

PEI Nepal

Theory of Change

2014-2017



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ASIA-PACIFIC

Context and Problem Statement

In Nepal, absolute poverty decreased from 42 percent in 1995 to 23.8 percent in 2015. However, compared to its South Asian neighbors, Nepal continues to show the lowest economic performance with a 2013 per capita GDP estimated at USD 695. However, there are large disparities in the rates of poverty by gender, social group and geographical areas. More than 80% of Nepalese derive their livelihoods from forests and 66% of the total gainfully employed population is engaged in natural resource sectors including agriculture, forestry, and fisheries. The health and livelihoods of the poor are intricately linked with access to and control of natural resources including land, forest products, energy and water. The country's democracy is undergoing a historic transition following the end of its decade-long violent political conflict in April 2006, opting for a federal structure of governance. PEI support is aligned with Nepal's decentralization process to enhance the capacity of local governments to address chronic rural poverty and vulnerability through integrated plans and budgets that emphasize the environmental and poverty concerns of the poorest populations.

Barriers Analysis

1. Weak governmental institutional capacity for sustainable and pro-poor ENR policy design and efficient implementation across government entities.
2. Lack of adequate targeted specific evidence to justify policy and budgetary decisions that result in improved pro-poor ENR use.
3. Inadequate application of existing mainstreaming tools plus the need for additional tools for effective integration and implementation of pro-poor ENR and climate objectives.
4. Inadequate coordination between national development plans and subnational and sector plans and budgets.

Project Objective and Assumption

Objective

An improved capacity of local bodies to integrate environmental concerns of poor women and men into planning, budgeting and economic decision making at national and local levels in support of SDG 1 to end poverty in all forms, SDGs 15 to protect, restore and promote the sustainable use of land resources and terrestrial ecosystems and SDG 17 to revitalize partnerships and strengthen means of implementation.

Assumptions

Knowledge built by PEI through studies, policy briefs and cross learning activities is retained and influences decision-makers and PEI interventions are mainstreamed into large scale social mobilization as well as accountability processes that will in turn strengthen the demand for PE interventions among local governance and the capacity of local governments to deliver on these interventions.

PEI Interventions

In response to identified challenges, PEI focuses efforts in five key areas at the national and municipal levels:

Strengthening the capacity of district development committees, village development committees and municipalities to integrate environmental concerns of poor women and men into planning and budgeting through (i) the Environmentally Friendly Local Governance Framework and (ii) quality assurance of selected district level plans, budgets and policies.

Incorporating pro-poor environment and climate criteria into the Minimum Conditions Performance Measures for annual allocation of capital grants to District Development Committees, Municipalities and Village Development Committees.

Managing local revenues from natural resources through development of economic evidence and implementing recommendations for optimal generation and use of local bodies' fiscal revenue.

Integrating pro-poor environment, climate and disaster management priorities in local recovery and reconstruction plans and budgets of the two districts most severely affected by the earthquake and earthquake induced landslides and floods.

Progress

Institutionalized the environmental mainstreaming function in MoFALD by strengthening and expanding the role and capacity of the Environment Management Section of the Ministry. The section's role now includes integration of environmental issues into local planning process, implementation of the Environment Friendly Local Governance framework and reviewing/approving Initial Environmental Examination (IEE)s.

Supported the development and implementation of the Environment Friendly Local Governance framework (EFLG), which aims to create a sustainable environment-friendly society at household, village, municipality and district levels.

Inclusion of pro-poor environment and climate change criteria in the Minimum Conditions and Performance Measures that are used to allocate conditional block grants to local bodies.

In the context of post-earthquake recovery, PEI supported pro-poor green recovery and rehabilitation plans of selected villages of Myagdi and Kavrepalanchowk districts that were severely affected by landslides in 2015. This demonstrated the flexible approach of PEI that could respond to the urgent post-disaster needs of the country within its project mandate and objective.

Remaining Interventions

Local Planning: help MoFALD scale up PEI integrated planning and budgeting approaches to all DDCs and VDCs through DFID-funded EFLG programme and other relevant initiatives.

Integrate pro-poor environmental and climate issues in social mobilization guidelines and training of the LGCDP and EFLG.

Local monitoring: Ensure citizen participation and 3rd party monitoring of prioritized public investment projects.

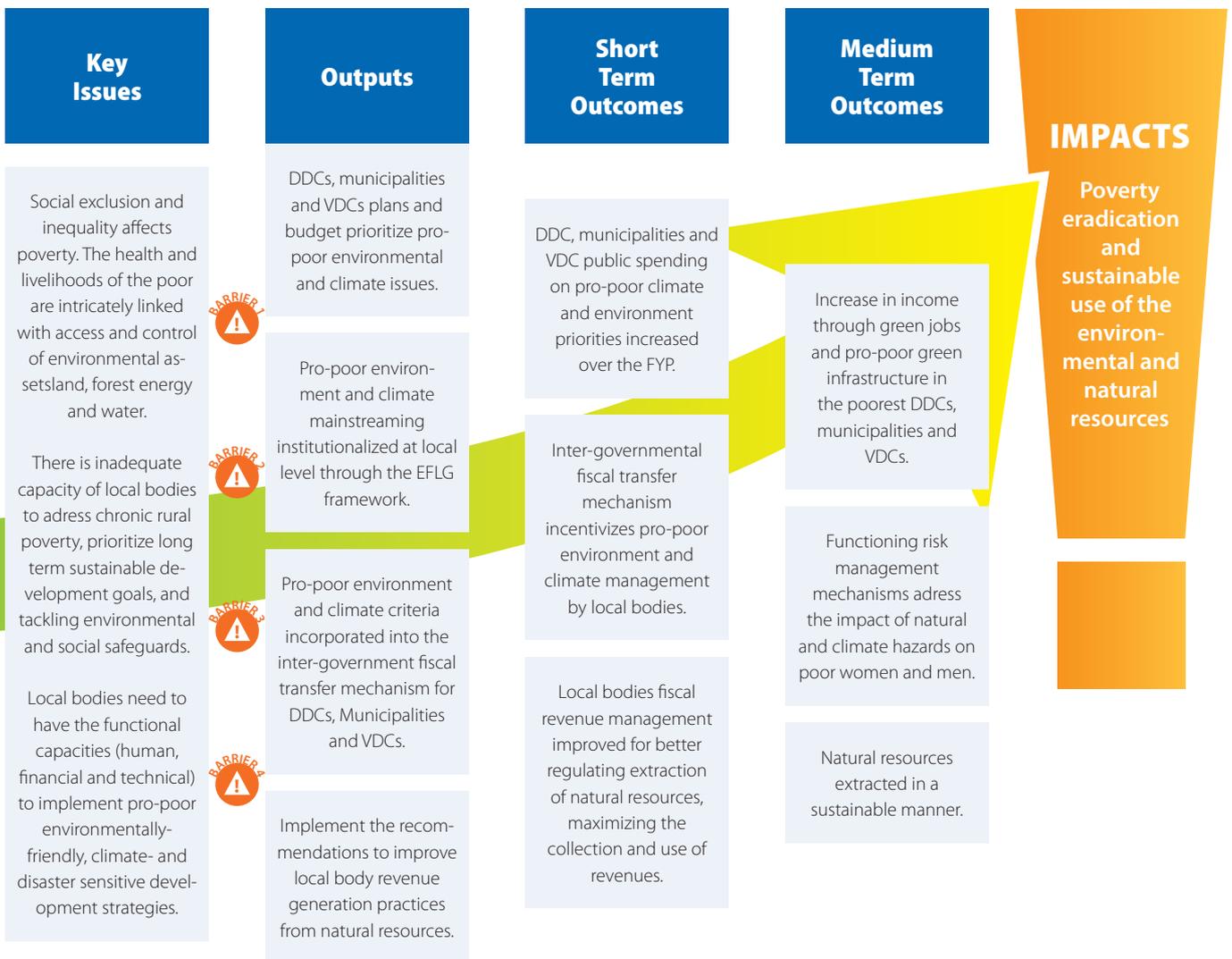
Review current intergovernmental fiscal transfer mechanism in terms of its effects to address the gap between local fiscal capacity and fiscal needs for delivering pro-poor environment and climate services.

Development of guideline for local bodies to manage sand, gravel and stones sustainably; raise revenue and invest back revenues source in source river protection.

Annex: ToC Diagram

Assumptions

Knowledge built by PEI through studies, policy briefs and cross learning activities is retained and influences decision-makers and PEI interventions are mainstreamed into large scale social mobilization as well as accountability processes that will in turn strengthen the demand for PE interventions among local governance and the capacity of local governments to deliver on these interventions.



Barriers: 1) Institutional capacity for ENR policy design and implementation 2) Lack of adequate, targeted, specific evidence 3) Application of existing mainstreaming tools or need for additional tools 4) Inadequate coordination between NDP and subnational sector plans and budgets