Swiss Cooperation Strategy
Nepal
2018-2021
# Table of Contents

Preface 3  
Abbreviations 4  
1. Context Analysis 5  
2. Swiss Foreign Policy Objectives in Nepal 8  
3. Results of Swiss Contributions from 2013 to 2017 10  
4. Implications 13  
5. Priorities, Objectives and Impact Hypotheses 14  
7. Strategic Steering 19  

Annex A: Results Framework 20  
Annex C: Scenarios and Programme Adaptation 30  
Annex E: Financial Planning - Swiss Programme Nepal 33  
Annex Fa: State Map of Nepal 34  
Annex Fb: State Map of Swiss Geographic Concentration Divided into Districts 35  
Annex Fc: State Map of Swiss Geographic Concentration Divided into Local Governments (Rural and Urban Municipalities) 36
Voters line up to cast their ballots in Basantapur, Kathmandu, on 7 December 2017 for Provincial Assembly.
Narendra Shrestha
Preface

Nepal and Switzerland have enjoyed very close, friendly and wide-ranging relations for many generations. Development cooperation is an important pillar of this relationship. Swiss assistance has accompanied and contributed to Nepal’s development for almost sixty years.

Nepal has developed impressively in recent years and it achieved most of the Millennium Development Goals ahead of time. The country is changing rapidly, with many positive drivers at work, but formidable challenges and vulnerabilities remain. The earthquakes of 2015 threw hundreds of thousands of Nepali citizens back into poverty. In the coming years, Nepal will face the challenges of implementing its newly promulgated federal constitution, installing functioning governance and administrative structures in the new provinces, and ensuring the provision of suitable and equitable services to its citizens at the community and province levels.

Under its next four-year development programme, Switzerland will support Nepal in its efforts to implement the 2030 Agenda and the Sustainable Development Goals with particular emphasis on responding to the above-mentioned challenges and overcoming the consequences of the earthquakes. Building on its long presence in Nepal’s rural and remote regions, its expertise in decentralised governance and its commitment to strengthening the most marginalised and vulnerable groups in society, Switzerland will continue supporting Nepal in a spirit of partnership.

I am confident that, on the basis of the new cooperation strategy, Swiss cooperation will make a meaningful and lasting contribution to Nepal’s development as it has in earlier years.

Swiss Agency for Development and Cooperation

Manuel Sager
Director General
Abbreviations

ADB  Asian Development Bank
ARI  Aggregated Reference Indicators
BSPC Bridge Selection and Prioritization Criteria
CAC  Community Awareness Centre
CHF  Swiss Franc
CoDs Countries of Destination
CSO  Civil Society Organisation
CSPM Conflict Sensitive Programme Management
DAG Disadvantaged Groups
DDLGN Democratisation, Decentralisation and Local Governance Network
DFID Department of International Development
DRR Disaster Risk Reduction
EAER Federal Department of Economic Affairs, Education and Research
EF-SR Employment Fund – Skills for Reconstruction
EV3 Basic services - Vocational Skills Development and employment
F Female
FDFA Federal Department of Foreign Affairs
FDI Foreign Direct Investment
FFA Fund Flow Analysis
GCC Gulf Cooperation Council
GDO Governance and Development Officer
GDP Gross Domestic Product
GESI Gender, Equity and Social Inclusion
GF Governance Facility
GoN Government of Nepal
GPMD Global Programme Migration and Development
ha hectare
HA3 Humanitarian aid - Reconstruction and rehabilitation
hh Household
HR Human Resources
HRBA Human Rights Based Approach
ICIMOD International Centre for Integrated Mountain Development
IDA International Development Association
IDPG International Development Partners’ Group
IFAD International Fund for Agricultural Development
ILO International Labour Organisation
IOM International Organisation for Migration
kg Kilogram
km kilometre
LGCDP Local Governance and Community Development Programme
m million
M Male
MDTF Multi-Donor Trust Fund
MERV Monitoring System for Development-Relevant Changes
MoF Ministry of Finance
MoFAGA Ministry of Federal Affairs and General Administration
MoFALD Ministry of Federal Affairs and Local Development
MoLE Ministry of Labour and Employment
MoLESS Ministry of Labour, Employment and Social Security
NA Not Applicable
NGO Non-Government Organisation
NHRC National Human Rights Commission
NNRFC National Natural Resources and Fiscal Commission
NPC National Planning Commission
NPO National Programme Officer
NPPR Nepal Portfolio Performance Review
NPR Nepali Rupees
NRA National Reconstruction Authority
ODA Official Development Assistance
OMS Outcome Monitoring Summary
PCM Project Cycle Management
PFM Public Finance Management
RI Reference Indicator
SAARC South Asian Association for Regional Cooperation
SCS Swiss Cooperation Strategy
SDC Swiss Agency for Development and Cooperation
SDG Sustainable Development Goals
SECO State Secretariat for Economic Affairs
TSA Treasury Single Account
UK United Kingdom
UN United Nations
VDC Village Development Committee
WB World Bank
WCF Ward Citizen Forum
1. Context Analysis

1.1 Profound demographic changes
Nepal is changing rapidly with many positive and dynamic drivers at work. Most profound is the visible demographic, geographic and economic shift from the rural hilly areas to the urban growth poles in the plains. While a majority of the population today resides in municipalities, as per the administrative definition of the country, Nepal is still predominantly rural with only around one fifth of the population living in cities. Nepal has, however, become one of the fastest urbanising countries in the world. The proportion of people living in cities is projected to double by 2050, with a concentration in market and border towns along the East-West Highway and the main north-south corridors including the Kathmandu and Pokhara valleys. This societal change will not only open new opportunities for better skilled youth in a growing urban service economy, but will also create a transformation of rural–urban linkages. Although most of the rural population today is still engaged in low-productivity subsistence farming to complement its household income, the change towards more mechanised and commercialised forms of agriculture, focused on production for the growing urban markets, has already started.

The key driver behind this rapid societal change is national and international labour migration which now adds around 30% to the country’s Gross Domestic Product (GDP). Large-scale labour migration started during the armed conflict as the main coping mechanism for the lack of employment opportunities for the 450,000 mostly unskilled young people entering the labour market every year. Today it is spurred by a young population and by increased connectivity through the rapid expansion of infrastructure and telecommunications over the past decade. An estimated 5 million (m) Nepali are working abroad as labour migrants, mainly in the Gulf Cooperation Council (GCC) countries, Malaysia and India. The current level of labour migration is likely to continue for at least another generation due to past under-investment into marketable skills of the youth and into jobs at home, and deindustrialisation. With half of the population younger than 24 years old, labour migration remains a fragile lifeline for the country for the foreseeable future.

1.2 Labour migration: a fragile engine of poverty reduction
While labour migration currently represents the greatest opportunity for economic and social advancement, it also creates vulnerabilities and risks. Remittances have been the main driver of poverty reduction and improvements in human development, allowing Nepal to achieve most of its Millennium Development Goals ahead of time. The national poverty rate dropped from 53% of

An aspiring migrant worker queuing up at the Department of Passport to renew his old passport. Patrick Rohr, Safer Migration Project
the population in 2003-04 to below 25% today, despite modest economic growth during this period. The decline in multidimensional poverty measures (education, health, living standards) and income inequality (Gini index: 0.33 in 2010) in recent decades has been impressive, but since 2013 has slowed down and came to a halt after the earthquakes of 2015 - pushing up to 1m Nepali back into poverty. Moreover, national averages mask a disquieting regional, ethnic and cast based concentration of poverty. Poverty remains higher among socially discriminated groups and in the far western and mountainous regions of Nepal. Other social indicators have also improved over the last decade, especially in urban areas, driven by the large-scale privatisation of education and health services financed primarily by the influx of remittances. Significant headway has been made towards achieving universal primary education (96% enrolment rate in 2015), and reducing child (33/1000 live births in 2015) and maternal mortality (258/100,000 live births in 2015). Positively, migration also challenges traditional social patterns and relations and leads to new forms of empowerment, including for women and members of socially discriminated groups.

Labour migration and remittances make Nepal vulnerable to changes in the global economy. There is a risk of negative impact on Nepal with the deceleration of global remittance flows due to weakening oil prices and sluggish economic growth in destination countries. Sustainable investment of remittances remains a challenge, as do the social costs of migration for the families left behind by migrant workers. The protection of migrants against fraud and abuse at home and abroad continues to be a major concern. On a positive note, Nepal now plays a more active role in managing international migration by assuming the Chair of the Colombo Process in 2017, a regional consultative process on labour migration.

1.3 Political dynamics and economic rigidities
Whereas society is profoundly transforming, the country's politics and the bureaucracy have remained centred on the Kathmandu Valley and struggled to keep pace with the country's new realities. Political institutions and governance have been fragile since constitutional democracy in 1990. The last 27 years have seen 26 governments contesting over the control of state resources and the redistribution of rents. Creating a more inclusive political culture has remained a challenge. On the upside, in 2016-17 major official and political positions - including the President, Speaker of Parliament and the Chief Justice - were held by women for the first time in Nepal's history. However, political instability has led to disillusionment with politics and to distrust in the state institutions among many Nepalis. It has also hindered the emergence of a long-term development path and the conclusion of necessary reforms to accelerate economic growth and job creation. The establishment of 753 local governments and seven states has formally turned Nepal into a federal republic. The successful holding of local elections in 2017, the first ones in two decades, has introduced a positive dynamic in the political life. Local governments and tens of thousands of elected representatives from diverse backgrounds constitute an opportunity for the renewal of the country's democratic institutions.

Nepal has not yet been able to reap substantial peace dividends and to develop its economic potential in promising sectors such as hydropower and tourism. Instead, protracted political instability and constant reshuffles in a politicised bureaucracy have stifled economic development and led to weak public investment management. Post-earthquake reconstruction has been delayed for similar reasons too. More than two years after the devastating events which killed nearly 9,000 people and led to large economic losses (corresponding to around 50% of GDP), a mere fraction of an estimated 600,000 damaged houses has been rebuilt. Due to underperforming capital expenditure, Nepal has been running a budget surplus for five years in a row. Nepal's macroeconomic stability, including very low levels of public debt, is actually a symptom of the state's inability to implement policy reforms and to realise large and complex investments, while revenues keep increasing through indirect taxation of remittances. As a result, Nepal's economy remains stuck in a low growth - low productivity and consumption dominated economy.

The risks of future disasters loom large. Nepal is vulnerable to climate change and exposed to further earthquakes and floods. Floods hit the southern part of the country in August 2017, with several districts experiencing their heaviest rains in 60 years. With climate change, some climate-related hazards may increase; such as modifications of monsoon patterns causing flash floods, especially from glacial lake outbursts. Poor construction techniques, urbanisation and environmental degradation create further vulnerability. The six-month long trade blockade along Nepal's Southern border after the promulgation of the new constitution in September 2015, showed the geopolitical vulnerability of the country. Yet, Nepal's geographic position also presents an opportunity with the booming economies of neighbouring China and India.

1.4 Federalism: an opportunity for inclusive state building
Nepal has reached a critical juncture in its modern history: the federal constitution represents a deep rupture with the centralised state that has shaped Nepal for centuries. It provides a historic opportunity to promote inclusive development and democratic accountability. Yet the implementation of the constitution is not assured. Some of its provisions remain contested, especially in the Tarai, while the lack of an overarching transition management plan and intergovernmental coordination is leading to confusion and dissatisfaction. Sporadic flare-ups of violence demonstrate that Nepali society remains marked by discrimination and unequal access to political, social and economic opportunities. Impunity and human rights violations continue unchecked. Gender based violence and discrimination across all caste and ethnic groups in access to public services and decision making processes endure. As the root causes of past conflicts related to inequality, identity, geography, gender discrimination and social exclusion remain insufficiently addressed, the risk of conflict, failures and reversals will be high.
It will therefore be vital to continue emphasising the nexus between peace and development by addressing simultaneously the political, social and economic conflicts. The implementation of the constitution must be a gradual process of legitimate state building starting from the bottom-up.

A peaceful implementation of the constitution would contribute to the emergence of a prosperous federal Nepal in which women and discriminated groups are adequately empowered and represented, and where social and economic progress continues unabated. Under such a scenario, longer-term political and social stability would provide positive signals to the economy; attract more Foreign Direct Investments (FDI); and allow for the expansion of a vibrant domestic private sector through the emergence of middle sized enterprises. Stability would also impact favourably on the relations with India and China and lead to more trade, tourism and infrastructure investments from the Northern and Southern neighbours. However, the implementation of the constitution will remain controversial. Identities and hard interests will clash over it. The integrity and the stability of the country will be at stake. It will thus be imperative to counteract these destructive forces with an institutional engagement that promotes a peaceful settlement of differences through a transparent dialogue and fair compromises.
2. Swiss Foreign Policy Objectives in Nepal

Nepal occupies a special position in the Swiss foreign policy in Asia. The policy aims to intensify bilateral relations, relations with regional organisations, as well as promoting solidarity and peace through international cooperation. In Nepal, mountaineering and development cooperation have, since the 1950s, established a dense network of private relations between Swiss and Nepali citizens. Accordingly, the activities of the Swiss government in Nepal and the bilateral relations, established in 1956, matter to the Swiss people and offer a unique opportunity to understand the interplay of interests and solidarity that mark Swiss foreign policy. For the same reasons, Nepal may represent a bridge between Switzerland and regional organisations, especially the South Asian Association for Regional Cooperation (SAARC), with its permanent secretariat hosted in Kathmandu. Switzerland pays close attention to the political trajectory of Nepal and has promoted working on the nexus between peace and development for over a decade. It has supported constitutional solutions to the Maoist insurgency and to the active discontent in the Tarai, and it continues to actively promote peace, transitional justice and the respect for human rights.

Switzerland has been represented in Nepal since 2009 through an integrated Embassy located in Kathmandu. Besides diplomatic and consular affairs, the Embassy manages the Swiss Agency for Development and Cooperation’s (SDC) South Cooperation programme and a joint post-earthquake reconstruction programme with SDC’s Humanitarian Aid. The Embassy administers a contribution by the Swiss State Secretariat for Economic Affairs (SECO) to a national multi-donor Public Financial Management (PFM) reform programme. The major Swiss implementing partners in Nepal include: Helvetas Swiss Intercooperation, Swisscontact and AF-Iteco. Only a few, small Swiss private enterprises operate in Nepal, mainly in the tourism sector.

The Swiss engagement in Nepal is aligned with the Agenda 2030 vision of Sustainable Development and a World Without Poverty and in Peace, as outlined in the Swiss Federal Dispatch to Parliament 2017-2020. The following strategic objectives of the new Dispatch are particularly relevant for Nepal:

- Prevent and manage the consequences of crisis and disaster, and of fragility; promote conflict transformation;
- Strengthen the rule of law and democratic participation; support institutions serving society and the economy;

Nepali flood victims wait for rescue effort at Kulali Village in Saptari district, Nepal on 13 August 2017. Narendra Shrestha
• Ensure the respect for human rights and fundamental liberties, and support efforts to advance their cause; and
• Strengthen gender equality and the rights of women and girls.

In the coming Swiss Cooperation Strategy period, Switzerland will address its foreign policy objectives and the development challenges in Nepal under the following three thematic priorities of the Dispatch: (1) Consolidation of Peace, Conflict Prevention, and Human Rights; (2) Employment and Economic Development; and (3) Migration.

Anchored in Nepal are two Swiss sector policies of global and regional relevance. Dependent on labour migration, Nepal holds the current Chair of the Colombo Process and coordinates regional responses to the challenges faced by migrants from South and South-East Asia. Switzerland, as an immigration country, can amplify this experience in the global dialogue on safe and regular migration.

In a different, but contiguous domain, climate change is modifying the weather and ecology of high mountains and glaciers. The Alps and the Himalayas face similar threats and require local and global measures. Locally, for the observation and management of glaciers, and globally, with specific policies on pollution and emission to be negotiated by the climate foreign policy. The Swiss supported International Centre for Integrated Mountain Development (ICIMOD) in Kathmandu offers an ideal platform to engage in this sectoral foreign policy, together with SDC’s Global Programme for Climate Change and Environment, all major regional stakeholders including China, India, and Pakistan. In addition, Nepal constitutes a test case for International Cooperation’s contribution to the reduction of fragility. It will require that the Swiss engagement continue to focus on the reduction of the root causes of conflicts, strengthen gender equality and social inclusion, and promote the protection of human rights.
The Swiss Cooperation Strategy (SCS) 2013-17 has contributed to the transformation of Nepal towards an inclusive and democratic federal state through a two-pronged approach. Domain 1, supported state and peacebuilding, while Domain 2 focused on livelihood interventions. The SCS 2013-17 defined and assessed explicitly its internal and external working modalities; it emphasised donor coordination and policy advocacy to maintain the space for development. The Swiss cooperation programme in Nepal had to also quickly adjust part of its programme in order to support post-earthquake relief, recovery and reconstruction.

3.1 Domain 1: Inclusive Federal State, Human Security and the Rule of Law
Progress in Domain 1 was slower than expected and results have been mixed. The Domain operated in a politically fragile environment and dealt with difficult and sensitive issues ranging from state building to gender-based violence, community conflicts, human rights and transitional justice. The major result of Domain 1 was the promulgation of Nepal’s federal constitution in September 2015. Formal and informal inputs by Swiss experts added to the drafting of the constitution. During the same period, support to human rights institutions resulted in more effective monitoring of human rights violations. Switzerland also contributed to further develop the capacity of the National Human Rights Commission (NHRC). The NHRC has become a more respected voice in Nepal, as demonstrated by its report that was tabled for the first time in Parliament in 2017. Swiss-supported facilitation mechanisms contributed to the peaceful resolution of more than 500 community conflicts in 30 Village Development Committees (VDCs). In addition, Local Peace Committees, established and supported under the Nepal Peace Trust Fund, were relatively effective in resolving local political conflicts, in providing relief for conflict-affected victims, and in facilitating registration with the Truth and Reconciliation Commission.

Switzerland was an important partner in designing and coordinating the multi-donor financed and government-implemented Local Governance and Community Development Programme Phase II (LGCDP II). LGCDP II led to improved relations between state and citizens in the absence of locally elected representatives, and to visible empowerment of “disadvantaged groups”1 and women through the establishment of grassroots-based “Community Awareness Centres” (CACs), of which there are over 13,000 by now (87% female members), and the “Ward Citizen Forum” (WFC), of which more than 30,000 were created. The empowerment of disadvantaged groups at the grassroots level is evidenced by one-third of the elected representatives in the 2017 local elections being formerly associated with either the CACs or WFC mechanisms. In the area of PFM, the national reform programme supported by Switzerland and other partners led to the creation of a Treasury Single Account (TSA). Across the country, 14,000 bank accounts were closed as result of the TSA, which has allowed tracking real-time data of government expenditure.

3.2 Domain 2: Improved Livelihood and Increased Resilience for People
More than 1.2m citizens, out of which 61% from disadvantaged groups and 42% women, have directly benefitted from projects under this domain, evidenced by an increase in food security, improvement in households’ nutritional status, and a reduction in poverty in the Swiss cluster districts in the East and West of the country. External circumstances, especially a surge of remittances, have measurably improved access for people, goods and services through transport infrastructure projects (more than 3,500 km of road made operable all-weather and 1,400 trail bridges constructed); increased production through agricultural projects (productivity of maize and wheat production increased by 80% and 100% respectively); improved skills responding to market demands at home and abroad (45,000 people received skills training); enhanced protection for migrant workers; and cumulatively increased the total income of mainly disadvantaged groups in Swiss intervention areas by an additional Swiss Francs (CHF) 40m as a result of employment provided in the road projects - and to some extent also in the forestry sector.

---

1 Disadvantaged groups refers to parts of the population that are both (i) socially discriminated/excluded due to caste/ethnicity/gender/religion/location, and also (ii) economically poor.
Project committees are promoting progressive empowerment by increasing executive representation from disadvantaged groups. Over the period of the strategy, executive body members of different committees consisted of a total of 58% from discriminated groups and 39% women. Women and members of discriminated groups have assumed leadership positions in committees of livelihood interventions - increasing their influence on the allocation of resources and opportunities. Service delivery by local governments and line agencies has become more inclusive through the introduction of targeted programmes and a minimum of 35% earmarking of block grants for disadvantaged groups. While a fairer allocation of the budget to target groups was institutionalised, its actual expenditure did not always fulfil expectations. Three of the seven Swiss cluster districts failed to spend the allocated budget on targeted programmes. Out of the 326 sample VDCs, more than 96% had complied with the allocation as well as the expenditure as per the government’s guidelines by the fiscal year 2016-17.

3.3 External Implementation Modalities
Switzerland has fulfilled its aid effectiveness commitments by registering almost 90% of its Official Development Assistance (ODA) to Nepal in the national budget, becoming one of the country’s best aligned bilateral partners. Switzerland is highly respected for its expertise in gender equity and social inclusion (GESI), an area where it has led the development partner working group for years and has been instrumental in establishing a common operational framework among development partners. Switzerland has ensured that key elements of participation and empowerment of women and disadvantaged groups were included in a number of government policies in sectors, including the Community Forestry Guidelines (2014), the Forest Sector Strategy (2015), and the Agriculture Development Strategy 2015-2035. The Trail Bridge Sector Wide Approach Framework was designed based on Swiss experience in the sector and now serves as a reference for the increased support Nepal is receiving from other development partners. The National Reconstruction Authority (NRA) endorsed the Swiss on-site training as the main model for masonry in earthquake resilient technology. Swiss support to safer migration influences domestic discussions and policy and led Nepal to assume the Chair of the Colombo Process.

3.4 Internal Implementation Modalities
Switzerland’s strong commitment to addressing structural inequalities has been reflected in the tools and instruments used by the Embassy to ensure inclusion of women and disadvantaged groups. Programmes and projects apply beneficiary targeting and GESI analysis to reach out to socially discriminated and economically poor as well as women. At the same time, the Embassy and its projects are expected to reflect the social diversity of Nepal in their workforce. These instruments were effective in achieving the desired quantitative results: an increasing number of the Embassy’s and projects’ staff is female or from discriminated social groups. Recent studies have indicated, however, that additional efforts are necessary to go beyond compliance with policies and guidelines. Women and members from disadvantaged groups need to be empowered also in the organisation, in order to overcome cultural barriers and in order to change social norms. The Embassy has started to address these issues systematically by including GESI in the planning and evaluation of programmes and projects, and by investing more resources in the capacity building of staff so that it deals effectively with inequality and discrimination.

3.5 Lessons Learned
The mid-term review of the SCS 2013-17 found that it was implemented efficiently given the politically fragile context of Nepal. The major lessons learned identified some shortcomings, however, which have affected the strategy’s relevance and effectiveness. Firstly, the two Domains of intervention have worked largely in isolation and not, as stated in the SCS, in an inter-related manner, thus limiting the potential for synergies. Secondly, the quantitative pursuit of outputs through livelihood projects has contributed to economic improvements among beneficiary groups, but has not always led to their social or political empowerment; additional efforts will have to be made to support women and disadvantaged groups to overcome barriers and participate meaningfully in the change of social norms. Thirdly, programme relevance and effectiveness suffered from a separation of responsibilities at the Embassy between a team responsible for domains and a team responsible for implementation modalities, rather than to take an integrated approach.
On Saturday, 25 April 2015 a 7.6 magnitude earthquake struck Barpak in the historic district of Gorkha, about 76 km northwest of Kathmandu. A devastating aftershock hit Dolakha and the surrounding areas on 12 May 2015. There were over 8,800 casualties and 22,300 injuries. The lives of 8m people, almost one-third of the population of Nepal, were impacted. Thirty one of the country’s 75 districts were affected, out of which 14 were declared ‘crisis-hit’. Rural areas were particularly devastated and further isolated due to road damages and obstructions. Around 760,000 houses, 30,000 classrooms and 1,000 health facilities, and hundreds of historical and cultural monuments were severely damaged or totally destroyed. The total value of disaster effects (damages and losses) caused by the earthquakes is estimated at CHF 7.7 billion.

Recovery and reconstruction through ongoing Swiss projects

As a longstanding development partner in Nepal, Switzerland has been able to design an integrated response to the earthquakes in line with its involvement in the country, and its established networks and partnerships. Most of the recovery funds have been used to expand existing projects in the affected areas, which allows creating synergies with ongoing programmes by responding to specific disaster related needs.

In six earthquake affected districts Switzerland has distributed seeds and provided psychosocial support. Landslide-prone areas have been stabilised through the plantation. As of summer 2017, all damaged bridges and trail-bridges in the Swiss cluster districts have been rehabilitated or reconstructed. Rehabilitation of earthquake damaged district roads in 8 districts and damaged trails in Dolakha and Gorkha has begun. These measures will contribute to support livelihoods and reconstruction through improved access to markets and the reactivation of supply chains. Also, the rehabilitation of a cultural heritage site in Dolakha, the reconstruction of the Jiri Technical School and the cheese factory in Langtang (the first Swiss project in Nepal in the 1950s) are ongoing.

Support to the “home owner driven” Rural Housing Reconstruction Programme

People with damaged houses in rural areas are eligible to receive a grant of Nepali Rupees (NPR) 300’000 (CHF 3’000) from the government in order to rebuild their houses safely. They are supported by trained masons and government engineers. The programme is run under the leadership of the NRA, which was established in December 2015. Changes in NRA leadership, complicated reconstruction policies, understaffed local authorities and a vast geographical area to cover are amongst the reasons for a slow implementation process.

Switzerland has contributed CHF 7m to the Multi-Donor Trust Fund (MDTF) for national housing reconstruction managed by the World Bank. The MDTF activities are supportive of both the government’s rural housing reconstruction programme and the WB’s US Dollar 200m Earthquake Housing Reconstruction Project (EHRP). Through the MDTF, Switzerland is able to participate in policy dialogue with development partners and the NRA.

Training of construction artisans has been identified as a key component of the “build back better and safer” process. Switzerland has extended its funding to the Employment Fund’s Skills for Reconstruction Project (EF-SR) in order to specifically develop manuals and provide training for earthquake resilience building techniques. The project has received wide recognition from the NRA and development partners. It was up-scaled by the Government of the United Kingdom Department for International Development (DFID).

Upon request of the district authorities, Switzerland supported the enrolment, opening of bank accounts and grievance handling procedures of beneficiaries in the government’s housing reconstruction programme in Ramechhap district. As a result, it was the first district to complete the enrolment procedures in 2016. Subsequently, the NRA requested Switzerland for continued support in the implementation of its programme. In March 2017, a six months pilot phase of “Technical Support to Home Owners”, funded by Switzerland, started in three wards of Ramechhap district supporting 2,500 house owners. Its experiences were integrated into the EF-SR project.

The NRA receives support in the coordination of partner organisations through the Housing Recovery and Reconstruction Platform (HRRP). Switzerland contributed with secondments of cluster coordinators and operational costs of district offices in its eastern cluster districts. Furthermore, Switzerland co-finances with DFID the Independent Impacts and Recovery Monitoring Project by the Asia Foundation. It provides in-depth qualitative and quantitative survey data on the reconstruction and rehabilitation process.
4. Implications

The political challenges of the transition to federalism, the weak implementation capacity of government, the lack of remunerative jobs in the country and the resulting migration and inequalities, the discriminations and social exclusion, and the latent identity-based tensions all have thematic, operational and organisational implications for the Swiss cooperation programme in Nepal. These challenges must find a response in the organisational and operational cultures, as well as the thematic foci that impregnate the Swiss cooperation programme in Nepal.

At the organisational level, Switzerland and the agencies implementing the Swiss cooperation programme in Nepal will promote workforce diversity, gender balance, and inclusion of disadvantaged groups in their own structures. They will pay high attention to the security of staff, partners, and beneficiaries. The pursuit of better governance, social inclusion and development results will require an enhanced Swiss presence and political coordination at the local level. Four full-time "Governance and Development Officers (GDO)" of the Embassy will be stationed in the field.

At the operational level, Switzerland and its partners will respond to the fragility of institutions and to the uncertainties of the political processes by managing programmes in a conflict-sensitive manner. The domains of intervention will be closely integrated and will reinforce each other by fostering socio-economic opportunities on the one hand, and by promoting citizens’ political rights and responsibilities on the other hand. The integration of state building with sectoral interventions, and vice versa will lead to higher impact and synergies among the Swiss development interventions.

Thematicaly the programme will be more focused. The exit from community forestry, where Switzerland was engaged for three decades, has been completed. The rural infrastructure portfolio was significantly downsized, and the agriculture programmes have been streamlined to focus on change at the systems level. During the next strategy period, federal state building will be key to overcome political fragility and to address the root causes of persisting conflicts related to inequality, identity, geography, religion, gender discrimination and social exclusion. Putting an emphasis on fostering employment and income opportunities reflects the needs generated by rapid urbanisation and demographic transition. Linking safe migration activities and experiences to regional and global political dialogues have become imperative given the importance of the phenomenon for Nepal and for international cooperation: these challenges will now be addressed by a dedicated domain.

The staff located in the field (GDOs) will contribute to improve the implementation capacity of the newly established local governments and to promote the coordination of development partners’ initiatives at the local level. They will enhance the effectiveness of multilateral initiatives; in particular, those deployed by the WB’s International Development Association (IDA) 18 with its commitment to address drivers of conflict and fragility. Geographically, the concentration of the Swiss programme will gradually move towards the newly established State 1 in the east of the country, encompassing both hilly areas suitable for commercial agriculture, and the Tarai plains along the border with India, characterised by urbanisation and high out-migration. The still uncertain degree of devolution of power and responsibilities to the state level will determine the degree and the modalities of this new geo-political concentration over the period of the strategy. The local governments (rural and urban municipalities) hold the primary responsibility for service delivery to citizens including from disadvantaged groups. They will, therefore, constitute the main entry point for the Swiss cooperation programme in State 1. A close working relationship will also be maintained with the government of State 1, as it represents the main political counterpart for Switzerland at the subnational level. In future, State 1 may also play an important coordination function. Depending on the extent of actual devolution of powers and functions in the coming months and years, the opening of a small Swiss representative office in the capital city of State 1 may be considered during the period of the SCS 2018-21 in addition to the GDOs stationed in the field.

2 The GDOs were formerly termed “Liaison Officers”. With the start of the new strategy and its focus on enhanced field presence, their number was increased from three to four.

3 The federal government designated Biratnagar as the temporary capital city of State 1. The State 1 assembly has the possibility to change the location of the capital city in future.
5. Priorities, Objectives and Impact Hypotheses

The overall goal of the SCS 2018-21 is that “women and men benefit from equitable socio-economic development and exercise their rights and responsibilities in an inclusive federal state”. This goal will be pursued through three integrated domains of intervention, where the federal state building programmes contribute to the achievement of the sectoral outcomes, and the sectoral operations promote the progressive establishment of inclusive political and social institutions. This approach reflects long-standing Swiss reputation, competencies, and networks in Nepal, and responds to the changed context with a renewed emphasis on establishing appropriate working modalities. The total budget allocated to the four years strategy amounts to around CHF 134m.

5.1 Domain 1: Federal State Building4

The domain pursues the following goal: “citizens at subnational level build an inclusive and accountable federal state”. The impact hypothesis is built on three interrelated outcomes. The first outcome, a political mandate of the Embassy, postulates that the federal state provides political stability, social inclusion, and economic prosperity. The assumption is that the acceptance and implementation of the federal constitution represents the best possible response to the political and economic challenges that Nepal faces, with the potential to move the country out of its fragility. Switzerland will therefore create space for conflict mitigation at subnational levels, addressing issues of identity and devolution of power and resources. It will continue its support to human rights organisations to promote citizens’ civil and political rights and to monitor their violation. Switzerland will foster the creation of domestic knowledge, networks, and capacities on federalism in government and civil society.

Benefiting from the framework conditions laid out by Outcome 1, the expected Outcomes 2 and 3 are that subnational governments ensure inclusive, resilient and accountable development, and that citizens (especially women, discriminated groups and migrants) influence the functioning and decisions of the state in their favour. Pursuing Outcome 2, Switzerland will focus on inclusive institution building at the subnational level through the capacity strengthening of elected representatives and civil servants; and governance systems that ensure the devolution and exercise of power. Reforms in PFM will increase the result orientation of the budget cycle. Switzerland will facilitate multi-stakeholder dialogues to develop a better understanding of the needs, interests and demands of citizens, and of the processes and mechanisms for enhancing the democratic accountability of state institutions.

Outcome 3 will be pursued through empowerment, training and mentoring of citizens and their elected representatives. Their voice must raise in order to participate meaningfully in state restructuring and federalisation processes. Special emphasis will be given to promote leadership among discriminated groups, women and migrant workers, and to empower the most disadvantaged groups to better seize productive opportunities and to access state resources. The outcomes of Domain 1 reinforce each other and contribute to creating the governance frameworks and the political environment favourable to the implementation of the sectoral programmes coordinated in the other domains of the strategy. Domain 1 will have a national outreach in its policy component but will operationally focus on the subnational level, mainly in State 1 and partially in State 2.

5.2 Domain 2: Employment and Income5

Domain 2 works towards “women and men, especially from disadvantaged groups, find employment and increase their income”. The impact hypothesis rests on three key foci: Outcome 1: subnational governments and private institutions expand agricultural markets and increase the demand for skilled labour in rural and urban areas (through better connectivity and commercialisation of agricultural products); Outcome 2: farmers and workers, especially from disadvantaged groups, improve land and labour productivity in rural and urban areas (through better skills and technologies);

4 SDC theme in the Dispatch: “Consolidation of Peace, Conflict Prevention and Human Rights”.

5 SDC theme in the Dispatch: “Employment and Economic Development”.

They took my identity. I saw my world getting away, unable to hold it tight. Apeiron safe-home in Kathmandu is my new starting point. Gender Based Violence Project

"They took my identity. I saw my world getting away, unable to hold it tight. Apeiron safe-home in Kathmandu is my new starting point". Gender Based Violence Project
and Outcome 3: discriminated groups influence the sectoral investment decisions and the provision of sectoral services by local governments.

The pursuit of these outcomes will lead to higher agricultural productivity and employment opportunities. These changes will increase people’s incomes, especially for women and discriminated groups. The programme interventions will expand internal connectivity and reduce mobility costs through better transport infrastructure; improve productivity through the extension of pluralistic agriculture advisory services and skills development; and promote investment in local value chains through private sector operations. The domain focuses on creating an enabling environment for market systems development; on strengthening the quality of services provision; and on the ability and demand of discriminated, poor and disadvantaged groups to acquire relevant skills and services. By fostering inclusive service delivery and empowerment of women and disadvantaged groups, Domain 2 will not only strengthen people’s resilience, but also contribute to federal state building, the goal pursued by Domain 1 of the strategy. It will cooperate with SDC’s Global Programme Food Security and establish linkages with ongoing regional initiatives and policies.

While the agriculture, irrigation, and transport infrastructure projects will work with the state and local governments, the market and skills projects will work primarily with training providers, private companies and associations. In addition, while Domain 3 on migration will ensure that the training matches with the demands of the international labour market, Domain 2 will support the contribution of returning migrants. It will help recognise the skills they have acquired abroad, offer training in financial literacy and entrepreneurship, and provide investment opportunities for remittances. The experiences and learnings from the implementation will be linked with policy inputs at the federal and state levels, including with the support of the interventions under Domain 1. The three outcomes expected from Domain 2 will reinforce each other, provided the activities are concentrated in one geographical area: mainly State 1. The agriculture and transport initiatives will focus on the rural hilly areas that are centres of agricultural production, while the skills initiatives will be based primarily in the urban centres of the Tarai that concentrate service industries and from which the largest numbers of migrants originate.

5.3 Domain 3: Migration
Migration shapes Nepal’s development. A separate domain for migration is a conscious political statement by Switzerland to make the economic and social implications of foreign employment visible and ensure substantial resources to address them. The domain’s objective is that “migrants and their families are better protected by democratic institutions in Nepal and benefit from decent work conditions abroad”. This objective will increase the economic benefits of migration, by better protecting workers, and by improving the political rights of migrants and their families. Domain 3 will work at a national level on policy support, including looking at how the sector should be federalised. At subnational level, it will work in the most migration-prone areas nationwide, and with a concentration in the fast urbanising, high out-migration local government units of State 1, the

6  SDC global theme in the Dispatch: “Migration”.
adjacent local units of State 2, and the emerging recruitment areas of State 5. Domain 3 will further provide an analytical lens for the other domains on the effects of migration on development and governance mechanisms in other sectors.

The first Outcome expected in this domain is that women and men, particularly from disadvantaged groups, have increased the economic benefit from migration. Switzerland will ensure that migrant workers are better trained and prepared for the international labour market. Women workers will be trained for jobs in the formal sector where they are typically better protected than as domestic workers. Switzerland will support the recognition of skills certificates by governments and employers of destination countries in order to keep Nepali workers competitive in a fast-changing global economy characterised by a reduced demand for unskilled workers, particularly in the states of the GCC. Migrants and their families will be supported in building savings and assets. Outcome 2 envisages that federal and subnational governments have effective mechanisms for the protection of migrants and their families. The federal government will be advised to improve the protection of migrants, particularly women migrants, through better bilateral agreements with Countries of Destination (CoD) and improved services by its overseas diplomatic missions. In close collaboration with SDC’s Global Programme for Migration and Development (GPMD), Switzerland will also strengthen the capacity of the government to engage with, and contribute to the regional and international policy dialogue on labour migration, including through the Colombo Process. Links with the GPMD will further foster the exchange of knowledge and information with other migration programmes across South and South-East Asia. The expected Outcome 3 is that subnational governments take decisions and provide services that reflect the needs and interests of migrants and their families. These services should particularly reduce the negative effects on the well-being of women and children left behind by migrants. The programme will amplify the political skills of migrant representatives, allowing them to better influence government policies and budgets, including through the right to vote. By focusing on the political rights of migrants, explicit synergies will be sought between the pursuit of this outcome and the interventions aiming at federal state building (Domain 1).

Ram Babu, a returnee migrant worker unites with his family. He was duped by an agent in Nepal and sent to Qatar but his employer refused to take him on seeing the condition of his legs.

The effective management of the SCS 2018-21 will be assured through: (1) its aid modalities and strategic partnerships with Swiss implementing organisations and key bilateral and multilateral development partners; (2) the systematic integration of cross-cutting themes; (3) by applying reconstruction and disaster risk reduction as transversal programmes (4) explicit geographic and beneficiary targeting; and (5) a diverse and competent workforce.

6.1 Aid modalities and strategic partnerships
Switzerland will continue to apply a mix of aid modalities. Taking into account Nepal’s Development Cooperation Policy (2014), country systems will be strengthened wherever possible, especially in order to support the emerging institutions of the new federal state. Considering existing Swiss implementing agencies as strategic partners, in particular, Helvetas Swiss Intercoperation with its important network of field staff, will be critical to sustaining the Swiss contribution to federalism and inclusion across Nepal. This potential will be duly reflected in all future tenders for implementation services. Close coordination and joint programming will continue with like-minded development partners in order to leverage Switzerland’s influence beyond its own financial reach. Strategic partnerships will be sought with: United Kingdom (UK), Norway, and WB in federal state building; WB, Asian Development Bank (ADB) and International Fund for Agricultural Development (IFAD) in employment and income; and International Organisation for Migration (IOM) and International Labour Organisation (ILO) in migration.

Switzerland will accompany and assess the implementation of the WB’s IDA 18 commitment to reduce Nepal’s fragility, prevent conflicts, and foster employment and income via private sector development and infrastructure investments. The policy dialogue with the WB at national level will ensure that evidence gained in Nepal on the special theme “Fragility, Conflict and Violence” informs the IDA 18 Mid Term Review and the IDA 19 replenishment. Nepal constitutes an opportunity also to assess the capacity of the United Nations (UN) to combine political and development influence through the Resident Coordinator’s Office, with whom a close engagement will be maintained.

6.2 Transversal themes
Gender Equity and Social Inclusion (GESI) and the Human Rights Based Approach (HRBA) will be systematically integrated into the programme portfolio and the institutional arrangements of the Embassy in order to challenge prevalent power relations and to advance the socio-economic and political status of women and discriminated groups. These objectives will be achieved by: (a) promoting political leadership and decision making by women and discriminated groups; (b) improve their access to assets, services, and state resources; (c) strengthening capacity and understanding of right holders, duty bearers and responsibility bearers to achieve a systemic transformation of institutions; (d) enhancing the institutional competence of the Embassy and its projects and partners for a systemic application of the transversal themes; and (e) improving monitoring, GESI statistics, and evidence based policy advocacy and knowledge management and learning systems. A special focus will be given to disability inclusive development too.

The systemic transformation of institutions will be supported by building knowledge, skills and behaviours of duty bearers to plan, implement and monitor policies and programmes that address the needs and concerns of women and discriminated groups. Switzerland will continue its technical support to the International Development Partner GESI Working Group and to other stakeholders through research and capacity development initiatives on GESI and HRBA in the context of federalisation.

6.3 Reconstruction and disaster risk reduction as transversal programmes
With the goal of reducing the impacts of disasters linked to climate change and natural hazards, additional contributions to Domain 1 will come from a 2-year post-earthquake reconstruction programme and a longer-term Disaster Risk Reduction (DRR) programme. The programmes will support federal state building by ensuring the safety of citizens and economic assets from natural hazards exacerbated by climate change. At subnational
level, the focus will mainly be on capacity building for DRR and post-earthquake reconstruction, but also on raising people’s awareness about risks, the possibility of risk management and the opportunities for reconstruction. The experience at subnational level will also feed the policy dialogue at a national level with other development partners and the government. DRR will also be a transversal element in the other domains, especially Domain 2, which relies on a dependable transport infrastructure.

6.4 Geographic and beneficiary targeting
A concentration in State 1 will allow for the better creation of synergies between the three domains, and for feeding knowledge and experiences from the local level into the policy and political dialogues and donor coordination at federal and state level. The shift of resources and of programmatic focus into State 1 will be done gradually over the course of the strategy period. It is expected to be a smooth transition as the majority of geographically targeted funds are already concentrated in State 1. The shift will concern mainly the agriculture programme implemented by Helvetas Swiss Intercooperation. Despite this shift, Helvetas Swiss Intercooperation will keep a presence in State 6 in the West of the country by the engagement of its own funds and thanks to an agreement that the Embassy has reached with IFAD in 2017. IFAD will provide agriculture investments funds for State 6 through a new governmental program that will run from 2018 to 2023. Switzerland, through Helvetas Swiss Intercooperation, will provide technical assistance to the programme for the duration of the present strategy. A planned exit from Ramechhap, a focus district from the previous strategy that is now located in State 3, will be completed by mid-2019.

In terms of beneficiary targeting, the strategy will primarily target women and members of socially discriminated groups. Each intervention will set explicit quantitative targets to ensure benefits for these groups as they are considered the key agents of transformative development. An important number of them now occupy elective positions in the newly formed local governments. Specific targets will also be applied to every intervention in order to define the number of beneficiaries which are from disadvantaged groups, or which are from a migrant family background.

6.5 Human and financial resources
The programme will be based on a dedicated Human Resources (HR) strategy. The programme will be staff intensive. A reduction of the global budget and of human resources would inevitably cause a reduction of the operational programme. The budget must allow for developing and mobilising skills in sectoral and specific thematic competencies required for the implementation of the new strategy and for an effective integration of HRBA and GESI approaches in Project Cycle Management (PCM). Together with the need to maximise the potential of an increasingly diverse workforce in terms of caste, ethnicity and gender, the HR strategy will address discrimination and social exclusion. Teamwork, open communication, and high standards of integrity will be promoted. The recently revised code of conduct will be strictly enforced. Conflict Sensitive Programme Management (CSPM) will be strengthened through an enhanced ethical competence of staff and through the systematic application of the cross-cutting themes of GESI and HRBA throughout the PCM. CSPM will also remain an important instrument for context analysis and the institutional and programmatic approach of the Embassy.
7. Strategic Steering

The results framework of the strategy and the SDC Annual Reports will be the main tools for the steering of the strategy. Steering will be operationalised through a monitoring matrix based on the results framework of the strategy. The monitoring matrix will be prepared and agreed in advance for a particular year. It will be reviewed every quarter in order to assess progress towards the achievement of the SCS outcomes. The annual reports of the projects will constitute the primary source of information for results monitoring and reporting, captured through the “Outcome Monitoring Summary (OMS)” format developed by the Embassy of Switzerland in Nepal. The OMS will be complemented by a Fund Flow Analysis (FFA) of every project. The latter will not only help to assess whom the Swiss funds are directly benefitting, but will also allow understanding the power relations created at the local level by Swiss assistance. Monitoring and reporting of results and learnings will ensure disaggregated data collection, presentation and analysis, including in project and programme steering committees. Semi-annual programme and policy related workshops will be held with implementing partners and external stakeholders at state and local levels. They will contribute importantly to the steering of the programme. Moreover, information from the projects will be triangulated in the field in “real time” by the Embassy’s permanent field staff (GDOs) and through extensive and structured monitoring visits by the Embassy’s National Programme Officers (NPOs). A mid-term review of the strategy will be conducted in 2020.

Systematic risk management will be performed both for specific projects as well as in strategic steering decisions at the level of the overall programme, captured in the SDC Annual Reports for Nepal. Contextual changes and risks will be closely monitored and programme implementation will be adapted according to different scenarios (see Annex D). The latter share the same fields of observations (or “drivers”) as the Monitoring System for Development-Relevant Changes (MERV). A MERV will be conducted every 6 months at federal and state levels, which will thereby lead also to a simultaneous review of the SCS scenarios. Disbursements to the projects will be closely monitored and the financial planning will be updated accordingly every quarter of the strategy period. Management results, including the assessment of the multilateral effectiveness of IDA 18, will be monitored and followed-up through a dedicated monitoring matrix.

A farmer in Dyuthya Irrigation harvesting wheat in Sanfebagar Nagarpalika, Achham. Small Irrigation Project
Annex A: Results Framework

Domain of intervention 1: Federal State Building: Citizens at subnational level build an inclusive and accountable federal state

Swiss portfolio outcomes

1.1 Outcome statement
The federal state provides political stability, social inclusion and economic prosperity.

Contribution of Swiss Programme
Switzerland contributes to achieve the national outcome by supporting the peaceful resolution of the potential conflicts that may emerge during the implementation of the federal constitution, mainly at subnational levels and mainly in the Tarai. To do so successfully will depend primarily on the political engagement of the Embassy and the Ambassador.

Switzerland will continue to promote the mainstreaming of GESI throughout all programmes, in line with the new constitution, as a part of strengthening conflict-sensitivity.

Assumptions
• Political parties are committed and willing to mediate differences.
• Free and fair elections are held at all three levels of the state.
• Respect and commitment from the political parties and the authorities at all levels of the state to implement the inclusive provisions of the constitution.

Risks
• Elections at all levels do not happen on time, leading to further conflicts.
• Potential conflicts over natural resources/identity among the three levels of government while designing the intergovernmental fiscal framework.
• High polarisation and lack of political agreement on the contentious issues regarding the implementation of the constitution, which leads to further delays and tensions.
• Lack of political commitment to address the issues of discrimination and exclusion.
• Excessive use of force by security personnel.

Indicators

1.1.1: Social and economic conflicts successfully solved by state and local governments, especially in the Tarai (qualitative assessment).

Target (2021): Switzerland contributed to the solution of at least 5 conflicts in the Tarai through more inclusive institutions.

1.1.2: # of persons (Male (M)/Female (F)/Disadvantaged Groups (DAGs)) or households (hh) benefitting from programmes to reduce discrimination, marginalisation and exclusion in Swiss intervention areas’. (Aggregated Reference Indicators (ARI) – Fragile contexts – Inclusion (F2))

Baseline (2016): A total of 208,000 people/hh benefitted directly from livelihoods related activities of Swiss funded projects. (42% women/ 61% DAGs)
Target (2021): A cumulative total of 600,000 beneficiaries out of which 60% DAGs and 40% women.

1.1.3: # of persons (M/F/DAGs) who completed reconstructing their houses through the support of the state’s system for reconstruction in Ramechhap, Okhaldhunga and Khotang. (ARI - Humanitarian aid - Reconstruction and rehabilitation (HA3))

Baseline (2017): 2,500 (October 2017)
Target (2021): 63,000 hh

1.1.1: Free and fair elections happen at all levels.

Baseline (2017): Local elections held successfully in all local government units.
Target (2021): Regular federal, state and local elections are also held as per the constitution.

1.1.2 Inequality adjusted Human Development Index (IHDI).
Baseline (2015): 0.407
Target (2021): 0.550

1.1.3: # of persons (M/F/DAGs) that completed reconstructing their houses through the support of the state’s system for reconstruction.

Baseline (2017): 8,562 (October)
Target (2021): 640’000 hh

Country development/humanitarian outcomes

1.1 Outcome statement
Participatory, inclusive and responsive, self-governance under a federal structure.
(Mission statement of 14th Plan, National Planning Commission (NPC), p. 267)

Indicators

1.1.1: Free and fair elections happen at all levels.
Baseline (2017): Local elections held successfully in all local government units.
Target (2021): Regular federal, state and local elections are also held as per the constitution.

1.1.2 Inequality adjusted Human Development Index (IHDI).
Baseline (2015): 0.407
Target (2021): 0.550

1.1.3: # of persons (M/F/DAGs) that completed reconstructing their houses through the support of the state’s system for reconstruction.
Baseline (2017): 8,562 (October)
Target (2021): 640’000 hh

7 Swiss intervention areas refer mainly to State 1, but can also include other local units depending on the programme (Annex G, maps)
Switzerland contributes to the national outcome by building the capacities (mainly in planning, implementation, monitoring and PFM) of the state and local level governments in order for them to realise their exclusive and concurrent rights as per the new constitution. Switzerland further contributes to help “federalise” the sectors, in which SDC is active (rural infrastructure, agriculture etc.), in line with the provisions contained in the new constitution. Switzerland will also help to strengthen the subnational governments, in its intervention areas, to deliver services effectively and inclusively to the citizens, especially for women and DAGs, and to strengthen their disaster risk resilience.

Assumptions
- Newly elected political representatives are in place at all levels and are able to exercise their powers.
- Exclusive (sectoral) rights of local governments are fully devolved and respected.
- Elected representatives and inclusive provisions in the new constitution are implemented.
- Government respects and adheres to the formulae for intergovernmental fiscal transfers by the National Natural Resource and Fiscal Commission (NNRFC).

Risks
- Lack of sufficient funds at subnational levels, either due to inadequate system of intergovernmental fiscal transfers, or due to lack of internal resources.
- Lack of sufficient capacities at subnational level governments, or insufficient commitment of federal government to build the capacities of sub national governments.
- Sectoral resistance to devolve the sectors in line with the new constitution.

Indicators
1.2.1: % of local governments that define a participatory planning process in favour of women and DAGs.

Baseline (2015): Not yet available (currently 0%).
Target (2021): 80%

1.2.2: % of citizens’ satisfaction with the public services provided by the local governments in Swiss intervention areas. (Reference Indicator (RI) DDLGN)

Baseline (2018): To be established in first half of 2018.
Target (2021): Increasing trend in the satisfaction level on an annual basis (at least 2% annually).

1.3.1: % of citizens (M/F/DAGs/migrants and migrants families) surveyed agreeing that the local budget is meeting local priorities.

Target (2021): 20% increment on the baseline.

1.3.2: # of citizens (M/F) from discriminated groups empowered to participate in relevant peace, development and political processes in Swiss intervention areas. (ARI – Fragile contexts – Empowerment/Participation (F1))

Target (2021): 100% increase in participation from the baseline.
Lines of intervention (Swiss Programme)

Outcome 1.1: The federal state provides political stability, social inclusion and economic prosperity.
- Facilitate political dialogue to mediate differences, and create space for conflict resolution at the local level.
- Integrated human rights actors to monitor violations of political and civil rights.
- Foster capacity and knowledge on federalism among citizens, civil society groups and public decision makers.
- Influence policy level discourse on GESI issues.
- Review, monitor and support the programmes of the WB and the UN to address fragility.
- Advocate for the operations of development partners to contribute to federal state building.

Outcome 1.2: Subnational governments ensure inclusive and accountable development.
- Support the establishment of institutions, capacity, and rules and regulations at national and subnational levels for the implementation of the constitution.
- Contribute to capacity building of locally elected representatives in order for them to strengthen and to run the new local level governments.
- Capacity building of local governments in the areas of planning, policy formulation and monitoring.
- Support to national level PFM reform, design system to link with subnational governments (e.g. TSA, single chart of account), support Office of the Auditor General to expand its mandate to subnational governments, support to increase implementation capacities to increase capital expenditure etc.
- Support to provide expertise on fiscal federalism, intergovernmental fiscal transfer schemes, establishment of NNRFC etc.
- Support to the government at all levels to manage the transition effectively, e.g. support to Ministry of Federal Affairs and General Administration (MoFAGA) (erstwhile Ministry of Federal Affairs and Local Development (MoFALD)), Government of Nepal (GoN) for inclusive policy formulation and implementation during the transition.
- Facilitate public dialogues among public institutions and citizens (including DAGs, migrants) for sectoral policy formulation and implementation.

Outcome 1.3: Citizens, especially women, discriminated groups and migrants, influence the functioning and the decisions of the state.
- Increase capacities of women and DAGs to exercise their rights and responsibilities.
- Organise multi stakeholder dialogue for inclusive policy formulation and implementation.
- Provide support to empower communities, especially, women, DAGs and migrants for meaningful participation in state restructuring processes.
- Build the capacity of elected representatives and potential community leaders, mainly of women and Dalits.
- Support the most DAGs and survivors of violence to claim resources from the state.

Resources, partnerships (Swiss Programme)

Financial Resources: CHF 26m (23.9% of the overall budget). An additional contribution of CHF 3m is expected from SECO to support national PFM reform through MDTF.

Human Resources: 1 Senior NPO (100%), 1 Senior NPO (part-time GESI), 2 NPOs (both part-time), 1 Finance Controller (part-time).

Partnerships:
- GoN: Office of the Prime Minister and Council of Ministers, MoFAGA (erstwhile MoFALD), MoFAGA (erstwhile Ministry of General Administration), Ministry of Finance (MoF), future state governments, local governments, and NNRFC.
- International Organisations: WB, ADB, UN system
- Bilateral Development Partners: Norway, UK
- International and National Non-Governmental Organisation (NGO) Implementing Partners: multiple partners through the Governance Facility (GF).

Modalities:
- Overall mixed aid modality through projects implemented by the GF - delegated cooperation to Denmark and mandating to international and national NGO partners through a Project Coordination Unit.
- Joint Financing Arrangement (on-budget and on-treasury) with GoN and other development partners.
- GESI and HRBA is followed.

Management/performance results, including indicators (Swiss Programme)

1) Development Partners ensure a coordinated and harmonised approach to support an orderly transition to federalism in alignment with the national priorities.

Indicators:
- Switzerland takes the lead in the Federalism Working Group and in at least two other sectoral development partner working groups.
- # of political and policy dialogue initiatives between Switzerland, development partners and other national actors that successfully raise GESI issues at national and subnational levels.

2) SDC projects meaningfully support the federalisation process and integrate the transversal governance where the emphasis is put on HRBA and GESI in their design and yearly plans of operation. (GESI and CSPM outcome)

Indicators:
- All projects support the sectoral devolution processes in line with the new constitution.
- All projects dedicate explicit budget and activities to strengthen HRBA and GESI in implementation and monitoring.
- All projects apply a targeting approach to reach DAGs and work force diversity principles to have a more inclusive workforce in their teams.

3) Country strategies and programmes of the WB and UN address the root causes of conflict, are conflict sensitive and foster the creation of a federal state. (GESI and CSPM outcome)

Indicators:
- Support to federalisation is impregnated in the design of new strategies, projects and programmes, absorption capacity of decentralised entities is respected.
- Working modalities related to the IDA special themes Fragility, Conflict and Violence and jobs between field level – Head Quarter Bern – Executive Director Office in Washington D.C./UN Mission New York City established.
- Opportunities and risks identified in Nepal related to the implementation of the IDA 18 special themes Fragility, Conflict and Violence inform the global policy dialogue with the WB.
<table>
<thead>
<tr>
<th>Swiss portfolio outcomes</th>
<th>Contribution of Swiss Programme</th>
<th>Country development / humanitarian outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2.1 Outcome statement</strong></td>
<td>Switzerland contributes to the national goal by supporting improved rural-urban physical connectivity, enhancing agriculture commercialisation in the rural hills, and improving vocational skills in the urban growth centres. These contributions will create more employment opportunities for skilled rural and urban people, and promote the expansion of domestic markets for agriculture. <strong>Assumptions</strong></td>
<td><strong>2.1 Outcome statement</strong> Socio-economic transformation and poverty reduction through a productive and employment oriented economic growth. (Mission statement of 14th Plan, NPC, p. 22)</td>
</tr>
<tr>
<td><strong>Indicators</strong></td>
<td></td>
<td><strong>Indicators</strong></td>
</tr>
<tr>
<td>2.1.1: # of people (M/F/DAGs) gainfully employed after training in Swiss intervention areas. (ARI – Basic services - Vocational Skills Development and employment (EV3)) <strong>Baseline (2017):</strong> 0 (base year). <strong>Target (2021):</strong> 16,000 jobs (cumulative) and 600,000 person days of employment (60% DAGs; 40% women).</td>
<td>2.1.1: % annual increase in daily wages. <strong>Baseline (2017):</strong> Skilled labour= NPR 700/day; Unskilled labour= NPR 500/day. <strong>Target (2021):</strong> Skilled/Unskilled labour = Inflation adjusted increment.</td>
<td><strong>Baseline (2017):</strong> Not Applicable (NA). <strong>Target (2019):</strong> More than 50% of the total investment required in all sectors comes from the private sector.</td>
</tr>
<tr>
<td>2.1.2: # of new private investments induced as a result of Swiss funded project interventions. (RI – Employment and Economic Development) <strong>Baseline (2017):</strong> 0 <strong>Target (2021):</strong> A visible change in the private sector investments in the 5 value chains that Switzerland is promoting, meaning new or additional investments by the private sector for the benefit of smallholder farmers.</td>
<td><strong>Baseline (2017):</strong> Not Applicable (NA). <strong>Target (2019):</strong> More than 50% of the total investment required in all sectors comes from the private sector.</td>
<td>**2.1.3: % increase in employment rate of youths (18 - 39 years of age) per annum. <strong>Baseline (2016):</strong> 2.9% <strong>Target (2019):</strong> 3.5%</td>
</tr>
<tr>
<td>2.1.3: Decrease in transportation costs for people and goods in Swiss intervention areas. (NPR/pax/time/kilometre(km)) <strong>Baseline (2017):</strong> NPR 15/pax/km; NPR 0.68/kilogramme (kg)/km. <strong>Target (2021):</strong> 20% reduction (inflation adjusted).</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2.2 Outcome statement</strong> Farmers and workers, especially from DAGs, improve land and labour productivity in rural and urban areas (through better skills and technologies). Switzerland contributes to the development of technological innovations and entrepreneurship in close collaboration with the private sector in Nepal in the areas of agricultural extension services and markets, skills and rural infrastructure. The interventions aim at reforming the system for qualifying people at higher levels skills. They will lead to better employability and higher incomes. As a result of Swiss interventions into the improvements of agricultural technology and physical connectivity, people in rural and urban areas will benefit from saved time and costs; and increases in productivity.</td>
<td><strong>2.2 Outcome statement</strong> Private sector’s investment, technical innovations and enabling environment provided by the GoN increases income and productivity in agriculture and service sectors. (Mission statement of 14th Plan, NPC, p. 23)</td>
<td></td>
</tr>
</tbody>
</table>
### Assumptions
- Increased private sector participation in productive sectors of the economy.
- Private sector has access to innovation funds allocated by the GoN.
- Effects of climate change are mitigated by the use of relevant technologies and practices.
- Trend of urbanisation continues, leading to demand for increased services.
- Opportunities for returnee migrants are available to use their skills and remittances.
- Subnational governments recognize the need for reform towards removal of constraints that hinder inclusion of poor in the markets.
- Collaboration between Council for Technical Education and Vocational Training and private sector (employers and training providers) continues.
- Demand for more productive workers leads private sector to engage in work-placed training models/apprenticeships.

### Risks
- Delays and confusions in restructuring affect the agriculture and other sectors.
- Inadequate capacities and resources at various levels of government (national and subnational).
- Environment for private sector engagement remains hampered by red tape.
- Ambiguity in devolution and power-sharing between and among different layers of the state (federal, state and local).
- Development partners’ and government subsidies distort the competitiveness in agricultural markets.

### Indicators

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Baselines (2017):</th>
<th>Target (2021):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture: 8 hours/day during the peak agricultural production season (all activities are manually/traditionally executed).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trail Bridges: Times savings of an average 0.75 hours (two ways in accessing health, education facilities and markets) for a person.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Targets (2021):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time savings of an average 2 hours/day (calculated based on hour reduction/day due to introduction of selected agriculture technologies).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trail Bridges: Maintain the average savings.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Assumptions
- Subnational governments adhere to constitutional provisions on rights and duties.
- budgets are available for subnational governments on time.
- Increased demand for services (for e.g., agricultural extensions services, connectivity, skills). Need for capacities of duty bearers at subnational government level to be strengthened in order to plan and deliver services more effectively.

### Indicators

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Baselines (2017):</th>
<th>Target (2021):</th>
</tr>
</thead>
<tbody>
<tr>
<td>% increase in gender responsive budget allocation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baseline (2017):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22.3% of total budget allocated.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target (2019):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>27% of total budget allocated.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Assumptions
- Subnational governments in their favour.
- provision of sectoral services by local sectoral investment decisions and the discrimination of groups influence the empowerment of women and discriminated groups.
- Gender mainstreaming and empowerment is ensured through equal participation of women and discriminated groups in social and economic opportunities.

### Indicators

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Baselines (2017):</th>
<th>Target (2021):</th>
</tr>
</thead>
<tbody>
<tr>
<td>% annual yield increase in maize and vegetables (kg/ha) in Swiss intervention areas.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baseline: 2,300 kg/ha</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target (2021):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maize: Increase in yield by 8%. Vegetables: Increase in yield by 10%.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Assumptions
- Subnational governments recognize the need for reform towards removal of constraints that hinder inclusion of poor in the markets.
- Collaboration between Council for Technical Education and Vocational Training and private sector (employers and training providers) continues.
- Demand for more productive workers leads private sector to engage in work-placed training models/apprenticeships.

### Indicators

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Baselines (2017):</th>
<th>Target (2021):</th>
</tr>
</thead>
<tbody>
<tr>
<td>% increase in gender responsive budget allocation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baseline (2017):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22.3% of total budget allocated.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target (2019):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>27% of total budget allocated.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Assumptions
- Subnational governments adhere to constitutional provisions on rights and duties.
- budgets are available for subnational governments on time.
- Increased demand for services (for e.g., agricultural extensions services, connectivity, skills). Need for capacities of duty bearers at subnational government level to be strengthened in order to plan and deliver services more effectively.
continued

2.3.2: % of the commitments, made during public audits and public hearings concerning sectoral projects in Swiss intervention areas, which are implemented in favour of DAGs.

**Baseline (2017): NA**

**Target (2021): 70%**

2.3.3: \# of women and members from discriminated groups in decision making positions/executive boards of different committees in Swiss funded projects and programmes. (RI - Food Security and Nutrition)

**Baseline (2017): To be confirmed by December 2017.**

**Target (2021): 30% women and proportionate people from discriminated groups; qualitative appreciation of discriminated groups’ participation in project bodies.**

**Lines of interventions (Swiss Programme)**

**Outcome 2.1: Connectivity and commercialisation of agricultural products expand markets and increase the demand for skilled labour in rural and urban areas.**
- Mobilisation of youths and returnee migrants in commercial agro-based interventions.
- Generation of inclusive employment opportunities in infrastructure, agriculture value chain and skills.
- Improve connectivity through transport infrastructure.
- Ensuring workplace safety, security, zero tolerance towards discrimination and gender based violence in all Swiss supported projects.

**Outcome 2.2: Skills and technologies improve land and labour productivity in rural and urban areas.**
- Introduction of time saving technologies (e.g. women responsive agricultural technology).
- Facilitation of joint ownership and contract farming.
- Construction/rehabilitation of farmers managed small irrigation systems. Piloting and introduction of innovative irrigation technologies.
- Training on higher level skills and certification.
- Training on agricultural value chains.
- Technical assistance services to build safer river crossings through trail and motor bridges.
- Technical assistance services to local road rehabilitation, upgrading and maintenance.

**Outcome 2.3: Discriminated groups influence the sectoral investment decisions and the provision of sectoral services by local governments in their favor.**
- Introduction of local planning processes for the preparation of sectoral plans and policies.
- Train state/local government authorities in public hearings, audits on the focused sectors.
- Assistance in improving public procurements and contracts management.
- Dissemination of rights and responsibilities of citizens (e.g. right to resources, responsibilities in maintenance of public infrastructure).

**Resources, partnerships (Swiss Programme)**

**Financial Resources:** CHF 51.5m (47.2% of the overall budget).

**Human Resources:** Swiss Programme Manager, 1 Team Leader (100%), 1 Senior NPO (+HRBA), 1 Senior NPO (+GESI), 1 Senior NPO (part-time), 1 Finance Controller (part-time).

**Partnerships:**
- GoN through respective ministries (e.g. Ministry of Agriculture, Land Management and Cooperatives (erstwhile Ministry of Agricultural Development), MoFAGA (erstwhile MoFALD), Ministry of Education, Science and Technology (erstwhile Ministry of Education), Ministry of Labour, Employment and Social Security (MoLESS) (erstwhile Ministry of Labour and Employment (MoLE)) and concerned departments/units in the subnational levels) and subnational governments.
- International Organisations: ADB, IFAD
- International Implementing Partners: Helvetas Swiss Interooperation, Swisscontact, AF-Iteco.
- National NGO Implementing Partners: Centre for Environment, Agriculture Policy Research and Development (CEAPRED), Local Initiatives for Biodiversity, Research and Development (LI-BIRD), Joint venture of GECCE - Total Management Service (TMS) - Aviyaan and private sector actors.

**Modalities:**
- In case of roads and bridges, more than 80% of fiduciary funds are leveraged from the GoN (either through multilateral donors e.g. WB and ADB or from the GoN’s own resources). International implementing partners provide technical assistance.
- Funds are reflected in the GoN budget.
- GESI and HRBA are followed.
Management/performance results, including indicators (Swiss Programme), see chapter 6 of SCS

1) Increased additional resources are leveraged through partnerships. 
**Indicators:**
- A 25% increase in financial resources leveraged through GoN and other development partners in the sectoral programmes (4 year average).

2) Switzerland is able to contribute to joint and harmonised policies and initiatives (programmes) that are owned by the GoN. 
**Indicators:**
- Three examples of harmonised policies in the sectors (Technical and Vocational Education and Training, agricultural, infrastructure) during the 4 years of the strategy.

3) Swiss supported intervention areas are able to prevent, cope with and adapt to possible natural hazards and climate change related disasters. 
**Indicators:**
- Projects in infrastructure and agriculture will take into consideration mitigation measures to reduce potential damages (for e.g. bio-engineering and retaining walls along roads and bridges, irrigation schemes, climate responsive agricultural technology).
- Number of subnational governments that have established Disaster Risk Management systems in line with the Sendai framework by 2020 (ARI – Humanitarian aid - DRR management system (HA6)).

4) Switzerland and its partner organisations in Nepal apply a conflict sensitive management approach, maintain impartiality and contribute to the reduction of conflicts (GESI and CSPM outcome). 
**Indicators:**
- Ensured zero tolerance towards any kind of discrimination in the workforce or towards gender based violence within the Embassy and the Swiss supported projects.
- Ensured GESI and HRBA in its projects.

---

**Domain of intervention 3: Migration : Migrants (MF/DAGs) and their families are better protected by democratic institutions in Nepal and benefit from decent work conditions abroad**

<table>
<thead>
<tr>
<th>Swiss portfolio outcomes</th>
<th>Contribution of Swiss Programme</th>
<th>Country development / humanitarian outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3.1 Outcome statement</strong></td>
<td>Switzerland will promote and support skilling of migrants and will ensure that the end-of-training assessments and certificates are increasingly recognised by employers and governments of relevant CoDs. This will contribute to decrease the number of unskilled migrants. Switzerland will promote financial literacy of migrant families which will lead to higher savings that can be used for productive investments, supported for example by activities in Domain 2.</td>
<td><strong>3.1 Outcome statement</strong> Impoverished, especially economically vulnerable people have increased access to sustainable livelihoods, safe and decent employment, and income opportunities. (<a href="#">United Nations Development Assistance Framework (UNDAF) 2018-22</a>)</td>
</tr>
</tbody>
</table>
| Women and men, particularly from DAGs, have increased the economic benefit from migration. | **Indicators**

- 3.1.1: % of vocational trainees having passed end of training tests recognised by employers in GCC countries. 
  **Baseline (2016):** 0 (no recognised tests yet)
  **Target (2021):** 70%

- 3.1.2: % of trained migrant aspirants (MF/Caste/Ethnicity) gainfully employed in the CoDs. (ARI - EV3)
  **Baseline (2016):** 60%
  **Target (2021):** 65% for men; 75% for women.

- 3.1.3: # of persons (MF/Caste/Ethnicity) who gained access to formal financial services in Swiss intervention areas. (ARI Economic development - Financial inclusion (E2))
  **Baseline (2017):** 1,600 of persons with access to formal financial services.
  **Target (2021):** 16,000 cumulative beneficiaries (80% women; 60% discriminated). |

**3.2 Outcome statement** Federal and subnational governments have effective mechanisms for the protection of migrants and their families. 
**Indicators**
- Switzerland provides technical support to the GoN to identify and address the gaps in the service delivery of diplomatic missions in major CoDs and to train additional staff. To enhance accountability of recruitment agencies, the complaint mechanism will be improved and

---

8 Ministry of Labour and Employment, Ministry of Foreign Affairs, Department of Foreign Employment, Foreign Employment Promotion Board
9 Deconcentrated Foreign Employment Promotion Board and Department of Foreign Employment; judicial committees at local level

26
### Indicators

#### 3.2.1: Additional resources devolved for services to migrants by Nepali diplomatic missions in major CoDs.

**Baseline (2017):** Diplomatic missions in key CoDs have 2 government staff to address migrant issues.

**Target (2021):** 2 additional staff to serve migrants.

#### 3.2.2: % of migration related complaints resolved at national and subnational level in Swiss intervention areas.

**Baselines (2017):**
- Formal mechanism at national level: 30%
- Informal mechanism at subnational level: 37%

**Targets (2021):**
- Formal mechanism at national level: 40%
- Informal mechanism at subnational level: 45%

#### 3.2.3: A high quality and substantial contribution by the GoN to regional and global policy dialogue on migration (qualitative assessment).

**Baseline (2017):** Low profile of Nepali representatives at international policy dialogues.

**Target (2021):** GoN representatives identify relevant topics to make contributions; other country representatives respond to the contributions/inputs; contributions impact conclusions of events and/or lead to further actions.

### Assumptions

- Advocacy by national and international migrant rights organisations for better employment conditions of women domestic workers and better protection of workers by Countries of Origin (CoOs) continues.
- The Colombo Process continues to discuss standard terms of employment for domestic workers.

### Risks

- CoDs remain unwilling to accept terms of employment for domestic workers in bilateral agreements with Nepal.
- Undue influence by recruitment agencies on complaint handling officers.
- High frequency of staff transfers in the relevant ministry.

### Indicators

#### 3.2.1: Capacity of labour attachés is built and legal advisors are appointed in diplomatic missions.

**Baseline (2017):** No legal advisor employed by missions.

**Target (2021):** One per mission.

#### 3.2.2: # of bilateral agreements between Nepal and CoDs with specific emphasis on the protection of domestic workers.

**Baseline (2017):** 0

**Target (2021):** 2

#### 3.2.3: Common approach and strategy on minimum wage, security, rights etc. of the workers among source countries at regional level.

**Baseline (2017):** Some common approaches to labour migration management.

**Target (2021):** Increasing number of common strategies between source and destination countries.

### 3.3 Outcome statement

Subnational governments take decisions and provide services that reflect the needs and interests of migrants and their families.

Switzerland supports the empowerment of migrant rights activists/networks at local level to address the needs of migrants and their families. Through their advocacy, and with technical assistance to subnational governments, the ground will be prepared for them to establish relevant services, particularly for the better preparation and reintegration of migrants, and to develop measures to mitigate the negative impact on the social fabric.

### Indicators

#### 3.3.1: # of citizens (M/F/DAGs) having emerged as competent advocates for migrant rights at the subnational level in Swiss intervention areas.

**Baseline (2017):** 50

**Target (2021):** 150 (M=100; F=50)

#### 3.3.2: # of local governments which have established services in support of migrants and their families in Swiss intervention areas.

**Baseline (2016):** 0

**Target (2021):** 60

### Assumption

- Local level stakeholders (security forces, political parties) continue to engage positively with the issue of migration.

### Risk

- Migration related issues are not defined explicitly as the responsibility of local bodies by the constitution and other legal frameworks.

### 3.3 Outcome statement

Foreign employment subject matters shall be included in legal and policy matters of local bodies.

(Source: Foreign Employment Policy 2012, p. 8)

### Indicator

#### 3.3.1: Safe foreign employment issues to be addressed by local governments.

**Baseline (2017):** 0

**Target (2021):** Increasing number.

---

**continued**
Lines of intervention (Swiss Programme)

Outcome 3.1: Women and men, particularly from DAGs, have increased the economic benefit from migration.

- Support the GoN to ensure access to information and the capacity of migrant rights groups to facilitate access to justice for workers.
- Enable women migrant workers with outreach interventions and tailored programmes to make informed decisions about migration.
- Capacitate private and public training centres to provide quality vocational skills trainings for men migrants; develop vocational training for women migrants in occupations that allow employment in the formal sector rather than domestic work.
- Facilitate accreditation of training centres/recognition of skills by CoDs.
- Provide financial literacy for family members of migrants to support the building of savings.

Outcome 3.2: Government mechanisms for the protection of migrants provide equitable quality services.

- Technical assistance to the GoN to address the gaps in the management of diplomatic missions and training of diplomatic mission and locally hired staff.
- Capacity building of Civil Society Organisations (CSOs) that collaborate with diplomatic missions for better protection of workers and/or advocate for improved protection of workers.
- Technical assistance to the GoN for the improvement of the complaint handling mechanism.
- Collaboration with GPMD to support the regional and global policy interventions of GoN and the implementation of key conclusions.

Outcome 3.3: Subnational governments take decisions and provide services that reflect the needs and interests of migrants and their families.

- Technical assistance to the GoN for the federalisation of foreign employment sector.
- Empowerment of migrant rights groups.
- Technical assistance to subnational governments to formulate relevant policies and establish services.
- Psychosocial support to migrant families in distress at the local level.

Resources, partnerships (Swiss Programme)

Financial Resources: CHF 22.5m (20.6% of the overall budget)

Human Resources: 1 Swiss Programme Manager, 1 Senior NPO (part-time), 1 NPO (part-time; local state building), 1 Finance Controller (part-time); 1 Senior NPO (part-time GESI)

Partnerships:
- GoN: MoF, MoLESS (erstwhile MoLE), Ministry of Home Affairs, Ministry of Foreign Affairs and concerned departments/units at the subnational level.
- International Organisations: ILO, IOM and WB.
- Development partners: UK, European Union.
- International Implementing Partners: Helvetas Swiss Intercooperation, Swisscontact.

Modalities:
- GESI and HRBA is followed.
- Working in partnership with other development actors.

Management/performance results, including indicators (Swiss Programme), see chapter 6 of SCS

1) Discriminated groups have benefitted from project interventions in the Domain Migration (GESI and CSPM outcome).

Indicators:
- All data is disaggregated according to gender, caste/ethnicity.
- Measures taken to reduce obstacles for women to fully benefit from project outcomes.
- Mid-term qualitative GESI review for each project conducted.

2) Other domains of the SCS 2018-21 have integrated the effects of migration in PCM.

Indicators:
- Analytical lens on migration provided to other domains and their underlying projects/programmes.
- Regular learning events about effects of migration and mobility across all domains.
- Projects have adopted output level indicators that reflect their interventions to address migration.

3) The Embassy’s expertise in migration is recognised.

Indicators:
- Switzerland is acknowledged by GoN and other development partners as expert in the field of migration.
- Switzerland has supported the GoN to establish a database for key indicators of the Foreign Employment Policy 2012.
- Regular exchange on best practices and lessons learnt takes place with the network Migration and Development.
### Monitoring System for the Swiss Cooperation Strategy 2018-21

#### Context Programme Donor Harmonisation and Alignment

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Programme</th>
<th>Donor Harmonisation and Alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Half yearly MERV and review of SCS scenarios.</td>
<td>Scrutiny through a monitoring matrix that reviews all the domains of the SCS 2018-21 every quarter at the Swiss Embassy level. Projectwise analysis of annual FFA results and their impact on creating/changing power relations at field level on a semi-annual basis.</td>
<td>Follow-up in the Red Book, Nepal Portfolio Performance Review (NPPR) and Aid Management Platform (AMP), ensuring that Swiss information is reflected in the government’s ODA monitoring system.</td>
</tr>
<tr>
<td>Bi-monthly local risk assessment at the field level.</td>
<td></td>
<td>Monthly International Development Partner Group (IDPG) meetings. Sectoral coordination groups under the IDPG.</td>
</tr>
<tr>
<td>Joint assessment of development space with other development partners and (local) government(s).</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Periodicity of the Monitoring Key Moments

<table>
<thead>
<tr>
<th>Monthly</th>
<th>Two-Monthly</th>
<th>Quarterly</th>
<th>Half Yearly</th>
<th>Annual</th>
<th>Mid-Term</th>
</tr>
</thead>
</table>

In addition, the monitoring will also take into consideration the following:

- While the efforts on capturing outcomes, especially through the OMS will continue, the monitoring system will go even further and assess the impact of Swiss interventions on the living conditions of the beneficiaries, also qualitatively. An impact assessment (in selected road corridors/geographic clusters) shall be envisaged towards the third/fourth year of implementing this strategy.
- Include extensive and structured monitoring visits to the field by Embassy staff, possibly also with the government counterparts and other development partners in the same area.

Align the monitoring and reporting system of the projects with the requirements of the SCS 2018-21 monitoring system that focuses also on workforce diversity, targeting, gender disaggregated data and FFA.
### Summary

**A consensus agreement among the major parties on the implementation of the constitution leads to peaceful elections at local, state and federal level, the results of which are accepted as legitimate. Despite significant confusions and tensions that will remain over functions, structures and resources, Nepal will slowly transit towards a federal, inclusive state. The economy grows mainly due to higher productivity based on increasing investment in infrastructure, private sector development, and productive use of remittances. State revenues continue to increase.**

**No overall consensus among the main parties on the content and implementation of the constitution is found in the long run, which leads to elections not being held regularly at all state levels, and/or results being contested. Federalism keeps being undermined and the root causes of the conflict remain unaddressed. This leads to a protracted transition with frequent political changes. Tensions can turn into violent conflicts and lead to radicalisation. The economy grows as in the past, mainly based on small investments in the private sector and increasing ones in infrastructure. State revenues remain high, thanks to Value Added Tax, import duties and indirect taxation of remittance flows.**

**A lack of consensus among the main parties on the content and implementation of the constitution leaves the country without regular elections at local and state levels, and may lead to a constitutional impasse. The momentum of moving towards a federal state gets lost. In this highly unstable political situation, tensions and agitations turn into violent conflicts and radicalisation, with the potential of separatist movements among the Madheshi and Tharu communities. The economy stagnates and potentially regresses. In the absence of any significant FDI, the economy remains highly vulnerable to external shocks and dependent on remittances.**

### Main Fields of Observation (from MERV)

<table>
<thead>
<tr>
<th>Main Fields of Observation</th>
<th>Scenario A</th>
<th>Scenario B</th>
<th>Scenario C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Politics/Security</strong></td>
<td>Consensus among the main parties on the constitution is established and its implementation progresses.</td>
<td>Consensus among the main parties on the content of the constitution is not found, and the core of state-restructuring and federalism is only partially implemented.</td>
<td>Consensus among main parties on the content of the constitution not found, and the constitution is not implemented.</td>
</tr>
<tr>
<td><strong>Elections</strong></td>
<td>Regular elections at local, state and federal level are held and considered legitimate.</td>
<td>Local, state and federal elections are not held regularly, and/or their legitimacy is contested.</td>
<td>Regular elections do not take place.</td>
</tr>
<tr>
<td><strong>Decentralisation, Devolution of power</strong></td>
<td>Federal restructuring and devolution of power progresses as per the spirit of the constitution.</td>
<td>State-restructuring at local level progresses slowly and haphazardly; federalism is implemented partially.</td>
<td>State-restructuring and devolution of power do not take place.</td>
</tr>
<tr>
<td><strong>Government and state institutions</strong></td>
<td>New governments and state institutions at all levels are established, functioning and more responsive; service delivery is initially delayed, increasingly effective.</td>
<td>Government institutions at local level slightly more responsive; at federal and state level ineffective and politicised.</td>
<td>Government institutions remain ineffective and politicised; state institutions are dysfunctional.</td>
</tr>
<tr>
<td><strong>Social and political unrest</strong></td>
<td>Overall trend to more stability; pockets of tensions and agitations as contested issues are settled; tensions and confusions will occur as state restructuring proceeds.</td>
<td>Political uncertainty and instability; pockets of agitation might turn occasionally into violent conflicts with potential of radicalisation and unstrained use of force.</td>
<td>High political instability with high potential for social, political and identity based agitations turning into violent conflict; potential for radicalisation and boost for separatist movements of Madheshi and Tharu communities.</td>
</tr>
<tr>
<td><strong>Foreign relations</strong></td>
<td>Stronger foreign relations favour political stability, the establishment of new trade agreements and FDI.</td>
<td>Strained foreign relations; better use of trade agreements.</td>
<td>Highly strained; more open interference by India; some trade agreements might be dissolved.</td>
</tr>
<tr>
<td><strong>Human rights development</strong></td>
<td>Increasing enforcement of rule of law leads to better protection of human rights, less impunity and corruption; overall stronger social contract.</td>
<td>Weak rule of law; independence of judiciary not guaranteed; increasing human rights violations; prevailing impunity; weak social contract.</td>
<td>Weakened rule of law with prevailing impunity and significantly increasing human rights violations, especially for most vulnerable groups; social contract erodes.</td>
</tr>
<tr>
<td><strong>Transitional justice</strong></td>
<td>Some cases resolved through the regular court system; certain level of recognition for victims through the informal process.</td>
<td>No judicial remedies for the victims; memorialisation and informal truth telling keep memory alive.</td>
<td>No judicial remedies for the victims; memorialisation and informal truth telling keep memory alive.</td>
</tr>
</tbody>
</table>

### Scenario Description

#### Consensus on the constitution and its implementation

- **Scenario A:** Consensus among the main parties on the constitution is established and its implementation progresses.
- **Scenario B:** Consensus among the main parties on the content of the constitution is not found, and the core of state-restructuring and federalism is only partially implemented.
- **Scenario C:** Consensus among main parties on the content of the constitution not found, and the constitution is not implemented.

#### Elections

- **Scenario A:** Regular elections at local, state and federal level are held and considered legitimate.
- **Scenario B:** Local, state and federal elections are not held regularly, and/or their legitimacy is contested.
- **Scenario C:** Regular elections do not take place.

#### Decentralisation, Devolution of power

- **Scenario A:** Federal restructuring and devolution of power progresses as per the spirit of the constitution.
- **Scenario B:** State-restructuring at local level progresses slowly and haphazardly; federalism is implemented partially.
- **Scenario C:** State-restructuring and devolution of power do not take place.

#### Government and state institutions

- **Scenario A:** New governments and state institutions at all levels are established, functioning and more responsive; service delivery is initially delayed, increasingly effective.
- **Scenario B:** Government institutions at local level slightly more responsive; at federal and state level ineffective and politicised. Institutions at all levels of the federal state remain overall ineffective.
- **Scenario C:** Government institutions remain ineffective and politicised; state institutions are dysfunctional.

#### Social and political unrest

- **Scenario A:** Overall trend to more stability; pockets of tensions and agitations as contested issues are settled; tensions and confusions will occur as state restructuring proceeds.
- **Scenario B:** Political uncertainty and instability; pockets of agitation might turn occasionally into violent conflicts with potential of radicalisation and unstrained use of force.
- **Scenario C:** High political instability with high potential for social, political and identity based agitations turning into violent conflict; potential for radicalisation and boost for separatist movements of Madheshi and Tharu communities.

#### Foreign relations

- **Scenario A:** Stronger foreign relations favour political stability, the establishment of new trade agreements and FDI.
- **Scenario B:** Strained foreign relations; better use of trade agreements.
- **Scenario C:** Highly strained; more open interference by India; some trade agreements might be dissolved.

#### Human rights development

- **Scenario A:** Increasing enforcement of rule of law leads to better protection of human rights, less impunity and corruption; overall stronger social contract.
- **Scenario B:** Weak rule of law; independence of judiciary not guaranteed; increasing human rights violations; prevailing impunity; weak social contract.
- **Scenario C:** Weakened rule of law with prevailing impunity and significantly increasing human rights violations, especially for most vulnerable groups; social contract erodes.

#### Transitional justice

- **Scenario A:** Some cases resolved through the regular court system; certain level of recognition for victims through the informal process.
- **Scenario B:** No judicial remedies for the victims; memorialisation and informal truth telling keep memory alive.
- **Scenario C:** No judicial remedies for the victims; memorialisation and informal truth telling keep memory alive.
<table>
<thead>
<tr>
<th>Scenario A</th>
<th>Scenario B</th>
<th>Scenario C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FDI</td>
<td>Increased FDI leads to economic growth over 5%/year.</td>
<td>Increase in FDI; economy hovers around past average of 4%/per annum.</td>
</tr>
<tr>
<td>Private sector development</td>
<td>Increased FDI leads to increased development of hydropower and tourism, and increased productivity in agriculture, water, and niche products.</td>
<td>Unconducive environment; slight FDI increase favours some development in the hydropower and tourism sectors, and some productivity increase in agriculture, water and niche products.</td>
</tr>
<tr>
<td>Public finance: Spending capacity, revenue income</td>
<td>Increased spending capacity favours investment in infrastructure; increased state revenues.</td>
<td>Slightly higher spending capacity at federal level favours investment in infrastructure.</td>
</tr>
<tr>
<td>Fiscal federalisation</td>
<td>Comprehensive PFM reform initiated, including for fiscal federalism.</td>
<td>Fiscal federalisation at local level initiated.</td>
</tr>
<tr>
<td><strong>Private sector</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>Increased opportunities create demand for higher skilled labourers.</td>
<td>Slight employment increase creates demand for skilled labourers.</td>
</tr>
<tr>
<td>Migration: remittances</td>
<td>Migration tends to slightly decrease; remittances remain stable, used more productively.</td>
<td>Out-migration tends to flatten or decrease; remittances remain stable and are used for consumption mainly.</td>
</tr>
<tr>
<td><strong>Social</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Migration: Rights of migrants</td>
<td>Rights for migrants and their families improved, including political rights.</td>
<td>Rights for migrants and their families improved.</td>
</tr>
<tr>
<td>Gender Equity and Social Inclusion</td>
<td>Increasing structural political and social inclusion of women and DAGs; stronger social contract; risk of economic disparities due to increased incomes.</td>
<td>Structural social, economic and political exclusion of women and DAGs at all levels of society continues with the trend to increase.</td>
</tr>
<tr>
<td><strong>Reconstruction, Humanitarian</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reconversion</td>
<td>Slow but steady progress.</td>
<td>Slow progress with many houses left unfinished.</td>
</tr>
<tr>
<td>Vulnerability to natural hazards (high risk of occurrence)</td>
<td>Potential for less damage through better preparedness and higher resilience.</td>
<td>Potential for high damage; neither state institutions nor society are well prepared to deal with the effects of potential natural disasters.</td>
</tr>
<tr>
<td>Programme Adaptation</td>
<td>Switzerland will maintain its programmatic focus on federal state building, employment and income and migration. It will concentrate its efforts on supporting the emergence of a federal state structure and the necessary devolution of functions, finances and administration as per the constitution. At subnational level the focus will be to ensure technical assistance to the programmes and the local governments, especially in the federalisation of the Swiss priority sectors. Efforts to work towards social inclusion at all levels of the society continue to be important, especially as the economy grows and economic disparities are likely to occur. The continuous fostering of interfaces between state and citizens will be critical. With stronger and more accountable subnational governments, Switzerland will work with CSOs primarily as service providers. As the resilience to natural hazards is increasing, the role of the Swiss humanitarian aid will be reviewed.</td>
<td>Nepal is currently in transition, moving from scenario B towards scenario A. Switzerland will work programmatically in the areas of federal state building, employment and income and migration, with the aim to contribute to state building and so human rights protection, and service delivery through CSOs, while maintaining the protection of migrants. Switzerland’s focus will remain at subnational level to ensure the implementation of the sectoral programmes and to mitigate conflicts at the local level. Frequent risk assessments together with implementing and development partners will be of highest priority. At federal level Switzerland will use political dialogue to facilitate conflict resolution among the political parties, donor coordination to maximise efforts of conflict resolution, and it will work with selected human rights organisations for the protection of human rights. As the risk of natural hazards remains high, the humanitarian aid remains integrated into the programme. A reorientation of the whole programme will be done at the strategy’s mid-term review.</td>
</tr>
</tbody>
</table>

Vision
The Swiss Representation Office in Nepal commits to valuing its human capital and recognises its management responsibility of optimising its human resources management functions as enabler of strategic change to help the organisation reach its goals through i) effectively managing a team that is technically sound and responsive to social innovation ii) defining organisational competencies that foster innovation, collaboration, partnerships, teamwork, knowledge sharing, and learning and change, and iii) supporting employees with appropriate training, capacity development, and learning opportunities that embrace essential technical and functional skills as well as behavioral competencies.

Teams that are technically sound and responsive to social innovation, analyse, prepare, design, implement, monitor, and evaluate programmes from gender roles and power relation in society (implications for, experiences of, status of women and girls, men and boys), and consider roles and responsibility of right holders and duty bearers.

The objectives of the Swiss Dispatch to Parliament 2017-2020 and the SDGs
# Annex E: Financial Planning - Swiss Programme Nepal

## Budget 2018-2021

<table>
<thead>
<tr>
<th>Financial Year:</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Total in %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domains of Intervention 1:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal State Building</td>
<td>7'000</td>
<td>7'000</td>
<td>6'000</td>
<td>6'000</td>
<td>26'000</td>
</tr>
<tr>
<td>EAER-SECO*</td>
<td>1'000</td>
<td>1'000</td>
<td>1'000</td>
<td>3'000</td>
<td></td>
</tr>
<tr>
<td><strong>Domains of Intervention 2:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment and Income</td>
<td>13'000</td>
<td>13'000</td>
<td>12'500</td>
<td>13'000</td>
<td>51'500</td>
</tr>
<tr>
<td><strong>Domains of Intervention 3:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Migration</td>
<td>4'500</td>
<td>6'000</td>
<td>6'000</td>
<td>6'000</td>
<td>22'500</td>
</tr>
<tr>
<td>Other interventions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post Earthquake Reconstruction and Small Projects</td>
<td>3'000</td>
<td>1'000</td>
<td>500</td>
<td>500</td>
<td>5'000</td>
</tr>
<tr>
<td>ICIMOD</td>
<td>1'000</td>
<td>1'000</td>
<td>1'000</td>
<td>1'000</td>
<td>4'000</td>
</tr>
<tr>
<td><strong>Total Bilateral Cooperation excluding SECO</strong></td>
<td>28'500</td>
<td>28'000</td>
<td>26'000</td>
<td>26'500</td>
<td>108'000</td>
</tr>
<tr>
<td><strong>Total Bilateral Cooperation including SECO</strong></td>
<td>29'500</td>
<td>29'000</td>
<td>27'000</td>
<td>26'500</td>
<td>112'000</td>
</tr>
</tbody>
</table>

### Funds by Swiss Federal Offices:

<table>
<thead>
<tr>
<th>Fund</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDFA-SDC Bilateral Cooperation</td>
<td>28'500</td>
<td>28'000</td>
<td>26'000</td>
<td>26'500</td>
<td>108'000</td>
</tr>
<tr>
<td>thereof: South Cooperation**</td>
<td>26'500</td>
<td>26'000</td>
<td>25'000</td>
<td>25'500</td>
<td>103'000</td>
</tr>
<tr>
<td>Humanitarian Aid***</td>
<td>2'000</td>
<td>2'000</td>
<td>1'000</td>
<td>1'000</td>
<td>6'000</td>
</tr>
<tr>
<td>FDFA-SDC Institutional Partnerships****</td>
<td>3'900</td>
<td>3'100</td>
<td>3'300</td>
<td>3'300</td>
<td>13'500</td>
</tr>
<tr>
<td>FDFA-Directorate for Resources Global Budget Nepal</td>
<td>1'900</td>
<td>2'000</td>
<td>2'100</td>
<td>2'200</td>
<td>8'200</td>
</tr>
<tr>
<td>EAER-SECO</td>
<td>1'000</td>
<td>1'000</td>
<td>1'000</td>
<td>3'000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Funds by Federal Offices</strong></td>
<td>35'200</td>
<td>34'100</td>
<td>32'400</td>
<td>32'000</td>
<td>133'700</td>
</tr>
</tbody>
</table>

*Contribution of SECO to the PFM MTF*

**Global Cooperation: The Global Programme for Climate Change is providing matching funds to SECO for the support of ICIMOD included in the budget above under other intervention*. In line with its global mandate, the Global Cooperation otherwise does not provide specific funding on a country basis.

*** HK: The funds from HK are indicated in domain 1.

**** Paffenholz, Helvetica Swiss Intercooperation, Swisscontact and Swiss Red Cross.
Annex Fa: State Map of Nepal
Annex Fb: State Map of Swiss Geographic Concentration Divided into Districts
Annex Fc: State Map of Swiss Geographic Concentration Divided into Local Governments (Rural and Urban Municipalities)