

MID-TERM REVIEW

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I. Overview

A. Description

Project name

Catalysing Ecosystem Restoration for Climate Resilient Natural Capital and Rural Livelihoods in Degraded Forests and Rangelands of Nepal.

Country

Nepal

GEF ID

5203

Implementing Agency

UNEP

Executing Entity

Government

Trust Fund

LDCF

Project Type

FSP

Objective

B. Key Dates

CEO Endorsement/Approval

8/12/2015

Agency Approval

4/4/2018

Implementation Start

5/25/2018

First Disbursement

2/1/2019

Expected MTR

9/19/2022

MTR Submission

3/12/2025

Actual MTR

3/31/2023

Expected Completion

7/1/2025

II. PROGRESS STATUS AND ISSUES

A. Main MTR Findings

Strategic relevance

The project is well aligned with UNEP's relevant mid-term strategies and programmes of work and the GEF/LDCF's relevant strategic priorities. The project also continues to be well aligned with Nepal's overall development and environmental policies and strategies, supports several Sustainable Development Goals (SDGs), and is in tune with subnational needs and priorities of the districts, municipalities, and local communities. In fact, one of the outstanding strengths of this project is its direct response to local needs. Interviews with stakeholders and beneficiaries on the ground confirms that the municipalities and the communities in the wards where activities are implemented express that the project is deemed highly relevant to help build resilience. Furthermore, communities communicate that project management goes through great lengths to consider local needs and priorities and integrate these into the project design and implementation.

There is also good coordination with similar activities and coherence in implementation. Efforts have been made to ensure continued cross-sectoral alignment and coordination on EbA and the project is aligned with similar activities in Nepal related to climate change, agriculture, and forestry. Efforts are in place to coordinate with these during implementation.

Due to political changes and government restructuring in 2015 along with a prolonged negotiation process on the Project Cooperation Agreement, project implementation was significantly delayed, and the project implementation modality and design had to be revised. A new project design document was released in 2019. The project design was developed on sound analysis and vulnerability assessments, including integration of lessons learned from previous initiatives, and informed by an extensive stakeholder mapping. The project is based on a climate change rationale and a clear EbA approach. Human rights are being observed. The project has developed a Gender Action Plan (GAP), a Stakeholder Engagement Plan (SEP), and a Safeguards Risk Identification Form (SRIF). However, the project lacks an exit strategy, which could advantageously be prepared before project end, to enhance sustainability of project results and define responsibilities towards maintaining project achievements and replicating successes, learning from the experience gained from the project.

The project has undergone some strategic changes related to its implementation modality and implementation of activities. However, overall, the. Changes are deemed to be relevant and have resulted in improved project implementation.

Effectiveness

Despite delays since implementation start the project has made significant progress on several project outputs. The implementation of some outputs has been delayed but the project extension should allow for all project outputs to be delivered before the project closes. Component 1 is implemented to near completion, and component 3 has also made significant headway with over half of the projected activities implemented by mid-term. Under Component 3, the reforestation work (Output 3.1) is lagging significantly. Component 2 has been slower, which was due to the late contracting of the National Policy and Review Expert (NPRE), who was not brought onboard until January 2022. This has particularly impacted Outputs 2.2 and 2.3 related to the up-scaling strategy and associated budget planning, for which work has barely commenced.

At mid-term, the achievement of the three outcomes of the project is on track but will depend on the achievement of some key remaining outputs (fully mobilizing the Technical Working Group, launching national awareness campaigns, upscaling of school curricula, developing the upscaling strategy, speeding up reforestation etc.). In particular, for outcome 1 to be realized increasing the development and dissemination of knowledge and lessons from the program requires particular focus, and for the achievement of outcome 2 the upscaling strategy needs to be finalized and taken onboard (adopted) by the Ministry of Forestry and Environment as well as other relevant line ministries prior to project closure.

Even though it is difficult to assess likelihood of impact at mid-term it can nonetheless be noted that the project is yielding some indications of broader impacts. It addresses the main adverse effects of climate change in the targeted project areas, and the immediate benefits or impacts under outcome 3 certainly point towards

more resilient communities and economies. That is, restoration of degraded habitat, improvement of terraces, plantation site, conservation and filtration ponds will have a collective impact towards improving the resilience of the communities and ecosystems. Improved agricultural lands, implementation of CLIPS, and the potential for duck or fish farming in the conservation ponds also point towards potential for raised incomes. To achieve the higher-level impact as stated by the project's theory of change, EbA activities need to become much more widespread in Nepal. At present the activities are scattered not only nationally, but also within the districts, and even within the wards. The upscaling plan will play a key role in this aspect.

The project is responsive to human rights and gender equality and have made provisions to ensure the integration and consideration of ethnic groups and women in project activities on the ground. However, some GAP recommendations remain lacking from the project, in particular with regards to ensuring the recommended targeted participation of women in central and district level trainings. While a National gender and governance expert (NGGE) was hired at project commencement, the contract has expired and was not renewed due to no funding available. This is a significant gap in the implementation of ensuring the integration of the GAP, as the PMU currently lacks the gender expertise. The SEP developed by the project has provided ample space for the engagement of project stakeholders and key actors at various level of project implementation cycle, yet indications at the mid-term review points towards low dissemination of the project grievance mechanism.

Social and environmental safeguards are partly in place, but the project significantly lacks the capacity to consistently monitor the implementation of the SRIF. The field visit confirmed several instances of waste and trash on project sites from project activities and the recurrence of health and safety hazards caused by presence of barbed wire as well as standstill water in ponds that may attract vector-borne disease.

Financial Management

The project is underspent across all its components with a total project burn rate of 42 percent as of October 2022. Per outcome, expenditure have been particularly low on outcomes 1 (22 percent) and 2 (17 percent), and better, but still lower than planned in outcome 3 (43 percent). All co-financing has been tracked, and overall, about 52 percent has materialized at mid-term, with financing flowing from all co-financing partners. The cost effectiveness of the project is affected by the slow funding modality. Though annual project activities and the budget may be planned accurately, activities are slowed down when budget release happens late. Overall, the fund flow mechanism has been one of the biggest bottlenecks for project execution.

Financial reporting has suffered from some delays, in particular audit reports have been consistently delayed. Given the standard UN templates used assessing expenditure by components it is also difficult to accurately assess spending by component as the templates do not report expenditure by component. This is further complicated by the co-execution of the budget between the Government and UNEP/UNOPS.

The biggest risk to financial reporting lies in its fund flow modality. Besides being slow, there is a risk that the funds can be mis-directed and/or used for other non-EbA II activities as it is on 'budget – on treasury' and thus directed from MOF to the district offices and municipalities; in other words, the PMU and UNEP have very little control of the fund flow. This risk was flagged in the audit report of 2019.

Efficiency

The project has experienced various delays during implementation, related to lengthy project negotiations that took 3.5 years, the political restructuring, government processes (fund flow through the line ministry budget information system [LMBIS] and procurement according to the Public Procurement Act [PPA]), and the

Covid-19 pandemic; the latter which effectively delayed implementation of the project by one full year. It deserves mentioning though that despite lengthy lock-down during the pandemic, the PMU was able to achieve headways on some activities, which did not require personal interaction and field visits. To ensure some continuity in activities, a Business Continuity Plan was developed and project visibility materials, carried out necessary procurement and recruitment, and commenced the work on publications and technical material to be used for training, capacity building and awareness raising. This allowed the project to be well-prepared to commence training activities and on-the-ground implementation once the country reopened.

As of December 2022, actual project management-related costs represented 9,7 percent of actual total project expenditure with a burn rate of 86 percent towards the total project management costs, which is considerably high. This higher project management costs must be taken within the context of the Covid-19 pandemic however where the PMU continued operations, while other (high-cost) activities were not being implemented.

Day-to-day management is well structured. The PMU is a highly qualified unit with specialists that are suitable for the assigned tasks. Recruitment of experts have been done by UNOPS and clear Terms of Reference (TORs) were prepared for each position and staff is engaged in the project activities, with technical specialists supporting when needed. There have been some issues with balancing workload with the number of staff in the PMU; in particular with regards to the financial officer, which is consistently overworked without additional support. Furthermore, on the ground, District Project Coordinators often struggle with making ends meet as compensation and DSA has proven highly insufficient to bear the cost incurred (accommodation, food etc.). The PMU also lacks the expertise necessary to ensure monitoring of the implementation of gender and social and environmental safeguards. Available evidence shows that UNEP has provided adequate technical assistance and guidance when required carrying out frequent field missions, except for during the pandemic where guidance was provided virtually through consistent follow-up.

M&E

The ProDoc includes a monitoring and evaluation plan, which includes a costed M&E plan, describes roles and responsibilities of actors, and is sufficient to monitor results and track progress toward achieving the objective. However, the results framework does not adequately represent the project activities and targeted results and was not updated based on the Baseline Assessment and GAP recommendations. While the indicators provided are generally SMART, some activities and indicators are missing; for example, there is no mention of the research grants or a specific target of how many research grants should be developed and granted through component 1. Neither does the results framework integrate the target for the establishment of nurseries and the development of sheds for yak farmers. Though the project monitors for gender, the results framework has not integrated specific gender indicators. While the quality of project reporting is good with detailed information on project activities, reporting has been somewhat delayed and not always done structurally. There is also some room to improve project reports to structure them according to components instead of just reporting on activities.

Sustainability

The sustainability of the project activities is grounded in continued country ownership of the project and associated activities, and mainstreaming implementation of EbA nationwide. As such the development of knowledge and lessons learned to feed into the national awareness campaigns, as well as the development and adoption of the upscaling strategy are key to ensuring sustainability. Indeed, the MTR mission revealed indication of a high level of country ownership, political will, and acceptance of EbA in the communities. Not only at the central level in policy, but also at the local level. Indications of replication on the ground already exists as communities interviewed noted that neighboring communities are showing interest in the techniques, and have either started using similar techniques, or hope for similar support to implement EbA.

The ProDoc included a clear and in-depth risk analysis, which have been duly monitored with adequate risk mitigation measures put in place during project implementation. The evaluator agrees that the project risk can remain low, but it would require the development of an expedited implementation plan. Furthermore, key risk factors such as the fund flow mechanism, retaining institutional memory, elections, and timely reporting needs to be managed to ensure final targets are met.

B. Stakeholder Engagement

1. The project Stakeholder Engagement Plan (SEP) was developed to ensure stakeholder's genuine interests and avoid negative and unforeseen impacts, thereby strengthening stakeholder ownership over the project. The SEP developed by the project has provided ample space for the engagement of project stakeholders and key actors at various level of project implementation cycle. Central stakeholders are engaged through the PSC and TWG meetings and local stakeholders through planning workshops.
2. Some challenges were noted in the early implementation stage where local communities did not feel included in the planning of the EbA intervention project. In particular, scope and locations were planned by the UNEP and MOFE along with local districts and did not include local communities. Interviews conducted during the field mission indicated that this is not the case any longer, as the selected communities are now fully involved in the planning of specific activities. Following suggestions from staff involved in field consultations (namely, the NAER, NAEF, NNRE and NHSE), the project has implemented a bottom-up approach to deciding on the activities to be implemented. Sub-national and local level stakeholders such as the ten (10) municipalities and 18 working wards are being directly involved in local level planning, implementation, and monitoring of project interventions; however, on the latter their engagement is lacking due to competing priorities. The local user groups are engaged at the implementation level and are the prime actors and project beneficiaries. Project DPCs are in direct communication with Municipal leaders and ward chairs for the selection, design and implementation of the interventions including the collection of work completion report and certified financial details of the interventions undertaken.
3. Section 8 of the SEP includes the grievance mechanism with contact details. The PMU is acting as the project specific grievance redress focal unit. In addition, relevant municipalities where the project interventions are being implemented function as the second point of contacts for grievance redressal mechanism. The document review for the MTR revealed that the PMU plans to regularly share the grievance mechanism with stakeholders and monitor any grievances. However, interviews and focus groups conducted with the communities revealed that there is not much knowledge about how to raise grievances about the project and where to go if issues arise in the field. As such, the MTR assesses that the GRM has not been fully implemented.

C. Gender Equality

The National Gender and Governance Expert needs to be re-mobilized in the project to consistently monitor the implementation of the GAP and play a bigger role in project implementation.

The re-mobilized NGGE could take on the role of monitoring implementation of safeguards and the SEP as well. As such he/she could take stock of the implementation of the GAP, the SEP and SRIF and provide a report on such stock-taking in time for the next PIR. Adding the responsibility of Social and Environmental Safeguards Monitoring as well as monitoring the SEP under the National Gender and Governance Expert, would be an easy addition to the TORs. Frequent monitoring and reporting would provide for enhanced implementation of all three plans.

Supervision and monitoring of these should be ongoing for the remainder of the project duration and would include carrying out site visits to monitor implementation of the GAP, the SEP and SRIF (see above).

D. Knowledge Management

The efforts to collect impact stories and lessons learned should be continued and enhanced by the PMU. The project is starting to have an impact on the ground, and these stories should be disseminated to the media for wider distribution as well as through the Government websites.

Furthermore, gathering and disseminating lessons learned will be able to enhance any follow-up activities. Specifically the lessons should help inform any future up-scaling of the project, but should also be used in related projects implemented by the Government and Development partners.

Lessons and impact stories should be shared on a regular basis in the steering committee meetings to determine how these can be better mainstreamed and shared beyond the project boundaries.

III. Core Indicators

IV: Co Financing

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Anticipated at CEO(\$)	Materialized at MTR(\$)
Recipient Country Government	Min Forests and Soil Conservation	Grant	Investment mobilized	4151000	5108000
Recipient Country Government	Min. Forests and Soil Conservation	In-kind	Investment mobilized	280000	2935350
Recipient Country Government	Min. Agricultural Development	Grant	Investment mobilized	5108000	5010347
GEF Agency	UNEP - EbA in Mountain Ecosystems	Grant	Investment mobilized	1500000	1500000
Total Co-financing				11,039,000.00	14,553,697.00

Comments

Co-finance plan has been revised since CEO ER.

V: ENVIRONMENTAL AND SOCIAL SAFEGUARDS

Overall Project/Program Risk Classification

PIF	CEO Endorsement/Approval	MTR	TE
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Low

Measures to address identified risks and impacts

VI. ANNEX

Uploaded Document

Document Category

M and E Document

Title

MTR_Nepal_5203