, they opined that it was too early to comment.

DFID had spent £55 million in the FY 2007/08. Of this, 45 percent was spent through the central government budget and the rest was spent through programmes directly managed by it for TA, INGOs and NGOs (DFID note, April 2008). Its resource allocation pattern was designed as per the priorities of the plan (Table 9). Both funding through the central government budget and direct funding to local government and communities were for activities aligned to the CAP objectives. Peace and reconstruction was a new portfolio added to assist the government in the peace process.

Table 9: DFID Nepal Allocations for Fiscal Year 2007/8 by Key Sectors

(Million £)

Key Sectors	Total allocations	Of which allocations through GON
Health (Inc. HIV/AIDS - 2m)	18.0	12.0
Roads / Infrastructure	11.6	--
Education	8.0	8.0
Peace	6.8	5.0
Forestry and Agriculture	4.0	--
Community Support	3.0	--
Governance	2.0	--
Water and Sanitation	1.0	--
Total	55.0	25.0 (45%)

Source: Data sheet provided by DFID, March 2008

Besides funding government, DFID was funding many NGOs and INGOs as well, through its Enabling the State Program and management of the Rights, Democracy and Inclusion Fund (RIDF; 2006-2008). The DFID, SDC Aus. AID and the Norwegian government had contributed B£.4 million to the Fund. The Fund was directed to strengthening rights, democracy, gender equality and inclusion. This was backed by sufficient allocation of resources for women's right issues. Of the total investment of 1.6 million British Pounds from the Fund, women's NGOs accounted for 32 percent and NGOs led by Janajati, Dalit and Madheshi accounted for nearly 15 percent. As per its report, programmes were monitored in different phases of project cycle with constant two-way feedbacks.

Monitoring

For the government-managed programmes, DFID used the Government's Poverty Monitoring Analysis System, which also focuses on inclusion, and gender. A list of DFID funded programmes for FY 2007/08 with GON classification of the budget in terms of gender responsiveness of the programmes is presented in Annex 2. According to this table, DFID provided 20 percent of the resources in the listed programmes. In these programmes, about 44 percent of the total estimated expenditure was classified as directly responsive to women (as per the GRB classification to be discussed below), 38 percent as indirectly responsive and the rest as gender-neutral. Many of the programmes particularly, in health and education, were co-funded and directed primarily to women's components. Earlier Mapping Study (Acharya and the Team 2008) showed that programmes funded by DFID for livelihood and rural construction were quite gender sensitive in their monitoring. However, other types of programmes, such as financial restructuring, were not filtered through gender lenses.

For self-managed programmes it used the Livelihoods and Social Inclusion (LSI) Monitoring and Evaluation System (Annex: 3), which is updated regularly. LSI requires each indicator to have baseline and specific contextual data in order for Partners and DFID to assess progress.

Monitoring and evaluation (M&E) was mainly the Programme Partners' responsibility. However, the programme memorandum was required to include specifically a plan for monitoring reviews, which must comply with the LSI reporting guidance and the log frames. It must also include an agreement to use baseline and contextual data as per the LSI minimum standards. It should outline caste/ ethnicity and sex disaggregated performance indicators in terms of process, output and outcomes indicators among other things. Budgets

for activities should be disaggregated to indicate what proportions of the budget would be spent to support poor and excluded groups, both directly and indirectly.

DFID/N encouraged partners to develop simple and transparent monitoring systems, which placed more emphasis on understanding the effects of interventions on peoples' lives rather than monitoring programme inputs and activities. These should be designed to capture both the effects and the outcomes of programme activities on the lives of the poor and excluded, incorporate a strong element of participatory monitoring and ensure on-going learning and analysis of the changes (both positive and negative). LSI also emphasized that contents of all reports for annual and other review meetings should address the progress on the inclusion and gender as well. For the poor and excluded groups these reports had to state how much the programmes contributed to enhancing their assets and access to services, increasing their voice, influence and agency, and changing the rules of the game in their favor.

LSI also placed specific emphasis on the need to report on how much of the investment is spent on poor and excluded people (i.e. goes directly to them); how much on activities indirectly aimed at alleviation of poverty and social exclusion; and how much on "neutral" items. It also put emphasis on specific and supportive budgetary allocations for socially excluded groups, for their empowerment and for addressing structural discrimination. LSI thus required basic dis-aggregation of budget information.

In the report, programmes should provide quantitative evidence wherever possible, supported by qualitative narrative (e.g. boxed case study examples). Towards the end of the Annual Review process the Project Officer, in consultation with the Partner, scores the Programme in PRISM.

2.6 Gender in alignment, harmonization, and coordination

Both development partners (including EC and DFID) and government work within a collectively agreed Macro Economic Policy Framework, the periodic development plans, GON Foreign Aid Policies, and the CAPs of the development partners. These are finalized after intensive discussions between the government and the development partners both in the Nepal Development Forum (NDF) and in discussions outside. These are important instruments for aid harmonization and coordination. Over the last few years, the PRSP has provided a consensus on the development platform for Nepal's external partners. Both GON and development partners focused on poverty reduction, gender and inclusion. Most development partners also had gender equality and empowerment goals, and the main strategy adopted for achieving these goals was gender mainstreaming. These ensured alignment and coordination at the policy level.

Currently agreed upon guiding principles for investments include focus on:

- Relief, reconstruction and reintegration
- Employment oriented pro poor and broad based economic growth
- Good governance and effective service delivery
- Physical infrastructure development
- Inclusive development and targeted programmes, which includes gender

These objectives were also the focus of both EC and DFID action plans, as discussed above.

As to the mechanisms of coordination and harmonization, there in were several forums where donors interact with GON and separately among themselves. NDF, which meets every two years, reviews progress and discusses the government policies and

programmes are most important of them. Donors make definite commitments for specific periods in this Forum, which are also reflected in the Medium Term Expenditure Framework (MTEF). Participants are government and donors only. However, NGOs representatives and experts are invited to the pre-consultation meetings, where the draft policy papers on all most all aspects of development are discussed. Yet, until 2007, there was no formal requirement to invite women's organizations or gender advocates to these meetings. Individual women were invited based on their professional background.

Pre-budget, post budget and mid term budget donor-GON review meetings, sector meetings, SWAp and the sector- sub-sector Joint Management Boards (JMB) provided other mechanisms of coordinated and harmonized planning, implementations and joint monitoring and supervision.

Other mechanisms included UNDP organized monthly 'Local Donor Meetings' and UN coordinated Groups such as OCHA, and the Peace Support Working Group (see Acharya and the Team, 2008). Both EC and DFID participated actively in these forums. There was also the Industrial Security Group (ISG) comprising representatives of Embassies of France, Germany, India, the UK, USA and the EC Bilateral Chamber of Commerce. The group shared strategic information regarding critical issues facing the business community and foreign investors in Nepal.

At the review time, except in SWAp management, no information was available on extent of attention accorded to gender goals implicit in the sector and other programmes/projects in these meetings. Two groups existed that were related exclusively to gender -- the group of the gender focal points from UN agencies , and the Peace Support Working Group (PSWG) on UNSCR 1325, comprising of UN agencies, donors and I/NGOs which is following up on issues of women in war, peace and security. These two groups met as and when required for discussing related issues. However, the relation and influence of the gender groups in other GON-Donor and Donor –Donor coordination forums was not quite clear. Although important changes have been affected in women's legal status and several affirmative action measures have been taken for promoting gender equality and inclusion, the Peace Process itself has not included women significantly at any stage.

SECTION – III : GON Budgetary System and the GRB Activities

3.1 The budgetary process

Nepal Government's Annual Budget is presented to the Parliament in Mid-July and passed in August/September. The budgetary processes are guided by the Constitutional provisions, Financial Procedural Act and the Financial Procedural Regulations (2007). The Public Finance Management System (PFM) process is reasonably transparent and accountable.

There are two parts of the budget, one for programmes and projects managed by the line ministries and the other for grants to the local self- governance institutions- DDCs, Municipalities and VDCs. These grants are channeled through Ministry of Local Development (MOLD) and separate procedures for expenditure and control system apply to them. The Local Self-Governance Act 1999 and associated Financial Regulations apply to them. These are quite gender sensitive in planning and programming stages but lack effective monitoring (SAHAVAGI and MGEP/WOSCSW, 2004). However, lack of elected local bodies for almost 6 years has greatly impeded the decentralization process as mandated by the Act. This has created problems of ownership and accountability at the local level.

As to the Central Government Budget, NPC and MOF have together worked out the Budget Formulation Guidelines, 2004 and revised it in 2007. In addition, the NPC issues guidelines every year to line ministries instructing them the focus, processes and timings of the programme and budget estimates for the next fiscal year. NPC issues two separate guidelines- one for the DDCs and the other for the line ministries. Both of these guidelines aim to link annual programming and budgeting processes to the targets of the periodic plans. Further, the MOF also issues circulars to the line ministries guiding them about the processes and focus of the budget for the next fiscal year along with the areas, which need adequate justification. In addition, a detailed manual laying down the process for estimates for budget demands and reporting formats have been worked out and circulated to all concerned ministries and departments. It provides for a time-bound discussion schedule for budget formulation, which has been brought it into practice.

The process starts with Resource Committee (MOF and NPC) providing budget ceilings to the ministries for next fiscal year in current mid-year. Before this, an alignment of the budget with development strategy, MDGs and agreed upon Mid-Term Expenditure Framework (MTEF) is ensured. This Framework is revised every year and moved forward based on the principles of rolling budget. The MTEF has been operational for the development budget since the beginning of the 10th Plan, FY 2002/3. GON has also estimated the total resources and public investment required for achieving the most important MDG goals (Table 10) and gaps that need to be filled by additional resource mobilization. Annual programmes and budget estimates are also aligned with these requirements.

Table 10: Total public investment required for 2005-2015 for achieving MDGs and the financing gap (NRs million) ^{1/}

MDG Sectors	Public investment requirement	Available GON resources under 2005 allocation pattern	Financing gap
Hunger	227,185	32,003	195,182
Education	289,655	147,213	142,442
Gender	17,964	3,094	14,870
Health	146,240	53,338	92,902
Drinking water and sanitation	105,530	16,535	88,995
Rural transport and electrification	98,370	14,935	83,435
Total	884,944	267,118	617,826
In US \$ million ^{2/}	12,642	3,816	8,826

Source: GON/ UNDP, 2006, Table 10.5a

^{1/} The estimates are at 2005 prices

^{2/} US\$ 1= NRs 70, 2006 exchange rate

Based on this ceiling and the NPC guidelines, ministries must start bottom-up budget preparation by early March, discuss with NPC and MOF by April-June and submit it to MOF. The guidelines also require tying all budgets and cash releases to the forecasts of, and reports on physical achievement goals and results from each budget item proposed on the development expenditure side. To monitor the budget implementation, GON uses a form, which has to specify vision, mission and objectives and annual work program linking for each activity, trimester-based expenditures to tri-mister based expected outcomes. Thus, system-wise, the budget has become a reasonably credible policy tool, increasing linked to policy objectives and with the MTEF. For the regular/administrative expenditure, the estimates are based on previous year's expenditure, proportionately increased for regular annual gross salary increases and inflation. However, they also have to state their mission, objectives, and the work plans.

The budgetary process for the development programmes at the ministry level, involves passing the ceilings to their district offices and through them to the grass roots level offices, program project units (schools, health posts, service centers etc), DDCs, municipalities, and VDCs, collecting demands from the grass roots up, analyzing, and collapsing them from the community to the Ministry level and then forwarding them to NPC and MOF. At the community/Ward levels men and women of all groups are expected to be involved. NGOs/INGOs and civil society actors in the field are also involved. Then it goes to the VDC executive where it gets prioritized and collapsed for the VDC/Municipality as a whole. Programmes which can be managed within the VDC's own resources and the central grant and those that have to be forwarded to districts and above, are separated, discussed and passed by the Village Assembly and then sent to DDC. There are 20 percent women in the Wards and VDC Assembly levels. Each Village Council has at least one woman and one Dalit or Janjati representative in addition to 11 elected members. From the Tenth Plan period specific efforts are being made to involve women, Dalits, Janajatis and other disadvantaged groups at these grassroots level meetings. District Councils also have mandatory at least one woman and one from the Dalit or Janajati nominated in addition to the 9-17 elected members, depending on the population size of the DDC. The municipalities also have similar provisions.

Line agencies in the district and DDCs together work out the district level plans, separating programmes to be managed within the district budget and those to be forwarded further. Then the District Plan is presented to the District Assembly for approval. The Assembly is composed of elected and nominated members, the parliamentary representatives from the area, civil society representatives working in the districts and line ministry district office heads. Development partners including INGOs/NGOs active in the districts are also invited for discussions in DDC meetings. Then it is forwarded to the respective departments.

The departments, once again analyze, prioritize and consolidate the district demands together with the larger projects managed at the ministry or project level within the budget ceiling provided by the NPC and MOF and in line with MTEF. Related part of the MTEF is also revised and moved forward by a year. At this stage, development partners are consulted about programmes involving foreign assistance. There are informal sectoral GON-Donor forums for this, which are chaired by the Secretary of the related ministry and attended by various level-departmental heads, Joint Secretaries etc on the GON side and donor representatives from the concerned sector. Then the ministry level budget and program demands go to the NPC and the MOF. These are finalized, after several rounds of discussions between the high officials of the ministries including secretaries, department chiefs, NPC related members and MOF related members and the Budget Section head. SWAp programmes and funding are also finalized at this stage.

For taxation and economic policy part MOF has several consultative bodies which involve experts and other stakeholders. The Federation of Chambers of Commerce and Industry is also consulted.

There are consultative meeting with the donors at the MOF and heads of the foreign aid agencies. No woman's institution or women are involved formally in these general consultation processes.

Since FY 2006/07, however, a Gender Responsive Budget Committee (GRBC) has been constituted and it invites women's interest groups - Women's Commission Chairperson and members, parliamentarians, party representatives, NGO representatives working on women's issues, gender advocates, line ministry representatives and others for pre- budget discussions.

The MOF then prepares the final budget document, which is passed by the Cabinet, and then presented to the Parliament for discussion and approval. It is discussed widely in the Parliament overall and sector by sector and then passed. It is also discussed in the media. Women parliamentarians have a chance to discuss it in the related Committees and at the floor. Of the 601 members of the current Constituent Assembly/Parliament, 197 are women. They are involved intensively at the Committee level and overall discussions. In the last Interim Parliament, women parliamentarians had formed a Women's Caucus and had 4 to 30 percent representation in various Committees of the Parliament, which numbered 21 (Acharya and the Team 2008).

Nevertheless, despite the elaborate process, there is a 15-25 percent gap between the allocations and actual expenditure. The causes of such laps include original over estimates of expenditure capacity, resource constraint within the GON for local part of the contribution in the donor-funded programmes, non-fulfillment and some times withdrawal of support by the donors, lack of absorptive capacity of the system and severe political and armed conflicts during 2000 - 2005 period. Actual figures of foreign aid by individual donors are not available as mentioned in footnote six. In totality, actual aid realized differs widely from what was expected in the beginning of the fiscal years. For example, realization was only 66 percent in FY 2005/06 and 65 percent in FY 2006/07 (Acharya and the Team, 2008).

3. 2 GRB Activities and methodology

MOF introduced Gender Responsive Budgeting (GRB) in the FY 2007/08, with UNIFEM assistance and within the framework of the overall reform of the budgetary system funded by other donors. A new classification of Budget was introduced, which applies

throughout the GON system- all ministries, commissions, and committees. To start with, specific focus was placed on 13 ministries. These included ministries of women children and social welfare, education and sports, local development, physical planning and construction, health and population, industry, commerce and supply, culture, tourism and civil aviation, agriculture and cooperatives, water resources, forestry and soil conservation, environment, science and technology, labor and transport management and the Prime-Minister's Office.

A Gender Responsive Budget Committee (GRBC), coordinated by Division Chief /Joint Secretary of Program and Budget Division, Ministry of Finance was instituted in the MOF (GON Decision, 2062-5) to give continuity to this process. The Under Secretary of the Program and Budget Division from the Ministry of Finance is the secretary of the Committee. Other members include under secretaries of NPC, MOLD, MWSCW, and UNIFEM/ Nepal Country Program Coordinator.

GRBC is responsible for taking GRB initiatives forward. Its terms of reference include (a) To review and monitor the patterns of budget allocation and implementation for making them gender responsive; (b) To evaluate public expenditure from a gender perspective; (c) To orient gender focal points and planning/budgeting divisions of sector ministries; (d) To disseminate information on GRB for seeking inputs in increasing the gender responsiveness of the budgets; and (e) To make recommendations for improvements for making budget gender responsive.

As for the current GRB guidelines, each proposed program in the sector has to be scored as per the indicators developed by GRBC, in which different aspects of gender sensitivity (participation, capacity building, benefit sharing, increased access to employment and income earning opportunities and reduction in women's workload) have been allocated 20 potential marks each. Programmes scoring 50 points or more are classified as directly responsive to women, those scoring 20 to 50 as indirectly responsive and those scoring less than 20 as neutral.

All line ministries, departments, project/programme units at all levels have to fill in forms classifying their demands on new programmes and associated expenditure items into the three categories and send them to MOF and NPC together with other documents. The programmes also have to indicate as to which of the PRSP categories pro-poor or neutral the expenditure item falls.¹² MOF tabulates these responses and present a sector wise gender and poverty responsive budget analysis every fiscal year in annual national budgets. Also all programmes/projects involving NRs. 50 million and up must also have a gender audit report attached.

A number of gender budget studies, sponsored by MOWCSW under various donor-funded programmes including UNDP and UNIFEM, preceded the actual implementation of gender responsive budgeting system in the country. These studies covered the areas of agriculture, education, and health to start with. Later gender budget and gender audit studies focused on MOGA and the Public Service Commission, MOF (finance), MOLD (local development), MOWCSW (women and children), MOFSC (forestry), MOLTM (labour) and the Ministry of Science and Technology.¹³ A gender budget audit of Nepal's Public Finance System was completed in 2003 with UNIFEM and MGEP/UNDP/MOWCSW assistance. Before the introduction of the current gender budgeting exercises, UNIFEM funded a study,

¹² All expenditure is classified in 2 categories, pro-poor or neutral. Similarly it is classified in 7 strategic categories of TYIP, relief and reconstruction, broad based growth, good governance, physical infrastructure development, inclusive development and general administration. A further sub-classification of all items is into capital and recurrent sub-heads.

¹³ See the references.

which was implemented by a research NGO, to review the budgeting practices and to recommend appropriate measures for implementation, focusing on tools and methods. Together with the national experts, an international gender budget expert was also invited to assist in the process. All these gender budget studies involved a series of awareness raising and advocacy activities during the research process and final dissemination of their finding and recommendations. UNIFEM/Nepal played a special role in awareness raising and funding in these activities with MOF.

Already in the FY 2005/06, the Budget Speech of the Finance Minister had expressed a commitment to forming GRBC, and it was duly formed. In the next fiscal year 2006/07, this commitment to introduce gender responsive budget was repeated. A mandatory requirement was introduced for projects and programmes involving more than NRs. 50 million, to undergo gender auditing. Specific attention was given to allocating some budget for meeting specific gender needs and empowerment of women. The speech also declared a 20 percent rebate on land registration fees and mentioned mainstreaming women as per the commitments in CEDAW, BPfA and MDGs. The Budget Speech for the FY 2007/08 specifically mentioned introducing gender responsive budgeting as a tool for advancing gender equality, besides ensuring women's participation in economic, social, and political processes in the country. It also mentioned expanding the scope of a host of older programmes for empowerment of girls and women (such as scholarships, micro-credit, gender awareness, 20 percent rebate on land registration fees) with specific budget allocations.

3.3 Gender responsiveness of 20007/08 budget and foreign aid

As per FY 2007/8 budget estimates, about 11 percent of the total budget was to be spent on programmes directly responsive to women, that is, programmes scoring 50 to 100 points on the five-point GRB scale. Indirectly responsive programmes, which scored 20 to 50 points, claimed about 33 percent in totality. Rest, 55 percent of the budget was classified as neutral on gender (Table 11)¹⁴.

Table 11 and the associated chart feature distribution of budgeted expenditure (government and donors) by sector and degree of gender responsiveness of the sector-allocations along with the pattern of GON and ODA allocations. Donor funding was concentrated more on gender sensitive sectors, such as education, health and local development under the social sector and more capital intensive physical infrastructure - transportation and electricity- and agriculture under the economic sector, which are foundations of broad based growth. For example, education and health, together accounted for 31 percent of the total estimated donor funding in the fiscal year.

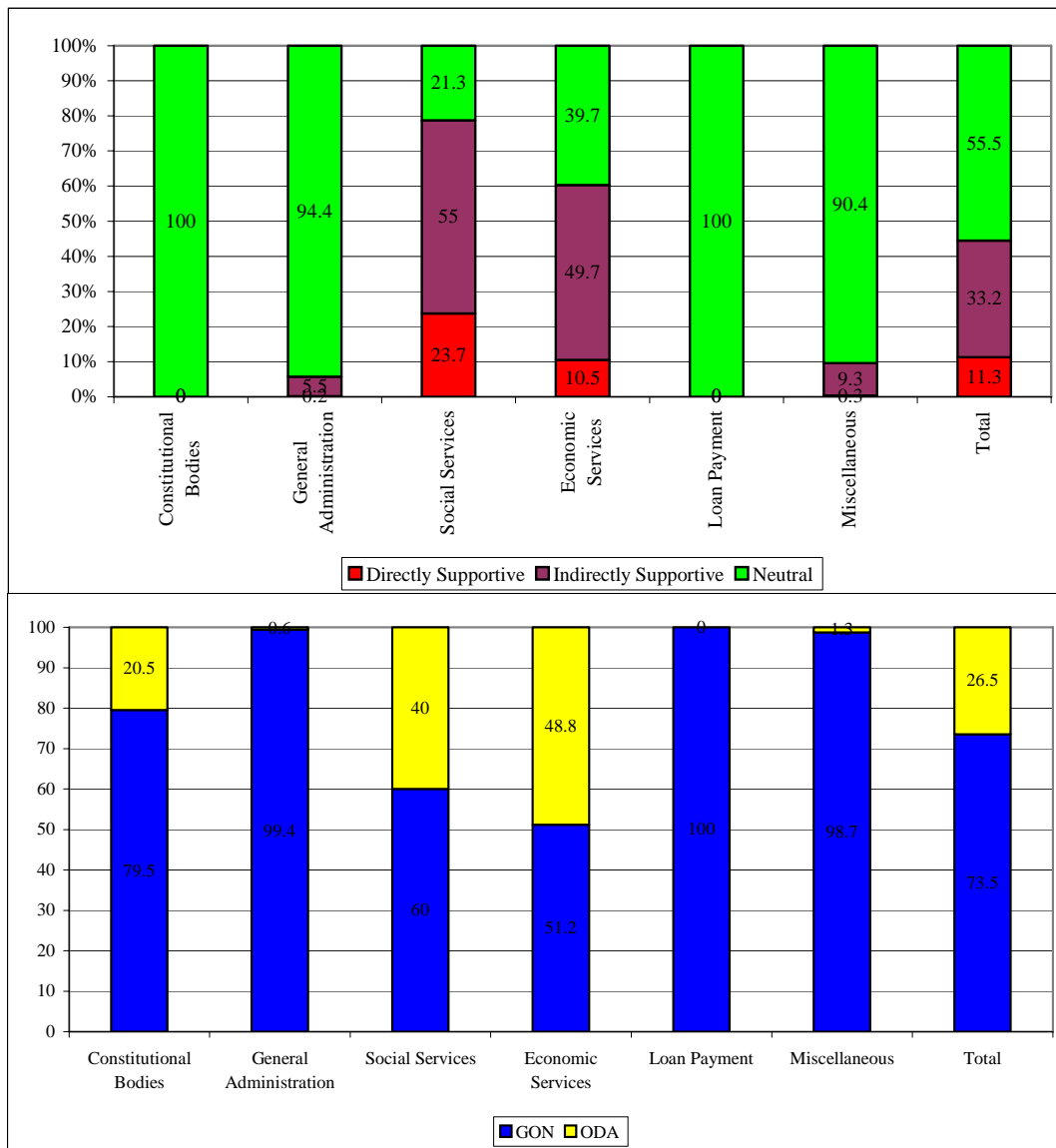
¹⁴ This table is based on annex 3, which is compiled from the separate tables on sources of funding for the programmes/projects and gender responsiveness of the budget by sector published in the detailed budget documents, which accompany the budget speeches.

Table 11: Percent distribution of sector budget by gender responsiveness and sources of funding (Fiscal Year 2007/08)

Sectors	Percent share by gender budget category				Percent share in Total			Percent distribution by sector	
	Programmes scoring points*			Total	GON+ ODA	Sources of Funding		GON	ODA
	>50	20- 50	< 20			GON	ODA		
Constitutional Bodies	0	0	100.0	100.0	2.1	79.5	20.5	2.3	1.6
General Admin.	0.2	5.5	94.4	100.0	8.5	99.4	0.6	11.5	0.2
General Administration	0.2	11.7	87.7	100.0	2.1	98.5	1.5	2.9	0.1
Police	0.0	2.8	97.2	100.0	5.7	100.0	0.0	7.7	0.0
Revenue & Fin. Adm.	0.0	9.4	90.6	100.0	0.6	96.8	3.2	0.8	0.1
Planning & Statistics	0.0	0.0	100.0	100.0	0.1	97.8	2.2	0.1	0.0
Defense	0.0	0.7	99.3	100.0	6.4	100.0	0.0	8.8	0.0
Social Services	23.7	55.0	21.3	100.0	37.6	60.0	40.0	30.7	56.6
Education	2.0	89.1	8.9	100.0	16.6	72.4	27.6	16.4	17.3
Health	62.0	14.2	23.8	100.0	7.2	48.5	51.4	4.8	14.0
Drinking Water	34.5	36.5	29.1	100.0	3.2	55.3	44.7	2.4	5.3
Local Development	18.4	41.6	40.0	100.0	6.6	48.9	51.1	4.4	12.7
Other Social Services	45.0	23.9	31.1	100.0	4.0	51.2	48.8	2.8	7.3
Economic Services	10.5	49.7	39.7	100.0	22.3	51.2	48.8	15.6	41.1
Agriculture	5.8	50.0	44.2	100.0	3.4	47.9	52.1	2.2	6.8
Irrigation	46.2	15.9	38.0	100.0	2.4	67.1	32.9	2.2	2.9
Land Reform & Survey	0.8	0.0	99.2	100.0	0.6	92.8	7.2	0.7	0.2
Forest	1.4	9.0	89.5	100.0	1.4	89.2	10.8	1.7	0.6
Industry	10.0	44.1	45.9	100.0	0.7	51.5	48.5	0.0	1.3
Communications	0.0	0.9	99.1	100.0	1.3	71.1	28.9	1.2	1.4
Transportation	4.3	75.2	20.5	100.0	5.6	51.8	48.2	4.0	10.2
Electricity	14.4	78.2	7.4	100.0	4.5	17.2	82.8	1.1	14.1
Other Economic Services	3.2	32.5	64.3	100.0	2.5	60.5	39.5	2.1	3.8
Loan Payment	0.0	0.0	100.0	100.0	13.6	100.0	0.0	18.5	0.0
Miscellaneous	0.3	9.3	90.4	100.0	9.5	98.7	1.3	12.7	0.5
Total	11.3	33.2	55.5	100.0	100.0	73.5	26.5	100.0	100.0
Total Budget (NRs. million)	19095	56034	93866		168995	124,167	44,828		
Source: Annex 3									
Note*: Basis of classification for Gender Responsive Budget :									
A= Programmes scoring 50 and more points on GRB scale - Directly Responsive									
B= Programmes scoring 20 to 50 points - Indirectly Responsive									
C= Programmes scoring less than 20 points-Neutral									

The social sector, which includes education, health, drinking water and local development and peace and reconstruction accounted for about 38 percent of the estimated total budget allocations and about 57 percent of ODA. Overall, about 24 percent of the allocations to this sector were classified as directly responsive to women and 55 percent as indirectly responsive. In the education sector, 89 percent of expenditure was estimated to be indirectly responsive and only 2.0 percent as directly responsive. In the health sector, on the other hand 62 percent of the allocations were classified as directly responsive to women and 14 as indirectly responsive. The drinking water allocation was divided one third each in all three categories. This shows the difficulties in classification of expenditure in gender budgeting. While education is really liberating for women, many of the health programmes reinforce their gender roles, although making their lives easier. The analysis therefore must go deeper in terms of impact on gender.

Chart: Gender responsiveness of budgetary allocations and GON and ODA shares by sector



EFA - SWAp addresses gender issues more seriously and fundamentally (See Section IV below). In the Health SWAp, no elaborate gender budgeting instruments were applied, nor women's participation in management ensured. Although 62 percent of the budget was allocated to directly responsive programmes, these included primarily traditional programmes such as safe motherhood, reproductive health, family planning etc, which fulfill women's basic needs, but were not very gender sensitive in program contents and design (UNFPA, 2007). Although the policy documents took life cycle approach to women's health, this did not seem to percolate to the delivery level. The sector management information system was also not very gender sensitive, focusing only traditional indicators such as IMR, under-five mortality rate and family planning adopter rates. No gender disaggregated targets or achievements existed on so called "gender neutral" diseases, which may not be gender neutral at all (see the Box).

A contrast-- EFA and Health SWaps	
EFA	<ul style="list-style-type: none"> ➤ Evolved out of long experience of joint programs ➤ Many donors in the pool -Effectiveness, harmonization and coordination ➤ Specific allocation of budget for gender equity and inclusion programs ➤ Gender and caste/ethnicity/religion sensitive indicators ➤ Emphasis on activities targeted to eliminate gender other disparities ➤ Community management - women's representation in the management committees up to district level ➤ NER -improved to 89 in 2007 percent from 81 percent in 2000 ➤ Completion rate up from 63 to 76 percent ➤ Girls/boys ratio primary and secondary levels improved remarkably
Health SWAp	<ul style="list-style-type: none"> ➤ Introduced for the sector as a whole -- pool partners only IDA and DFID ➤ Large programs outside the SWAp and GON budget, primarily funded by USAID ➤ Many programs targeted to women ➤ But the programs and the monitoring indicators system lack gender and inclusion perspectives ➤ Results yet to be seen
Conclusion:	SWAp may or may not contribute to gender equality objective. It depends on program designs

Under the economic services, only 10 percent expenditure was in the directly responsive category. While only 6 percent of agricultural expenditure was classified as directly responsive to women, in irrigation 46 percent was placed in this category. Women do not own much land but they do benefit from agriculture and irrigation as users of land. It is not clear why such difference is emerging in classification of agricultural and irrigation expenditure. About 4 percent of GON and 10 percent of ODA was allocated to these two sectors. Transportation and electricity, bulk of which was classified as indirectly responsive to women was receiving 24 percent of ODA. This sector also accounted for 4 percent of GON and 10 percent of the ODA. Only 10 percent of industrial expenditure was expected to be directly responsive to women. However, 44 percent of expenditure allocated to industry, and 33 percent to other economic services was classified as indirectly responsive, that is scoring 20-50 point on the GRB scale. Similar was the case with electricity, where 78 percent of the allocations were classified indirectly responsive to women and 14 percent as directly responsive. Electricity and transportation together accounted for 5 percent of GON and 24 percent of the allocations.

Construction of both small and large physical infrastructure such as roads, hydroelectric stations, communication networks do make life easier for both men and women. On the other hand, they may also impact adversely on some groups of women. It is not clear whether the scoring system was applied consistently to them. The basis of all these classifications needs further in-depth investigation.

The basic issue is how women's concerns have been taken into account in the larger infrastructure programmes and projects and whether these have had any negative impact on some particular groups of women. Such issues need specific examination and study. Actually even larger infrastructure projects, funded by ADB and World Bank do require a gender analysis at appraisal stage. The government requirement to filter projects involving more than NRs.50 million through gender lenses, has already existed since the FY 2006/07. However, this does not seem to be followed up consistently. Even when projects have adequate gender components, they have not been usually followed up in implementation, monitoring and impact assessment in the past (MOWCSW/MGEP/ UNDP, and SAHAVAGI, 2004).

Another major issue is whether the impact on the poor and women are assessed in the larger financial austerity and structural adjustment programmes, whether - taxation, privatization, reduction in budget deficits, management and regulations of the special

economic zones, trade and exchange liberalization, monetary policy– all are filtered through gender lenses. In most cases it is not (Acharya and the Team, 2008). Market based development, which generates inequities by its very nature, tends to reinforce the existing inequities unless special attention is paid to reducing them. These programmes are not gender neutral as usually assumed.

This was just a beginning. For 2007/08, the process had percolated only to the ministry and department levels. It seems the scoring system was not been applied rigorously for the categorization of various expenditure items. From dialogue with various ministries, it emerged that mostly programmes involving only women were put in the first (directly responsive category), programmes which were expected to benefit both men and women, boys and girls with some interventions for women and girls were put in the second category (indirectly responsive) and rest in the third category. This may have resulted in much inconsistency. The system was introduced late in the budgetary cycle, so the related ministries and departments did not have enough time to digest the system or get feedbacks from the field on them. There was no manual circulated to follow the process. Only limited training had been conducted.

For the financial year 2008/09, detailed manuals on various aspects of budgetary processes, various classifications of expenditure including one on gender responsiveness, detailed reporting and monitoring formats were prepared and circulated. MOLD has circulated a separate guideline to DDCs incorporating on GRB. Nevertheless, because of the transitional nature of the current government, progress has been slow.

In the 2008/09 budget allocations to directly gender responsive programs have gone up to 14 percent and to indirectly responsive to 35 percent, with concomitant reduction in neutral category.

3.4 Achievement, opportunities and challenges

Positive outcomes

The main positive outcomes from the gender responsive budgeting exercise so far may be noted as:

- Establishment of a permanent GRBC and start of a regular gender assessment as a part of the regular annual financial management system;
- Introduction of regular annual progress assessments, performance monitoring, and indicators to assess progress towards gender equality; above two points fulfill a really felt need as monitoring has been stated as the weakest aspect of gender mainstreaming by many reports in Nepal.
- Start of a process to incorporate gender related information in Annual Economic Surveys and Annual Budget Surveys, budget review meetings and line ministry budgetary systems;
- Creation of the potential for gender sensitization of the whole government machinery, which is a primary foundation for effective gender mainstreaming; on full implementation of the scoring system, each expenditure demand has to be examined for its impact on gender.
- Generation of gender awareness among the planning and implementing agencies and making gender a concern for all of them and not only for the gender focal points/units; and
- Introduction of a system of regular flow of data on impact of development efforts on women, which will create a basis for transparency and accountability towards gender equality for both the GON and the development partners

Opportunities and challenges

The formation of GRBC as a permanent body and introduction of GRB itself is an achievement for enabling the gender advocates to track the results of the government and donor efforts for gender equality. Conceptually the system of classification, the process and the scoring system are quite sound for income and employment generating programmes. The scoring system takes into account both the dimensions of participation and selected indicators of benefit sharing and empowerment. A permanent GRBC is expected to follow the process regularly. Similarly, the high officials of MOF including the Secretary have been very positive about the programme and determined to take it forward.

Inclusion of gender classification as a part of the regular budgetary process will enable the women and men parliamentarians to follow up on gender equality regularly. The mandatory provision of 33 percent women candidates in elections to the Constituent Assembly/ Parliament resulting in 192 women in total 575 elected members in the Assembly is a great strength that could be used for holding governments and donors accountable to their commitments to gender equality. Since financing is the crucial aspect of any programme and most development programmes are funded by one or other donor, the system will provide an instrument to measure the donor performance as well. These provide good opportunities for further work on gender equality.

The TYIP objectives of gender equality and inclusion and specific mention of "engendering the macro economic framework", as one of the Plan objectives ensure adequate scope for deepening the GRB processes.

On the other hand, many challenges remain in operationalization of the GRB concepts and methods, making it applicable to all sectors and creating ownership through out the system, which must guide the future action plan. Particularly:

a. Improving the system

- The scores as currently developed are appropriate only for employment and income generating programmes. Scores for programmes in education, health, home and other ministries and departments need to take into account more institutional aspects and relate specifically to the institutional objectives, targets and inputs.
- The nomenclature of the categories "directly responsive and indirectly responsive" do not give full meaning to what is really seeks to imply. These should be replaced by Equity promoting and Equality Oriented. All programmes must be classified on the scoring basis.
- The middle band of 20-50 scores is too wide. It should be narrowed to 45-55 as women have claims only to 50 percent and 10 percent may be left for variations. Further the scoring system should be changed to percent basis, to be calculated only for criteria applicable to a particular institution/sector to make evaluations across sectors more comparable.

b. Creating ownership throughout the system

- This is just a beginning. For 2007/08, the process has percolated only to the ministry and department levels, that also not universally. It has to percolate to the grassroots level and up and ownership created throughout all ministries, departments, district/village level offices and local self-governance bodies.
- Once the system is improved, it should be applied strictly through out the system. Current classifications have been ad-hoc, resulting in many inconsistencies in classification.

- GRB needs to be fully integrated into the regular quarterly expenditure monitoring and the management system. Currently it seems to be a separate exercise in MOF. For example, the current FY 2008/09 budget does not provide any revised estimates of FY 2007/08 expenditure as per GRB classification, as it does for sector budgets.
- The requirement that all projects involving more than NRs.50 million have a gender audit report attached must be followed through strictly, and all expenditure demands for such projects classified as per their impact on gender.

c. Capacity building

- MOWSCW and the Gender Focal Points/units are not equipped with adequate resources and positioned high enough in the bureaucracy. They need capacity building, reinforced by resources and appropriate positioning.
- Similarly, the staff in MOWSCW and Gender units/points need capacity building training specifically on the importance GRB, concept and its methodology. A system must evolve to involve them in all planning and budgeting exercises in the related institution.
- All planning and budgeting units in the GON system need capacity building in gender mainstreaming and GRB
- Office holders of the local self-governance bodies and the politicians, all up to grass – roots level also need to understand the importance of GRB. This is more important in the context of the forthcoming restructuring of the state, federalization, and decentralization.
- Similarly, capacity building efforts are also needed to enable the members of the Constituent Assembly/ Parliament, sister organizations of the political parties, non-government stakeholders – all, to understand GRB better and monitor its implementation effectively.

d. Expanding the focus

- To start with, the focus of GRB has been on the "soft" sectors targeted for integration of gender traditionally, such as agriculture, education, health, local development, poverty reduction, and new one like governance and labor. The focus should broaden to include other relevant sectors, particularly law, home and police, and communications.
- It is also crucial that all macro and meso-level economic structural adjustment programmes - taxation, privatization, reduction in budget deficits, management and regulations of the special economic zones, trade and exchange liberalization, and monetary policy—are all filtered through gender lenses. Market based development, which generates inequities by its very nature, tends to reinforce the existing inequities unless special attention is paid to reducing them.
- Gender and inclusion disaggregated data need to be generated in more sectors and activities and at sub-national levels, so that impact of development programmes can be monitored and evaluated at all levels.

e. Expansion of GRBC

- Similarly, GRBC should be expanded to make it more representative of various sections of the society, gender experts and advocates.

SECTION - IV: Sector Analysis - Education

4.1 Nepal's school education system and the programmes

Nepal's school education system includes Grades (1–12). Grades are divided into three levels: Primary (1–5); Lower Secondary and Secondary (6–10), and Higher Secondary (11–12). The Education for All (EFA) 2004–09 programme covers curriculum development, primary education, and non-formal education under one sub-sector. Lower Secondary and Secondary levels are supported under the Secondary Education Support Programme (SESP) (2003-2008). Higher Secondary is managed under a separate Board. Other programmes under implementation in the school sub-sector in the FY 2007/08 were Community School Support Programme (CSSP), Teacher Education Project (TEP) and Second Higher Secondary Education Project (HSEP).

In the FY 2007/08, only EFA was managed and financed under the SWAp modality. However, lower Secondary and Secondary levels were supported under the Secondary Education Support Programme (SESP) (2003-2008), which was also devolving a SWAp approach. Encouraged by the success of the EFA SWAp, the GON is promoting a Sector Wide Approach (SWAp) in school education as a whole. However, although the proportion of foreign aid allocated to the EFA pool was increasing, overall in the education sector; the use of project modality was also increasing (Table 12).

Table 12: Percent structure of aid delivery in the education sector by modality (FY 2004/05-2007/08)

Program	2004/05			2005/06			2006/07			2007/08		
	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total
Programme	51.9	33.4	43.9	47.2	43.1	45.7	41.7	41.2	41.5	21.2	32.7	24.5
Projects	0.2	11.5	5.1	0.1	12.0	4.3	10.0	10.7	10.3	15.0	10.8	13.8
EFA Pool	47.9	55.1	51.0	52.7	44.9	49.9	48.3	48.1	48.2	63.8	56.5	61.8
Grand Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Annex 4

4.2 The EFA objectives and targets

EFA's vision is for achieving 100 percent enrollment by the year 2015. Elimination of gender and social disparities figures prominently among its six objectives. It emerged from a long experience of basket funding. Programmes under EFA seek to address the major problems of unequal access and inefficiencies in the system.

Women have gained significantly in terms of education and health over recent years, but disparities in access to health and education are wide, as discussed in section II above. Girls from the poor disadvantaged groups and Dalits face multiple discriminations. The deep-rooted hierarchal caste system, dominance of the patriarchal ideology and poverty hamper their education. Children's education, especially girls' education entails high opportunity cost for the household (minimum direct cost and the income foregone by the parents and the children). When faced with such constraints, the parents give the first preference to boys, as sons are expected to take care of them in the old age. Further, the education is not geared to life skills. Even when minimally educated, children from disadvantaged, particularly Dalit and poor families have lesser opportunity in the job market, and therefore many parents still do not see the importance of educating girls. Girls' importance is seen more in performing household chores (ASIP 2007).

Dalit children also face various types of discrimination in the school itself. Girls of a poor Dalit household may face further discrimination and risk of being harassed. Girls are

withdrawn from schools earlier than boys are also because as they grow into adolescence, their marriage becomes a priority. Thus, gender plays a primary discriminatory role here.

Therefore, educational development inclusive of girls and other disadvantaged groups has been the top priority for Nepal. The education policy is guided by the Education for All (EFA) Dakar Framework of Action 2000. The Tenth Five Year Plan (2002-2007), which had poverty reduction as the overriding goal, emphasized human development as one of the four pillars of its Poverty Reduction Strategy. The Three Year Interim Plan commits to providing free and compulsory basic education.

The EFA program also has to address multiple inefficiencies on the supply side. The fragmented and centralised approach to educational problems resulted in much wastage of resources in the past (The World Bank, 2004). For addressing these challenges, creating demand and ownership for the programmes, increasing the efficiency of the systems, and increasing aid-effectiveness, GON and the donors agreed to take sector approach in the management of foreign aid in EFA. Ccoordinated Annual Sector Implementation Plans - ASIP (2007/08, 2008/09) with adequately gender and inclusion sensitive regular monitoring indicators and mechanisms, have been developed and implemented. They seek to address most of the above problems on the demand and the supply side. The SWAp aims at closely aligning donor assistance with national strategy, increasing transparency, strengthening local systems and reducing transactions costs UNICEF (2004). EFA targets as featured in Table 13 include improvement in GER, NER, learning achievements, literacy rates and Gender Parity in adult literacy.

Table 13: Selected targets of EFA (2004 – 2015)

Indicators	2001	2008/09	2015
Gross Enrolment Rate (GER)	123	104	105
Net Enrolment Rate (NER)	81	96	100
Percent primary budget to total education budget	55.6	60	65
Learning achievement at Grade 5	40	60	80
Literacy rate (6 years and above)	54	76	90
Adult Literacy Rate (15 years and above)	48	66	75
Literacy Gender Parity Index (15 years and above)	0.6	0.9	1.0

Source: EFA Core Document (2004 -2009 p)

4.3 Budget and the partners in EFA (2004 – 2008)

A total of US \$ 335.4 million was committed for the EFA programme for 2004-2008, of which US\$ 268.3 million had already been spent by the end of 2007 (Acharya and the Team, 2008). An overwhelming proportion of the programme costs, 83 percent, was to be met from foreign assistance. Of the total allocations US \$ 34.2 million was provisioned for activities such as providing free text books, scholarships, non formal education and literacy campaigns, and women education, which directly or indirectly help the girls and women. These items were to be funded entirely by GON. Foreign aid budgeted for Primary School Nutritious Food Programme, designed as an encouragement to bring both the boys and girls to school, was US \$ 41.7 million. Other Foreign assistance was for school construction, Community School Support Program, and Teacher's Education Project among other things. Respectively, 10.5 and 7.4 percents of the total EFA budget for the FYs 2007/08 and 2008/09 was allocated under the specific heading of eliminating gender inequality (Table 14).

Table 14: EFA budget allocation by components (2007/ 08, 2008/09)

Component	2007/08		2008/09	
	NRs. million	Percent	NRs. million	Percent
Early Childhood Development (ECD)	389.9	7.2	487.6	6.0
Ensuring access to education for all children	1684.7	30.9	3,705.3	45.6
Meeting learning needs of all	18.0	0.4	17.5	0.2
Reducing adult illiteracy	121.0	2.3	156.1	1.9
Eliminating gender disparity	575.3	10.5	602.9	7.4
Improving quality	2376.4	43.5	2,287.1	28.1
Management	291.5	5.4	876.4	10.8
Total	5456.8	100.0	8132.8	100.0

ASIP (2007/08), ASIP (2008/09);

4.3 EFA program details and strategies

The government is trying to address both demand and supply side problems through the SWAp. On the demand side the scope of scholarships has been expanded vastly. The Girls' scholarship has been the focus of particular attention. Consequently in 2005 alone, out of the 401,932 general scholarships awarded 50 percent went to girls. Similarly, 454,572 children got Dalit scholarships including 171,380 girls. Similar was the case with the martyr's scholarship and differently capacitated children's scholarship (NPC, 2006). In the FY 2007/08, the scope of these programmes was substantially expanded and the expenditure targets achieved fully (Table 15).

Other programmes for stimulating demand have included seeking parental and NGO involvement, incentives for uniforms for the new entrants, edible oil distribution to parents and WFP supported midday meal in selected districts, free supply of text books, door to door visit, Welcome to School etc.

Table 15: Incentive programmes under EFA

Programmes	Physical Target (Number)	NRs. Rupees (*000)
For FY 2007/08		
Dalit scholarship	619,170	216,710
Girls scholarship	540,901	276,579
Martyr's scholarship	52	942
Total	1,160,123	494,231
Women Literacy Program I	54,000	102,354
Women Literacy Program II	1,600	18,055
Income generating programmes for WLP II completers	965 groups	32,864
Proposed for the FY 2008/09		
Continuation of all scholarship programmes	na	na
Women Literacy Program (WLP)-I	60,000	na
Women Literacy Program (WLP)-II	41,000	na
Income generating programmes for WLP II completers	1,670	na

ASIP (2007/08, 2008/09)

On the supply side, specific measures have included mandatory requirement for recruitment of female teachers, scholarships for pre-service teacher training for girls and Dalits, bonus to schools for encouraging to recruit female and Dalit teachers, transfer of management to the communities for strengthening community ownership of schools, establishment of Community Learning Centers (CLCs) in the government/ community sector. Inclusion of women in the management system of the schools up to the district level, provision of Resource Centers and Resource Persons and clustering of schools around them for continuous follow up and improvement in the teaching methods and resources have also been emphasized. Generation of biannual flash reports with detailed gender, caste/ethnicity information on all relevant indicators, such as GER, NER, GPI up to secondary level,

internal efficiency, pass rate of girls and boys, gender, ethnicity, disability disaggregated information on teachers up to secondary level - have helped in intensive monitoring of the system and continuous feedback.

ASIP (2008/09) as well has focused more on scholarship allocation for all Dalit children of Grades 1-5, 50 percent girl children in primary level (including incentive for Karnali Zone) and for martyr's children. District Incentive Management Committees allocate scholarship money to schools based on the number of Dalit students, girls' enrolment, and other poverty-related measures. It proposes to strengthen 205 CLCs and to continue all three level women's literacy programs.

They have contributed to increase enrolment of girls and children of marginalized groups substantially, although less than required for achieving MDG goals. The table 16 features current enrollment scenario. This table shows only ratio of girls and boys in the school. Out of schoolchildren are yet to be included in the reporting system.

**Table 16 Enrolment and gender parity at primary level
by social group, 2006**

Social Groups	Percent girls	Percent boys	GPI*
Dalit	48.3	51.7	0.93
Janjati	49.3	50.7	0.97
Differently capacitated	45.0	55.0	0.82
Others	47.5	52.5	0.91
Nepal	48.3	51.7	0.94

Source: Flash Report (2006)

* GPI = Percent girl/ percent boys*100

In all groups, there were more boys than girls, in the school. The predominance of boys, however, was slight. The table also shows that in terms of GPI the "other" group, which included higher caste children, gender disparity was higher, although overall they had better access to education. This underlines the patriarchy as a discriminating factor in education for the girls.

Some of the strategies outlined for 2008/09 in ASIP program are:

- Ensuring active participation and capacity-building of civil society as well as families and communities in the planning and implementation of girls' education and women's literacy and empowerment programmes;
- Further, mainstreaming gender into the School Sector Reform programme and the national education sector plan, poverty reduction strategies and Fast Track Initiative (FTI) assessment criteria to encourage adequate and sustainable financing through the use of gender sensitive budgeting; specially showing clearly resources directed to supporting girl's education and creating gender friendly schools;
- Reducing the financial burden on parents by providing incentive packages and subsidizing the opportunity cost through scholarships;
- Developing a professional gender-sensitive teaching force and ensuring that the numbers and quality of female teachers are adequate at all levels;
- Improving teacher quality through the integration of gender issues in teacher training packages and programmes;
- Increasing the number of female teachers through enforcement of the policy of at least one female teacher per school for all primary schools¹⁵

¹⁵ Although GON is implementing a policy of mandatory requirement for female teachers in the primary and secondary schools since early 2000, not all primary schools have female teachers even now. The current policy is to increase the proportion of female teachers in the primary schools to 25 percent. There should be at least one

Table 17 shows that the budget allocation for Inclusive education and Eliminating gender disparity in 2005/06 was more than proposed for the subsequent years under review, but allocations to the School Outreach Program and ECD Program have been increasing. The School Outreach Program, particularly, focuses on girls which would help in increasing their enrolments. More attention is paid to ECD as a fourth strategy for enhancing access and efficiency and it is expected to produce significant improvement in both learning achievement and retention levels (EFA Core Document 2003). Total budget for inclusion and gender equality has increasing trend, both absolutely and as a proportion of primary education budget.

Table 17: Budget allocations under EFA Pool financing for gender equality and inclusion at the district level (FY 2005/06- 2007/08)

Activity	2005/06	2006/07	2007/08
	Amount in NRs. 000		
Total primary budget (District level Only)	11,362,354	12,224,840	13,268,768
Inclusive education	88,895	75,076	82,986
Eliminating gender disparity	573,800	506,554	494,231
School Outreach Program (SOP)	9,789	27,045	30,461
Early Childhood Program (ECD)	26,710	235,872	344,180
Total budget for equity and inclusion	699,194	844,548	951,858
Total inclusion budget as % of primary budget	6.2	6.9	7.2
Inclusive education	0.8	0.6	0.6
Eliminating gender disparity	5.1	4.1	3.4
School Outreach Program (SOP)	0.1	0.2	0.2
Early Childhood Program (ECD)	0.2	1.9	2.6

Source: ASIP, 2005/06 and 2006/07, DOE (cited in Acharya 2007 p 104) and .ASIP 2007/08

4.4 Secondary Education Support Program (SESP)

GON, the ADB and DANIDA had together developed the SESP with the overarching goal of expanding quality public education. Initially designed to be undertaken from 2003 to 2007 with a vision of 15 years, it was later modified to be implemented from 2003 – 2009 (Aid Memoire, 15 – 16 June 2006). The rise in the demand for secondary schools, due to high completion rates at the primary level, gave impetus to develop SESP. In FY200708, it was being implemented in 10 selected districts. Social inequity and regional disparity was one of the factors considered in the selection of districts for intensive input (Acharya S., 2007).

The objectives of SESP are aligned with the broader priority objective of poverty reduction as stated in the 10th Plan. These include (1) Increasing access and equity especially for girls, women, and disadvantaged groups in secondary education, (b) Enhancing its relevancy and quality, (c) Improving management efficiency and institutional capacity, and (4) Enhancing both the internal and external efficiency in the sub-sector (MOES 2006, ASIP 2006/07). The four programme components as listed in table 18 were expected to cost US\$ 75 million, to be shared 40 percent each by DANIDA and ADB and 20 percent by GON (GON, ADB/DANIDA, 2002). The bulk of the financing (90 percent) was to be channeled through the basket fund.

woman, if the number of teachers in the particular school is four, two if the total number teachers is seven, and so on. The mandatory number increases proportionately to the number of teachers.

Table 18: SESP budget allocation by component, (FY 2007/ 08-2008/09)

Component	2007/08		2008/09	
	NRs. million	Percent	NRs. million	Percent
Learning environment	535.4	36.5	227.1	18.4
Curriculum and Assessment	120.2	8.2	103.1	8.4
Teacher Development	314.3	21.4	297.0	24.1
Institutional Management and Capacity Building	466.1	31.8	424.6	34.5
Items not shown in the GON Budget	31.0	2.1		
Capital Costs			179.4	14.6
Total	1467.0	100.0	1,231.1	100.0

ASIP (2007/08), ASIP (2008/09)

The cost was divided by component in the project document, which did not show any gender-related component separately, but in each of these components, specific emphasis was given to gender aspects. Accordingly, in the budget for the FY 2007/8 and 2008/09, gender and equity considerations were placed at the centre in providing scholarships, hostel construction, toilet construction, increasing female teachers etc.

4.5 Results and further issues

SWAp and the accompanying reforms in the education sector, have shown good results early on in terms improved school management, improved quality of education, accountability, and transparency (NPC 2004). These were achieved despite the formidable constraints. A strong demand for schooling as a right has been created in all groups of people which would be good stimulus for enhancing quality of education system, reducing the gender and other kinds of disparities and making education equity based and inclusive and hence achieving EFA goals. There has been a tremendous improvement in Net Enrolment Ratio (NER) at primary level which has reached 89 percent (Poudel 2008). First graders reaching grade 5 had increased from 53 percent in 2000 to 76 percent in 2006.

Monitoring mechanisms have been evolved for coordination and follow up of the gender and inclusion themes under both EFA and SESP from bottom (school) to top level. The Department of Education has introduced a Flash Reporting System (EMIS) since FY 2004/5 from the school level up and for all types of government funded schools by gender/eco zone/district/social strata. The Reports are prepared two times a year. These reports include many outcome and management indicators. Outcome indicators include GER and NER, pass rates at 5, 8 and 10 grades etc. On the management side major indicators include number and share of female and trained teachers. The final annual report is prepared with added information. These reports cover all types of schools throughout the country.

Yet, many of the achievements were still below EFA targets. The harder task of bringing children from the very poor households to school remained. Issues that need further attention for achieving MDGs include:

- EFA and SESP together cover only up to eight classes. However, higher the grade, lower the percentage of girls/women. From the gender, and minority groups' perspective it is now high time that gender and inclusion get attention at higher grades as well.
- As pointed out the ASIP (2008/09), still 11 percent of children did not come to school. The flash reports do not produce information on the out-of-school

children, disaggregated by gender, caste, and ethnicity. Such information is crucial for evaluating progress by caste/ethnicity and gender, as those left out are primarily from the disadvantaged castes and ethnicities.

- Indicators and targets in the management information system at higher levels should also be adequately gender caste/ethnicity disaggregated as in the Flash Reports. As featured in the EFA Core Document (2004 -2009) and cited in Table 13, they are not adequately so disaggregated.
- Women's participation at the managerial and policy level (Head teachers, District Education Officers) should be increased. Just one woman participating in management committees at various levels is not adequate.
- Timely release of scholarships from the centre and the districts to the school and to children is equally important to reduce its misuse by schools, education offices and the parents. Girls are more likely to be affected by the shortage of funds, as parents are more reluctant to spend money on girl's education than on boys.
- Gender must be further mainstreamed in all programme and activities of all the components of EFA as well as SESP (Acharya and Parajuli, 2008). Somehow, still, teachers and the school environment were reinforcing gender roles. Gender sensitive teaching learning environment should be created in schools by sensitizing teachers, community, and related stakeholders in a more concentrated manner and on a wider scale.

References

1. Acharya, Meena and Lynn Bennett (1981), An Aggregate Analysis and Summary of 8 Village Studies: the Status of Women in Nepal, vol. 2, Part 9, Kathmandu: CEDA.
2. Acharya Meena and the Team (2008), Mapping Foreign Aid in Nepal from a Gender Perspective. Report submitted to UNIFEM, Kathmandu
3. Acharya, Sushan (2007), Social Inclusion: Gender and Equity in Education SWAps in South Asia, NEPAL Case Study. Kathmandu: UNICEF, Regional Office for South Asia
4. Acharya, Sushan & Parajuli, Mahesh (2008). Measuring Gender Equity in Education. UNESCO Mimeo Report
5. DFID/World Bank, the (2006), Unequal Citizens. Gender Caste and Ethnic Exclusion in Nepal, summary, Department for International Development and World Bank,
6. DOE/MOES (2006), Flash I Report 2063 (2006-07)
7. DOE /MOES (2007, 2008). ASIP , 2007/08, 2008/09
8. GON/ADB/DANIDA (2002), Secondary Education Support Programme (SESP). Core Document. Human Development Unit
9. GON/UNDP (2006), Millennium Development goals Needs Assessment for Nepal
10. GRBC/MOF (2008), Guidelines for Gender Responsive Budgeting (Nepali-mimeo), Kathmandu
11. MOES/GON (1999), Basic and Primary Education Programme (1999 -2004)
12. MOES/GON (2003), Education for All 2004-2009. Core Document
13. MOES/GON (2006), Aide Memoire (15–16 June 2006). Sixth Review Mission Secondary Education Support Programme
14. MOES/GON (2007), Ministry of Education and Sports at a Glimpse, MOES. Monitoring, Evaluation and Supervision Division.
15. MOF/GON (2005, 2006, 2007), Budget Speeches of Fiscal Years 2005/6, 2006/07 and 2007/08
16. MOF/GON (2007), Financial procedures Act 1999 and Financial Administration regulation 1999
17. MOF/GON (2007), Budget Tarzuma Digdarshan (Budget Making Manual in Nepali), Kathmandu
18. MOF/ GON (2008), Mid-term Review of FY 2007/08, (Nepali) Kathmandu
19. MOF/GON (2008), Guidelines for Budget Division/MOF(Nepali) (Third revision), 2008
20. MOHP/GON (2006), Nepal Demographic and Health Survey, 2006, Ministry of Health and Population, Kathmandu, Nepal
21. MOLD/GON (2008), Gender Responsive Budget Guidelines for Local Development (Nepali-proposed model)
22. NPC/GON (June 2006), An Assessment of the Implementation of the Tenth Plan / PRSP Review 2004/05
23. NPC/GON (2008), Budget Ceilings and Guidelines for the FY 2008/09, (mimeo-Nepali) Kathmandu ,
24. NPC/GON (2006), District Poverty Monitoring & Analysis System (PMAS) Final Paper
25. NPC/GON (2007/08), Three Year Interim Plan (2007/08–2010/11)
26. NPC/GON (2002), Tenth Plan (2002-2007), HMG/NPC, Kathmandu, Nepal
27. NPC/GON (December 2006), An Assessment of the Implementation of the Tenth Plan /PRSP” PRSP Review 2005/06
28. Poudyal Bala Nanda.(January 2008). "Education Sector" Paper presented in the Pre-Consultative Meeting of the Development Partners , Nepal Development Forum
29. TPAMF (2008), Analysis of Caste, Ethnicity and Gender Data from 2001 Population Census in Preparation for Poverty Mapping and Wider PRSP Monitoring Report Submitted to DFID, Kathmandu, Nepal.
30. UNFPA (2007), Gender Equality and Empowerment of Women in Nepal , UNFPA, Kathmandu
31. World Bank, the (2004a), Country Assistance Strategy (2004-07), Kathmandu

Economic Commission Reports Reviewed (Obtained from EU Delegation Office in Kathmandu and from the Head Quarters for the Mapping Study)

1. EC Standard Assistance Management Report
2. EC (2003). Nepal and The European Community Cooperation Strategy 2002-2006
3. EC National Indicative Programme (2002-2006)
4. EC Strengthening project internal monitoring (2007)
5. EC Final Narrative Report (2006)
6. EC (2007) European Instrument for Democracy and Human Rights Programme (EIDHR)
7. EC (2004), Toolkit on Mainstreaming Gender Equality in EC Development Cooperation
8. EC/Practical Action (2008), Access for Opportunities, Nepal (ONG-PVD/2006/118-644 First Progress Report
9. EU- Nepal Multi Annual Indicative Program (2007-1010), Kathmandu
10. EU (2006), EU- Nepal News from the Delegation of the European Commission to Nepal, vol- 1, No. 2
11. EU Nepal Country Strategy Paper 2007-2013

12. Renewable Energy Promotion Centre (2008) "An overview of the Renewable Energy project" , Khumaltar, Lalitpur.

DFID Documents Reviewed

1. (2004) DFID Action Plan for Nepal
2. (2004), Nepal Country Assistance Plan 2004-2008.
3. DFID/Nepal (2007) Interim Country Assistance Plan (Mimeo), November 2007-April 2009.
4. (2005), DFID working paper 2005
5. (2005), How to Notes' on Livelihoods and Social Inclusion (LSI) Monitoring and Evaluation
6. DFID, SDC, AUSAID (2006), Annual Report, Rights Democracy and Inclusion Fund

Gender Audit and Gender Budget Studies

1. Acharya Meena (2003a), Gender Budget Audit in Nepal , UNIFEM, New Delhi, India .
2. MOWCSW/MGEP/UNDP (2003) Gender Assessment Studies and Gender Budget Audit of MOWCSW
3. CPRA/UNIFEM (2006), Gender Budget Audit of Ministry of Forest and Soil Conservation (Mimeo)
4. CPRA/UNIFEM (2006), Gender Budget Audit of Ministry of Labor and Transport Management (Mimeo)
5. DOE/ MOES/ GON (2002), Gender Audit of MOES, Kathmandu, Nepal (Mimeo).
6. MOWCSW/MGEP/UNDP (2001) and SAHAVAGI, Engendering Nepalese Civil Service with Specific Reference to Promotion and Entry in Administrative Services, Kathmandu, Nepal.
7. MOWCSW/MGEP/UNDP (2002), Gender Assessment in the Health Sector, Kathmandu, Nepal.
8. MOWCSW/MGEP/UNDP/SAHAVAGI (2003), Gender Assessment and Gender Budget Audit of the Ministry of Local Development
9. MOWCSW/MGEP/UNDP (2002), Gender Assessment Study of the Agricultural Sector, Kathmandu, Nepal.
10. MOWCSW/MGEP/UNDP (Not dated), Gender Assessment in the Education Sector., Kathmandu, Nepal.

Statistical Reference List

1. MOF/GON: Budget Speeches, Fiscal Years 2007/08, 2006/07, 2005/06 and 2004/06
2. MOF /GON: Detailed estimates of expenditure for FY 2007/08, 2006/07 and 2005/06
3. Economic Survey, MOF/GON, FY 2006/07
4. MOF/GON: Heading wise Estimates of Expenditure for Fiscal year 2005/06, 2006/07 and 2007/08
5. Nepal Rastra Bank: Quarterly Economic Bulletin, , Number 1,2, and 3, 2007
6. MOF/GON: Source Book for Project Financed with Foreign Assistance Fiscal years 2007/08, 2006/07, 2005/06/2004/05
7. MOF/GON: 2007 Statement of Technical and Other assistance FY 2007/08,
8. CBS/GON (2006): Resilience amidst Conflict, An Assessment of Poverty in Nepal 1995-96 and 2003-04
9. CBS/NPC (2001), Population Census 2001 National Report, CBS/NPC/HMG Kathmandu, Nepal.
10. CBS/NPC (2004), Nepal Living Standards Survey, 2003/04, CBS/NPC/HMG, Kathmandu Nepal.
11. CBS/ NPC (2003) Population Projections for Nepal, 2001-2021,NPC/CBS,Kathmandu,.
12. UNDP (2007): Human Development Report 2007/08, New York, New York

Annex 1: EC NGO Funding Evaluation Criteria for Micro Projects Programme

Besides, the government EC also supports NGO activities in various fields. In order to get a good proposal it has developed a format for NGO requests. Some objectives addressed by the format are:

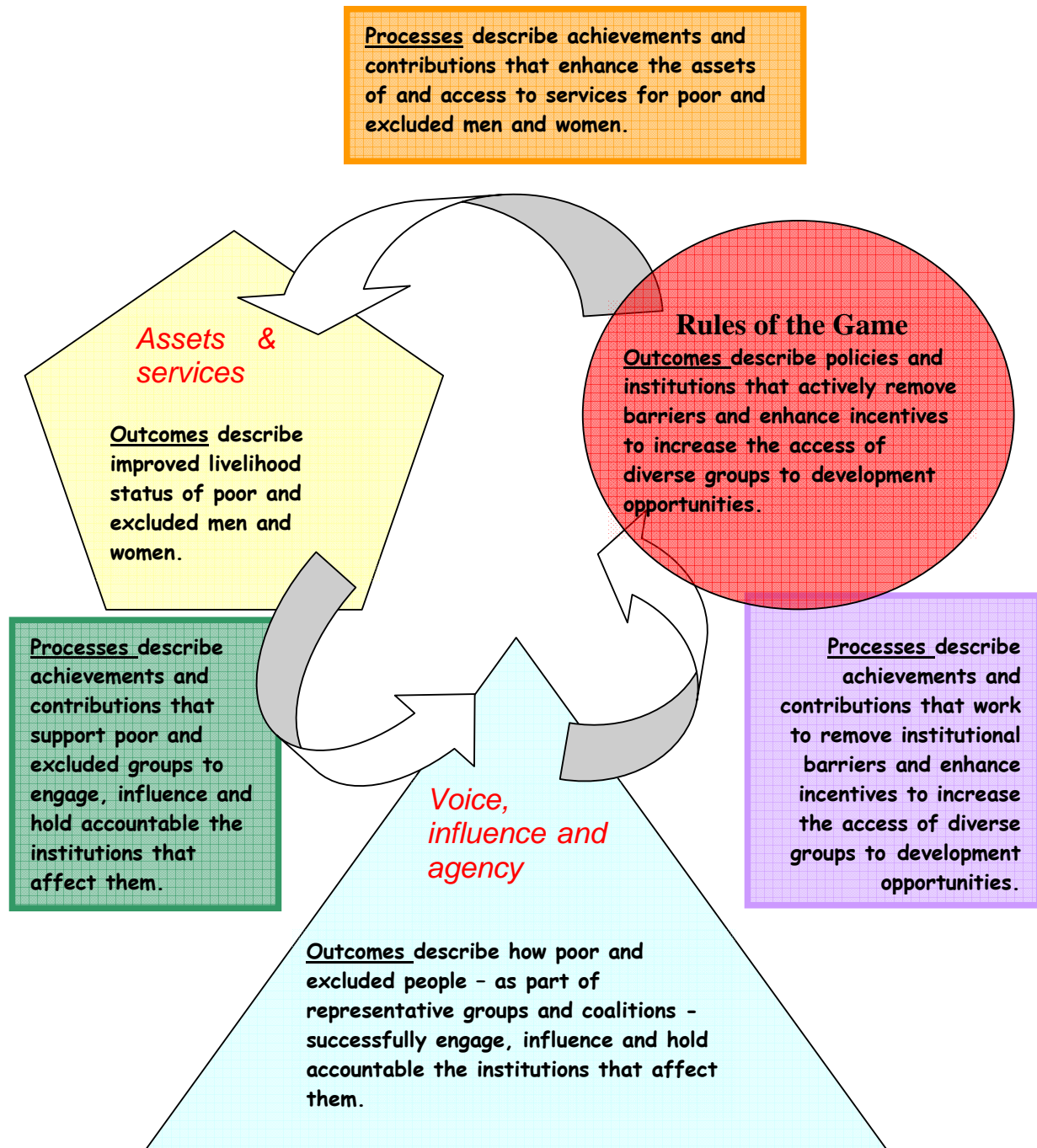
- Relevance of the action: detailed description of the targets and final beneficiaries estimated number, specific problems
- Description of the action and its effectiveness: to improve the situation of target groups/beneficiaries
- Methodology: methods of implementation with justification, procedures for follow up and internal/external evaluation, role and participation of various actors and stakeholders (local partner, target groups, local authorities), the attitudes of all stakeholders towards action and activities, any anticipated synergies with or possible constraints due to or other projects in the vicinity.
- Indicative action plan for implementing the action
- Sustainability (risk analysis and contingency plans, financial, institutional and policy level sustainability)

Annex 2: Gender Sensitivity of DFID Funded Program in GON FY 2007/08 Budget

Budget -Program Titles	DFID Grant		Percent by gender responsiveness			Total Budget GON +Aid	Other Donors
	NRs. '000	%of total budget on the item					
			Direct	Indirect	Neutral		
Agriculture Research and Development Fund	28000	36.1	0.0	93.6	6.4	77570	
Agriculture Persp Plan Monitoring & Coordination -Research and Dev. Fund	180000	55.1	0.3	23.5	76.2	326782	Japan DRF
Naradmuni Thulung Highway-Hile Leguwaghat -Bhojpur	60000	44.9	97.4	0.0	2.6	133628	India
Rural Access Road-Basantpur-Terathum	50000	49.5	50.5	0.0	49.5	101000	India
Road Network Development - Fourth Road Improvement	301742	19.8	0.0	99.0	1.0	1523279	ADB
Forestry for Livelihood	44660	48.1	0.0	14.1	85.9	92891	
Reconstruction and Rehabilitation	420000	38.9	0.0	61.1	38.9	1080000	Japan DRF
Rural Community Infrastructure Development	28457	8.4	0.0	91.6	8.4	338932	WFP
Rural Access	296000	98.7	0.0	98.7	1.3	299990	
Control of Aids & Sexually Transmitted Diseases	30998	4.3	96.5	2.5	0.9	727199	Global, Donor pool, Japan-DRF
Family Planning MCH and Female Health Volunteer	38435	3.2	98.3	0.0	1.7	1204270	Germany KFW, UNFPA,WHO, - USAID, Donor Pool
Drug and Equipment Supply	600	0.1	82.5	4.6	12.8	485050	Germany, USAID, Donor Pool
Hospital Construction, Maintenance and Management Information System	1350	4.9	0.0	51.0	49.0	27485	Germany KFW, UNFPA, WHO, Donor Pool
National Health Education, Inform. and Communication Centre	4360	7.9	3.6	82.8	13.6	55425	UNFPA,WHO, America-USAID,Donor Pool
National Training	21539	1.0	96.0	3.5	0.5	2147353	Germany KFW, UNFPA,WHO, AmericaUSAID,D onor Pool
Integrated District Health	151900	55.9	0.0	18.3	81.7	271826	UNFPA,UNICEF, GAVI,Global,Don or Pool
Institutional Development for National Volunteer Services	20548	28.3	0.0	0.0	100.0	72491	
Financial Sector Reform	102555	33.6	0.0	0.0	100.0	305036	IDA
Ministry of Finance-Investment-Miscellaneous	420000	24.4	14.6	61.0	24.4	1718830	IDA
All programmes	2201144	20.0	43.5	38.3	18.2	10989037	

Sources: Source Book for Projects Financed with Foreign Assistance, Fiscal Year 2007/08, GON/MOF, 2007.

Annex 3: The LSI -conceptual framework



Source: DFID/Nepal, 2008

Annex 4: Sector -wise Gender Responsive budget and source of funding, FY 2007/08

Sectors	NRs. in million						
	Directly Responsive	Indirectly Responsive	Neutral	Total budget	Source of funding		
					GON	ODA - Grant	ODA -Loan
Constitutional Bodies	0.0	0.0	3533.2	3533.2	2809.6	43.6	680.0
General Administration	23.8	782.9	13549.5	14356.1	14265.0	91.2	0.0
General Administration	23.8	421.5	3167.6	3613.0	3558.1	54.9	0.0
Ministry of home affairs	0.0	266.3	9295.7	9562.0	9562.0	0.0	0.0
Revenue & Financial Administration	0.0	95.1	916.1	1011.1	978.6	32.5	0.0
Planning & Statistics	0.0	0.0	170.1	170.1	166.3	3.8	0.0
Defence	0.1	76.7	10822.7	10899.5	10899.5	0.0	0.0
Social Services	15036.9	34916.6	13512.3	63465.8	38089.8	17489.1	7886.9
Education	562.4	25002.8	2506.9	28072.0	20317.9	5548.5	2205.6
Health	7549.5	1728.6	2900.5	12178.5	5920.6	6257.9	0.0
Drinking Water	1835.7	1944.3	1547.7	5327.8	2944.7	235.3	2147.9
Local Development	2051.2	4625.1	4454.2	11130.6	5443.9	2693.6	2993.1
Other Social Services	3038.1	1615.8	2103.0	6756.9	3462.6	2753.9	540.3
Economic Services	3984.2	18775.2	15007.0	37766.4	19333.3	9632.6	8800.5
Agriculture	336.1	2914.5	2574.0	5824.6	2789.1	940.7	2094.8
Irrigation	1842.5	632.9	1516.1	3991.5	2676.4	879.8	435.2
Land Reform & Survey	7.3	0.0	954.0	961.3	892.4	68.9	0.0
Forest	33.0	207.5	2058.1	2298.7	2050.8	185.9	62.0
Industry	116.2	511.9	533.8	1161.9	598.4	63.5	500.0
Communications	0.0	20.0	2123.3	2143.3	1524.4	255.0	364.0
Transportation	409.0	7120.2	1944.1	9473.3	4909.7	1775.7	2787.9
Electricity	1104.5	5981.4	563.6	7649.5	1314.6	4326.8	2008.1
Other Economic Services	135.6	1386.9	2739.9	4262.4	2577.5	1136.4	548.5
Loan Payment	0.0	0.0	22944.6	22944.6	22944.6	0.0	0.0
Miscellaneous	50.0	1483.0	14496.9	16029.9	15825.5	204.4	0.0
Total	19095.0	56034.4	93866.2	168995.6	124167.3	27460.9	17367.4

Source: Estimates of Expenditure for FY 2007/08., GON/MOF, 2007

Note: Basis of classification for Gender Responsive Budget is as follows:

- a) Programmes scoring 50 and more points - Directly Responsive
- b) Programmes scoring 20 to 50 points - Indirectly Responsive
- c) Programmes scoring less than 20 points - Neutral

**Annex 5: Modalities of aid delivery to the Ministry of Education and Sports,
FY (2005/06-2007/08)**

(NRs. million)

Program	FY 2004/05			FY 2005/06			2006/07			2007/08		
	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total	Grant	Loan	Total
Programme Support:	1596	791	2386	1760	884	2644	1678	1055	2733	1176	721	1897
Projects support	6	271	277	4	247	251	401	275	676	831	238	1068
Pool support (EFA):	1470	1304	2774	1967	922	2889	1946	1231	3177	3542	1247	4789
Grand Total	3072	2366	5438	3731	2053	5784	4026	2561	6586	5549	2206	7754

Source: MOF /GON: Detailed estimates of expenditure for FY 2007/08, 2006/07, 2005/06 and 2004/05