House of Commons
International Development Committee

DFID’s bilateral programme in Nepal

Fourteenth Report of Session 2014–15

Report, together with formal minutes relating to the report

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International Development Committee

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Conclusions and recommendations

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Summary

Nepal remains one of the world’s poorest countries, but has great economic potential if the barriers to its development such as political instability and corruption, can be overcome.

The Minister of Finance of the Government of Nepal (GoN) told us that he would like DFID to make roads and major power schemes an even greater priority; these are vital for Nepal and DFID should press the World Bank and the Asian Development Bank to increase their investments in these sectors. We broadly support DFID’s current bilateral portfolio, but DFID must ensure that its programmes are in line with the priorities of GoN and that it is aware of the political implications of its work.

Given the threats to Nepal from climate change and earthquakes, we welcome DFID’s focus on these issues. DFID has useful programmes in disaster reduction, but DFID’s work is on too small a scale. We recommend DFID engage with the GoN in urban planning, including transport planning, areas where UK has considerable expertise. If necessary, DFID Nepal should employ an additional adviser.

We commend DFID for providing technical support for the Investment Board of Nepal (IBN) when no other donors were willing to do so. Nepal is planning to construct two major hydro-electric schemes which will help address the country’s chronic power shortages. If traditional political problems are overcome and these schemes are successful, the Nepalese economy could be transformed and DFID could begin to develop an exit strategy, perhaps within five years of their successful completion.

Nepal has huge potential to benefit from tourism and the jobs it brings. We welcome DFID’s support for this industry and recommend it expands this area of its work.

Nepal suffers from poor governance. DFID has in the past provided significant funds for Elections but not for Parliament. We support DFID’s decision to drop support for national elections; other donors can fund them. We recommend DFID provide support for Parliament as soon as national elections are held, focusing on support for women MPs and committees. We recommend DFID support local elections, through its existing local government programmes if possible, not least because the absence of local elections is seen as a source of corruption.

Corruption is endemic in Nepal. We welcome ICAI’s decision to make Nepal a case study in its Anti-corruption Inquiry. DFID Nepal has responded robustly to ICAI’s report, criticising its methodology; ICAI has defended its general conclusions. We do not see the use of local NGOs in place of the state as a panacea; in corrupt societies NGOs can also be corrupt. If Nepal is to become less corrupt, improvements in governance and a change of culture have to be made to state institutions. We recommend that DFID continue to work through state institutions, but ensure funding is linked to improvements in performance. DFID’s large budget in Nepal can only be justified if there are such improvements, and should be reduced if effective action to combat corruption is not pursued vigorously by the GoN.
Increasingly DFID’s bilateral programmes are in the world’s most corrupt and fragile countries. How to work in these corrupt and fragile countries is increasingly one of DFID’s biggest problems and will be one of the biggest challenges facing not only DFID but also those charged with its oversight, including our successor Committee, ICAI and the NAO. We recommend they make this a priority in the next Parliament.

Nepal has made huge progress in health thanks in part to DFID’s provision of sector budget support. We recommend DFID continue this funding linked to continuing improvements.

We were impressed by DFID’s work with the Gurkha Welfare Scheme in water and sanitation and recommend that this joint work be expanded. We also recommend that DFID and GWS examine ways of sharing its expertise with the Government of Nepal.

Women and girls in Nepal face severe problems, including trafficking, early marriage, domestic abuse, suicide and even murder. We recommend that DFID ensure that its programmes, in particular its Security and Justice programme, adequately address changing social norms as well as ensuring justice for victims. DFID must also ensure that its centrally-managed programme on early marriage is well-integrated with its bilateral programmes and draws on DFID’s experience from around the world.
1 Introduction

1. Nepal has the potential to make great economic progress if it can overcome the barriers which have held it back for so long. Hydro-schemes could transform the economy and there are huge opportunities for tourism in a country of great beauty which lies between the huge markets of India and China. Nepal has made impressive progress towards meeting many of the MDGs, particularly in health. The economy has grown, as remittances have increased from Nepalis working overseas.

2. Yet Nepal is one of the poorest countries in the world and faces many challenges, which have held it back, including corruption, poor infrastructure, and political instability. Nepal is also one of the most disaster-prone countries in the world, facing the challenges of earthquakes and the effects of climate change.

3. DFID Nepal’s budget has increased significantly in recent years, notably from £55.93 m in 2012/13 to £104.7 million in 2013/14. In 2014/15 the figure is £86 million. DFID claims that this has meant that over the last four years it has been able to have a major impact, including building or maintaining over 4,000km of roads in remote areas; providing over 350,000 people with safe latrines; improving the livelihoods of nearly 500,000 people through work on forestry; and making over 3 million people better able to withstand the effects of climate change and natural disasters.

4. Despite the scale of DFID’s expenditure, we have not examined DFID’s work in Nepal in this Parliament. We are not looking at the whole of DFID’s programme, but we focus on a few key areas, including DFID’s role in helping Nepal adapt to the effects of climate change, reduce the risk from disasters and develop economically without increasing carbon emissions. Following ICAI’s anti-corruption report which included a study of Nepal, we decided to look at the relevant DFID programmes and at the challenges of providing sector budget support. This involves examining the £52 million DFID is spending in budget support to the health sector for the GoN’s five-year national health programme. We also looked at women and girls and water, sanitation and hygiene (WASH).

5. As part of the inquiry, we visited Nepal to review DFID’s work, where we met Ministers, Parliamentarians, senior officials, the police, and others in Kathmandu as well Nepalese people involved in DFID projects. We also went to Pokhara and the countryside to its west, visiting health posts, community forestry projects, Gurkha Welfare Scheme programmes, security and justice and disaster reduction and preparedness projects. Following the visit we held an evidence session with the Minister of State. We also received written evidence from a range of organisations, including academics, NGOs, private contractors and a

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1 Written evidence from the Department for International Development, para 6
2 Written evidence from the Department for International Development, para 6
3 For our visit, DFID provided us with in depth briefing which we have drawn on for the Report, in particular factual information
trenchant critic of DFID’s work. We are grateful for all those who helped us, especially those who put such effort into organising our visit.

2 DFID’s work

DFID’s teams and programmes

6. The DFID Nepal office is organised into three teams: Governance and Service Delivery; Economic Development; and Resilience. DFID informed us that staff work together to achieve progress in three broad areas:

"i] Harnessing opportunities for transformational change by: a) removing barriers to growth in key sectors like hydro-power, transport, agricultural markets and banking; b) strengthening public sector governance through improvements in financial management and statistical capacity, economic policies and regulations, and also by supporting change in each sector in which they work—from health to forestry and local government to climate change.

ii] Delivering immediate benefits for poor people by: a) providing jobs and other economic opportunities for poor people by focusing on strengthening access to financial services and products, market development, and job-based skills training; b) strengthening quality service delivery by strengthening local governance, delivering improved health outcomes and improving security and access to justice, including combating violence against women and girls.

iii] Safeguarding Nepal’s future from future shocks and stresses by helping to strengthen the policy and implementation of climate change adaptation approaches at the local level and supporting disaster risk reduction and strengthening local disaster management capacity.

7. DFID informed us that all its programmes focus on inequality, women and girls and climate change. The latest Operational Plan (for 2014/15 and 2015/16) as well as committing ‘DFID Nepal to increase their economic development work and strengthening those institutions that underpin growth’ also increases ‘support to women and girls and marginalised groups, and will do more to help people to adapt to the effects of climate change.

8. DFID added that it could draw on a wide range of technical expertise and, although it had a long track record in Nepal, it was increasingly looking to develop new and innovative ways of working. DFID summed up its approach as follows:

‘This Operational Plan therefore balances new, and potentially transformative, programmes (e.g. economic policy reform, private sector development and interventions on gender-based violence) with scaled-up proven approaches (for example in health services and rural infrastructure).’
9. DFID Nepal has reduced the number of ‘project lines’ in its budget from 32 in 2012 to around 20 in 2014/15. At the same time the budget has almost doubled from £60m to £103m. Their average annual spend per ‘line’ has risen from around £1.65m to closer to £4m. DFID states that this indicates a much greater efficiency in programming. DFID informed us that they had achieved this by scaling up strongly performing programmes and closing down marginal or less effective programme lines. DFID’s local governance programme, approved in December 2013, was their largest ever.

10. Despite the reduction in the number of programmes, DFID Nepal still seems to have a broad portfolio. Asked whether the programme could be further streamlined, The Minister replied:

   The strength of breadth is that you are spreading the risk... I wonder if your report, when you come to write it, will ask us to do more of anything because undoubtedly, as I say, we are doing an awful lot. We are working at capacity. …we have cut down over the last three years from some 30 programmes to 20 in order to be able to focus more particularly on the women and girls agenda …. We have moved out of primary education, largely because we felt there were other donors there who are capable of stepping up to the plate.4

11. We also questioned whether it would be possible to coordinate better the many DFID programmes which involving working with communities. Mark Smith, Deputy Head of DFID Nepal, informed us:

   DFID has invested a lot in making sure the structures exist to co-ordinate development in an environment where there are not locally elected officials and where Government capacity is weak. We recognise that, particularly in the livelihoods area, this is a risk—you are working with one bilateral programme, there are other donors working and there is a Government that lack the capacity at the local level to monitor delivery. We are doing a study at the moment; we have got a senior livelihoods adviser spending two months in Nepal looking at the coherence of our livelihoods work and making sure that the programmes fit well together and that they are not duplicating, and looking at what more we could do to build the capacity of district officials.5

**Deciding the priorities for DFID’s programmes**

12. DFID’s priorities are determined by a number of factors, including the priorities of the Government of Nepal, DFID’s own Country Poverty Reduction Diagnostic and the areas where DFID has a comparative advantage relative to other donors.

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4 Q2
5 Q3
13. When we met the Minister of Finance of Nepal, he stressed that his Government’s priorities were roads and energy. Kul Gautam and RESULTS UK informed us:

development of infrastructure—e.g. hydro-electric power, public transport system, etc has been grossly inadequate, hampering other development efforts. Chronic shortage of electricity, in a country with huge potential for generating clean energy, has kept the country literally in darkness, and led to serious environmental damage. The recent closure of Nepal’s only international airport with a single runway for many days showed Nepal’s extreme vulnerability in coping with major natural disasters. As a major donor to Nepal, DFID ought to play a leadership role in coordinating with other donors and investors to ensure that infrastructure development, e.g. for energy, water resources, public transport, and environmental protection receives adequate attention and support.6

14. We asked our Minister how DFID decided on its programme and how much account it took of the Government of Nepal’s priorities and how much of DFID’s own country poverty reduction diagnosis. He replied:

First of all, we reinforce success. Clearly, there are programmes that are very successful because of the length of time—and commitment—that we have been involved in them…Then we use the diagnostic to identify where we can make critical differences to those things that are holding back development. We identified jobs and water, the Investment Board, protection against climate change and the importance of women. With respect to the Government of Nepal and aligning with their priorities, it is essential that we do so if we are going to have the leverage and be able to work with the Government and through their systems. Happily, much of their concern with large infrastructure developments is shared with us. I would say that they are less inclined to share our commitment on inclusivity and social developments of that sort. What we cannot have is them picking and choosing and interfering, and I have made that clear.

My first stop was at the Ministry of Finance. We want a better quality of dialogue with that ministry. We have excellent access to ministries and we also have excellent access at the technical level, but there have been in recent history a number of delays in securing approval for our projects and that difference of emphasis with the ministry, which concentrates more on the big projects—big infrastructure—without concentrating as much on capacity to maintain afterwards, which we regard as vital, and all the social and inclusivity agendas that we bring with it. These are as important to us and we

6 Written evidence from Kul Gautam and RESULTS UK
have to try to educate the Government to ensure that they become their priorities too.  

Mark Smith agreed that the Minister of Finance’s policy priorities were infrastructure and support on budget, but those do not always align with the needs as we see them. That is an area where we could work to improve the relationships, but in terms of day-to-day relationships, we have great access and good working relationships, especially with line ministries.

**Donor Coordination**

15. Development Initiatives noted that spending by the UK as a proportion of total donor funding to Nepal was significant—comprising 12% (US$359 million) of all donor contributions during 2011–2013 (US$3 billion): ‘The UK has become an increasingly visible donor in Nepal—its contributions to overall donor spending in Nepal increased from 6.6% in 2011 to 11% in 2013.’

*Figure 1: ODA disbursements to Nepal (2011–2013).*

Source: Development Initiatives based on OECD DAC CRS.

16. The UK was the largest annual government donor to Nepal consistently during 2011–2013, disbursing US$360 million during this period, which is significantly higher than the disbursements of the second largest government donor, the US, during this period (US$205 million). During the same period, the largest donor to Nepal was the World
Bank’s International Development Association (IDA), which disbursed US$622 million. Following the IDA, the Asian Development Bank was the second largest donor, disbursing US$455 million of ‘Special Funds’ during this period.\(^\text{10}\)

17. Development Initiatives informed us that DFID Nepal was acting as a champion of donor best practise on transparency in Nepal; for example, DFID’s reporting to IATI of spending in Nepal can be seen via Nepal’s ‘D-portal’ platform\(^\text{11}\)--an information platform that aims to provide governments, parliamentarians and civil society with the information required to assist in the planning and monitoring of development activities. The organisation argued that to strengthen donor accountability and coordination in Nepal more widely, DFID should mobilise other donors to also publish to IATI, and report on support to gender through use of the OECD DAC Gender Equality Marker.\(^\text{12}\)

18. We had a sense from our visit that donor coordination was not as good as it might be and DFID pointed out that the Ministry of Finance had a difficult role to play as a donor co-ordinator.\(^\text{13}\) Asked about co-ordination in respect of UNICEF and the women and girls programmes, DFID informed us:

> There is no question that there is available to UNICEF a whole range of experience and best practice on the issue, and it is our job to ensure that our partners attend to that. One of our principal roles is co-ordinating and ensuring that those lessons are learned and used. \(^\text{14}\)

**Delivery**

19. DFID informed us that its

> ‘investments in Nepal are all designed in partnership with the Government of Nepal. Programme funds are channelled through different aid mechanisms, including: Government of Nepal systems, private contractors, multilaterals and NGOs.’

DFID claims that this range of mechanisms enables it to balance risk across its portfolio. Selection of project partners, whether multilateral, NGO or private sector, is based on careful consideration of value for money and ability to deliver.

20. DFID stressed the importance of working with the Government of Nepal:

> working through Government of Nepal systems is essential to ensuring sustainable approaches to poverty reduction over the longer term. It also means that they can achieve results at a national scale for comparatively
lower costs. We have gradually increased the amount of funding provided through Government systems over the Operational Plan period. At the same time, we have provided increasing amounts of support to improve public financial management and also to ensure that specific measures are put in place to mitigate the risk to UK funds. Where the risks to their funds are too great, we will provide direct delivery while also ensuring that this is aligned with Government priorities.

We questioned DFID whether it could achieve a better dialogue with GoN Ministers and senior officials and were told by the Minister:

We have got to work together collectively with the other donors. This is a joint enterprise, and I made that clear. I do not think we should over-emphasise the difference. We and the Government are working to the same end, with perhaps a slightly different emphasis, but we are on the same side. I am confident that with the access that we have and by the reinforcement of ministerial input from our side we can get to where we want. I believe that we are making significant improvements in terms of the dialogue that we are getting.15

Nevertheless, working with the Government is not easy. Mark Smith, the Deputy Head of DFID Nepal told us about how DFID approached the high turnover of staff:

The long-term approach is about building relationships with a lot of people in a ministry, not just one contact who then moves. It is about seeking to really build a relationship between the DFID office as a whole and, say, the Ministry of Health and with technical assistants in key positions who can also be part of the mix. That is one way in which we address the problem of people changing, but people do change, and in every policy dialogue we have with the Government of Nepal we do raise this as an area of concern—critical people moving at critical times.16

21. DFID plans to work more with the private sector including: substantial new investments in the agriculture, and transport sectors: the promotion of small businesses and poor people access to money to boost investment and job opportunities; and helping change Nepal’s economic and investment policies and laws so that is easier to do business.

22. DFID is also working closely with other UK Departments to deliver in areas where they have comparative advantage, for example working more closely with the FCO on political analysis, and funding the Gurkha Welfare Scheme to provide water and sanitation through the MoD.
Conclusions and recommendations

23. DFID has a broad portfolio of programmes in Nepal. We commend DFID Nepal for reducing their number and for examining the coherence of its livelihoods and communities’ programmes. We recommend that in its response to this report, DFID report on the findings of this examination.

24. The Minister of Finance of GoN told us that he would like DFID to make roads and power an even greater priority; these are vital for Nepal, but we see DFID’s task as using its influence as the world’s largest provider of ODA to ensure they invest significantly in these sectors. We broadly support DFID’s current bilateral portfolio, but DFID must ensure that its programmes are in line with the priorities of GoN and that it is aware of the political implications of its work.
3 Climate change and disaster reduction

DFID’s programmes

25. Nepal’s emissions of greenhouse gases are negligible and yet its population is amongst the most vulnerable to climate change in the world. In the remote western regions alone, over 1 million people suffer severe consequences from climate-induced disasters every year. According to DFID, Nepal is the fourth most vulnerable country to climate change and one of the 20 most disaster prone countries in the world. There have been more than 4,000 disaster-related fatalities in the last ten years and economic losses of $5.34bn. It faces a significant earthquake threat which could reverse development gains and increase the risk of conflict. As monsoon patterns change, ten million poor farmers are at greater risk from droughts, flooding and food insecurity.

26. DFID argued that climate change had been identified as a Government of Nepal priority and it had remained an area of political consensus and progress in the country. In 2011 the Government of Nepal approved a Climate Change Policy which set out the risks associated with climate change and proposed a range of priority areas. A strategic program for climate resilience was prepared and is being implemented.

27. DFID states that Nepal has taken major steps in advancing the widespread integration of adaptation measures. Climate resilience is starting to be integrated through the National Planning Commission climate-resilient planning initiative. The recent budget (2013-14) included analysis of resilience integration. DFID has supported this work through the DFID Asia Regional Team ‘Climate Proofing Growth and Development’ initiative; which is looking at climate finance and capacity building. DFID has also supported the creation and use of climate budget codes locally through the Local Governance and Community Development Programme.

28. DFID has supported Disaster and Climate Change Resilience in a number of ways:

- Nepal Climate Change Support Programme. According in DFID, as the chair of the Least Developed Countries (LDC) Group and the LDC Expert Group, Nepal has become an influential member in UNFCCC negotiations. In 2010 the Government of Nepal, with DFID support, produced a National Adaptation Programme of Action (NAPA), which sets out the immediate areas where support is required to reduce peoples’ vulnerability to climate change. DFID is supporting these for the lifetime of its current Operational Plan (2011-15). DFID and the EU are funding the first 4-year phase of the £14.6m Nepal Climate Change Support Programme (designed in collaboration with the Ministry of Technology, Science and Environment and the Ministry of Federal Affairs and Local Development),

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17 Q9
18 DFID Nepal - Operational Plan 2011-15
which includes support to design and implement local adaptation plans within 14 climate vulnerable districts to identify what changes could be made to local infrastructure, agriculture, emergency plans, services and community awareness. The aim is to make the communities more resilient to the impacts of climate change or extreme weather.

- National Rural and Renewable Energy Programme. Working with the Danish and Norwegian Embassies, DFID has been supporting the Government of Nepal’s National Rural and Renewable Energy Programme, which aims to improve the living standards of rural women and men, reduce dependency on traditional energy and increase employment by maximising productivity of rural energy. DFID claims that through its funds, 300,000 people in Nepal’s rural areas have benefitted from solar power installation.

- Support for Nepal’s work to advance the integration of adaptation measures. Climate resilience is starting to be integrated through the National Planning Commission climate resilient planning initiative. The recent budget (2013-14) included analysis on the level of resilience integration. DFID has supported this work through the DFID Asia Regional Team ‘Climate Proofing Growth and development’ initiative; which is looking at climate finance and capacity building. DFID has also supported the creation and use of climate budget codes at locally through the Local Governance and Community Development Programme.

- Multi-Stakeholder Forestry Programme. This programme is the latest in DFID’s help for the Government of Nepal expand the role of the forestry sector in helping poor people adapt to climate change and mitigate its impacts for over 30 years, which has led to significant reforestation of Nepal. Better management of forests and land not only increases forest productivity but also mitigates against the impact of landslides, flooding, soil erosion and other natural disasters which impede economic growth in Nepal. Forest products (wood fuel, timber, fodder) are essential to the livelihoods of millions of Nepal’s poorest people. DFID claims that its Multi Stakeholder Forestry Programme has enabled over 18,000 community forestry user groups (encompassing 40% of Nepal’s population) to enjoy access to forest tenure rights, resulting in improved livelihoods for nearly 500,000 people in the last 3 years.

- Support to Build Earthquake Resilience Programme. The inevitable, if unpredictable, occurrence of a major earthquake is considered the most deadly threat faced by Nepal, due to the likely massive loss of life and infrastructure. Through the Support to Build Earthquake Resilience Programme the UK is supporting Nepal to build disaster resilience by strengthening the GoN’s disaster risk management policy, “scaling up community-based disaster resilience activities” and improving preparedness for a national and international emergency response in the event of a major earthquake. Given the scale of natural hazards, and the likely increase in water-induced disasters in Nepal under climate change,
DFID Nepal is also now using the Earthquake Resilience Programme to consider the impact of floods, landslides and multi-hazard disasters.

We visited many of these programmes and questioned DFID about them.

**Rural and Renewable Energy**

29. DFID suffers from frequent outages of power and remote areas are inevitably off the grid. In these circumstances alternative energies can play a key role. We discuss the potentially transformational role of major hydro-schemes in the next chapter, but on our visit it seemed that there was an important local role for solar power. The Minister agreed, but pointed out that solar power would largely be limited to providing lighting.\(^{19}\)

**Community Forestry**

30. The Committee visited a Community Forest User Group at Kushma, Parbat, which informed us that it was now able to manage the forests but wanted help with getting better livelihoods from the forest, including advice on marketing and product development. DFID informed us:

> 33% of the funds from our forestry programme go into livelihood support. That is more than it used to be. As the forestry capacity of the communities has grown, we have been able to diversify our support.\(^{20}\)

**Disaster resilience and urban planning**

31. We asked whether for all the good work DFID was doing, its efforts were just scratching the surface. Mr Swayne replied that Kathmandu was the most danger-prone city in the world in terms of earthquake risk. DFID had programmes, particularly in the Kathmandu valley and Pokhara, with respect to the building code and pre-disposition of relief supplies, but added “you are right; there is a very significant problem.”\(^{21}\) Asked whether DFID should get involved in urban planning and broader work to cope with disasters, Mark Smith informed us that DFID was trying make sure the building code in the future was enforced and stopped buildings going up that were going to fall down when there was an earthquake. DFID was also working with the World Food Programme, to try to ensure that as supplies come in post disaster through the airport and could be widely distributed. Getting supplies into the country after an earthquake is likely to be particularly difficult because there only one international airport in Nepal at Kathmandu which has only one runway, which might well be affected by an earthquake.\(^{22}\)

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19 Q13
20 Q16
21 Q18
22 Q19
Integrating Climate Change

32. DFID Nepal argued that it had made important steps in “integrating climate change responses across its diverse portfolio of infrastructure, community development and local governance programmes”. It claimed that its initiatives had demonstrated the potential and impact of community based strategies to adapt to climate change. However, DFID added that despite strong political interest and commitment on paper, progress in helping poor people cope with climate impacts has been slow. Institutional capacity is weak and lack of coordination between ministries and departments has hindered progress up until now. DFID told us that it was

thinking through every single thing that we do to proof it against climate change and to consider how it can have an effect on climate change. For example, we have a very extensive road building programme. We would be very foolish indeed were we not to put significant effort into ensuring that the roads we build are sustainable and will be sustained notwithstanding climate change.23

33. We questioned whether by ‘mainstreaming’ climate work, the focus on the core development job of poverty alleviation, education and basic health care might be lost. The Minister did not think that climate-proofing held back development. The additional cost, for example when building roads, could be small and that in Nepal climate change could drive forward green investment and growth. 24

The International Climate Fund (ICF)

34. The ICF is a £3.87bn fund running from 2011 to 2016, jointly managed by DFID, DECC and Defra, working with developing countries to:

• reduce carbon emissions through low carbon development;
• help the poor adapt to the effects of climate change; and
• reduce deforestation.25

35. The UK is providing £15m from the ICF for the Nepal Climate Change Support Programme, following an initial commitment of £11.6m of ‘fast start’ funding to the first phase of the programme (co-funded by the EU with technical assistance support from UNDP).

36. In December 2014 ICAI published a report which analysed the ICF programme globally and gave it a ‘green amber’ rating. However, it said the process for involvement of stakeholders, including the private sector, and governments in the design of ICF programmes was “inadequate.” We questioned Ministers about both these issues.

23 Q14
24 Q15
25 Government Policy: Supporting international action on climate change
37. In respect of the involvement of the GoN in ICF programmes, we were informed:

One of the contributions that we have made is by building the capacity of Government first of all to recognise the danger and, secondly, to be able to participate effectively through our work, together with the FCO, in international negotiations. As a consequence, it now chairs the LDC and we now have the situation where the transformative action that Nepal has taken in terms of the adaptation through local communities is seeking to be emulated by others. We have done a great deal working through Government in Nepal.26

In respect of working more closely with the private sector, we were informed

In terms of adaptation or, indeed, mitigation, we have worked with the private sector to implement solar power schemes and to develop new cooking technologies—new cooking stoves—but principally what will be transformative in driving forward an agenda of green growth is hydropower, which is going to be private sector led.27

**Conclusions and recommendations**

38. Given the threats to Nepal from climate change and earthquakes, we welcome DFID’s focus on these issues. We were particularly impressed by the community forestry programme which shows the advantages of working in the area for several decades. We support DFID’s decision to give more emphasis to livelihoods in its forestry programmes. We support DFID’s encouragement of solar power and recommend that this be a priority. However, we consider DFID’s work on disaster resilience is on too small a scale. We recommend DFID engage with the Government of Nepal in urban planning, including transport planning. This is an area where UK has considerable expertise. If necessary, DFID Nepal should employ an additional adviser.
4 Economic Development

39. Nepal’s low economic growth rate, unemployment, poverty, and income inequality reflect the deeper divisions within the country. With a GNI/capita of around $709, Nepal is the 23rd poorest country in the world and has a very poor business environment with an uncompetitive and unproductive private sector. Remittances are a main growth driver: with strong remittance flows equivalent to 25-33% of GNI. People need jobs urgently to give them confidence in longer-term stability.

40. But, DFID informed us that opportunities exist to stimulate growth through greater trade with India and China, through tourism, and from untapped hydro-power, agriculture and forestry resources. DFID argued that to unlock these Nepal needs to address the fundamental constraints to inclusive growth: poor and insufficient infrastructure, poor industrial relations and labour market rigidities, political uncertainty, and a policy environment which fails to give private entrepreneurs—both Nepali and foreign—the confidence and incentives to invest in the country’s future and provide much-needed employment.

41. According to DFID the potential for growth is there, if it can be harnessed. Nepal has the potential to grow much faster, 7-8% per annum, levels which it will need to achieve very soon if it is to have any hope of meeting the required income measure for exiting LDC status. Annual growth between 2010-12 was around 4.4% with the domestic economy continuing to underperform substantially.

DFID’s programmes

42. DFID’s approach is to support a private sector led growth strategy to increase the rate of GDP growth per capita. This strategy includes economic reform, market development, rural infrastructure and skills programmes. To support economic reforms, DFID is moving from what it describes as ‘the transactions-based’ Centre for Inclusive Growth to a strategic set of interventions under “a single programme umbrella focused on improving Nepal’s economic governance with three main areas”:

1. Supporting private and public investment in infrastructure and supporting the Investment Board of Nepal’s deal-making capacity for large privately funded and growth enhancing infrastructure.

2. Supporting the implementation of economic policies that improve the investment climate and the predictability of the policy environment.

3. Maintaining financial sector stability and addressing the risk of a financial sector collapse by working with the government, IMF and World Bank on a support package to help the Central Bank and Ministry of Finance manage Banking sector risks more effectively.
43. DFID Nepal is also working with businesses and government to expand the private sector in tourism and agriculture and create 230,000 jobs, particularly for women and excluded groups. This includes placing 44,000 (two thirds for women) into jobs through DFID’s innovative skills programme.

44. DFID recognises that the rural poor in Nepal lack the physical access they need to markets. They are continuing to invest in rural infrastructure in more remote areas of Nepal creating, they claim, 7.5 million days of employment and building, upgrading and maintaining over 4,000km of rural roads. They argue that this will connect more than 800,000 people to markets and support more than 40,000 farmers to increase their incomes from growing higher value crops.

45. DFID Nepal’s Market Development Programme is intended to improve the incomes and growth for poor and disadvantaged people in key sub-sectors within agriculture and other rural markets. DFID has committed £14.54 million to this programme.

46. DFID has also provided support for the Investment Board of Nepal (IBN) which promotes economic development by ‘creating an investment-friendly environment by means of mobilising and managing public-private partnership, cooperative and domestic and foreign private investments, for making the process of industrialisation orderly and rapid, for the development of infrastructure and other sectors to create employment opportunities, and to offer meaningful contribution to poverty alleviation’.

47. DFID sees its approach as working in the short, medium and long term:

**Short term:** improving roads to allow access to the country’s poorest and most marginalised groups, especially women, and increase their resilience to economic, health and climatic and other shocks. DFID’s Access to Finance programme aims to improve financial access to 8,000 enterprises and provide new access to financial services to 400,000 people by 2018.

**Medium term:** strengthening Nepal’s markets so that they become more productive and efficient and widen economic opportunities including increasing access for small businesses and households.

**Long term:** improving structural issues from political uncertainty and policy dysfunction, a lack of energy, a poor road system and economic reforms to develop the economy and generate higher wages and higher skilled jobs.

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28 Written evidence from the Department for International Development, para 57
29 Written evidence from the Department for International Development, para 62
30 Written evidence from the Department for International Development, para 58
31 Written evidence from the Department for International Development, para 58
Hydropower and the Investment Board of Nepal

48. Many consider the key to Nepal’s future prosperity is in hydropower and in particular two projects which is it is hoped will begin within two years. This could harness US$6 billion in investment from overseas developers and investors.32 Currently Nepal generates about 760 megawatts of hydropower. The World Bank thinks it could have 40,000 to 83,000 megawatts of potential hydropower, which is phenomenal and could be transformational not just for Nepal but for the whole of southern Asia—China and India too—and for the world’s climate-change objectives for that matter as well. During our visit, we heard that major hydropower projects have foundered in the past because of politics and political instability, but it now seems possible that the schemes will go ahead.

49. DFID is proud of its support for the Investment Board of Nepal which it argues has been a key factor in the development of the two hydropower schemes. The Minister said:

‘One of the strengths of DFID is its risk appetite. We were there investing and building the Investment Board in terms of getting those high-powered, well-educated, experienced young people to come back to Nepal and work for the board.’33

50. Adam Smith International, which has been working on the project, informed us:

DFID Nepal has chalked up some huge successes this year, which are likely to have a transformational impact on the lives of Nepali citizens. For example, the CIG project has radically enhanced Nepal’s economic prospects by liberating the country’s hydropower potential. It has already secured Nepal’s two largest ever foreign investments: the $1.4 billion public-private partnership concession to develop the 900MW Upper Karnali hydropower project, signed in September 2014, and the $1.1bn 900MW Arun 3 project agreement, signed in November 2014. As a result of this work, Nepal is on track to deliver another two mega-hydropower projects by mid-2015. Together these four projects are expected to deliver some $17bn of financial benefits to Nepal.34

On the other hand, Thomas Bell thought that the recent very large hydro-power investments might have come about largely thanks to circumstances relating to India and its relations with Nepal.35

51. Recently, the United States has become involved in the projects and CEO of the Millennium Challenge Corporation visited Kathmandu while we were there. Mr Swayne assured us that US involvement in this venture was positive and that the coordination of UK and US efforts were unlikely to be a problem:

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32 Written evidence from the Department for International Development, para 65
33 Q20
34 Written evidence from Adam Smith International
35 Written evidence from Thomas Bell
“I suggest to you that the Americans coming on board and other people building up builds the credibility of the board to the extent that the political establishment more properly recognises its strength and importance and pushes through the agenda that is now being driven to secure the independence of the board from the political process.”

52. There are still technical issues and design issues to be addressed. During our visit we heard concerns that the hydro-power schemes would not also be used for water storage, which would be a real advantage in view of the shortage of water supplies, especially in the Kathmandu valley. Mr Swayne informed us that feasibility studies were being undertaken:

The board, now having signed the deals that they have, are doing detailed scoping and feasibility studies, and that is the proper place to attend to the other benefits that might flow from these projects. There is a huge scoping exercise now taking place into how water storage and irrigation can piggy-back off the principal driver, which is hydropower.

Tourism

53. Nepal has great tourist potential with a landscape ranging from the lowland jungle and wildlife of the Terai to the extraordinary beauty of the Himalaya. Added to this are an array of world heritage sites comprising *inter alia* ancient temples and palaces. Moreover, the country lies between China and India with large and fast-growing middle classes, providing an ever-expanding market for Nepal’s tourist industry.

54. DFID has recognised the potential of tourism and the jobs it can bring. DFID has a number of schemes, as described above, which seek to promote the industry. Yet much needs to be done if the industry is to realise its potential. We questioned DFID about changes which need to be made. During our visit to Pokhara we were struck by the waste and litter round the lake which did not meet the expectations of tourists, western or Asian.

Mr Swayne agreed:

I went to the same lake…It was gopping. If there is to be an expansion of tourism in Nepal, it must be preceded by very significant investment in waste management….The Asian Development Bank has now produced a report on this, and I hope that we are going to see some action in that respect.

The IBN is also addressing the issue.

55. DFID provided more detail about its work to support tourism, including the market development programme, which builds on work done earlier on the Himalayan trail, enabling local people to adapt their accommodation and catering to the standards that might be expected by tourists. The wider DFID Nepal portfolio of programmes also has an

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36 Q21, Q22
37 Q23
38 Q24
impact in this area: tourists use the local roads funded by DFID and the access to finance programme is providing funds for small and medium-sized enterprises, some of which will be in the tourist sector. ‘Work on the blockages that prevent economic development at the policy level… are as relevant in the tourist sector as they are in other sectors of the economy.’ In summary:

    Part of it is about enabling the broader economy and context to be suitable for tourism development and part of it is targeting very specific interventions within tourist areas.39

We also asked whether CDC might invest in tourism in Nepal, but the Minister thought this was not a matter for him.40

**Conclusions and recommendations**

56. We commend DFID for providing technical support for the Investment Board of Nepal when no other donors were willing to do so. Nepal seems about to construct two major hydro-electric schemes which will help address the country’s chronic power shortages. If traditional political problems are overcome and these schemes are successful, the Nepalese economy could be transformed and DFID could begin to develop an exit strategy, perhaps within five years of their successful completion. We note the technical and design issues are still being considered and recommend DFID urge the Government of Nepal to ensure water storage is included in such schemes.

57. **Nepal has huge potential to benefit from tourism and the jobs it brings.** We welcome DFID’s support for this industry in the Nepal Market Development Programme and recommend it expands this area of its work. We further recommend that CDC assess the potential for investment in tourism in Nepal.
5 Governance and Corruption

58. DFID notes that the Nepal state is highly centralised, with weak accountability:

The civil service functions—it raises revenues, manages the macro economy, provides basic services - but it lacks capacity, and is politicised. It scores badly in public perceptions of corruption. State capacity to implement reforms and promote much needed coordination between the different levels of government is undermined by cycles of political impasse, brinkmanship and short-term deal-making.

In this inquiry, we did not focus on governance in general, but two issues: Parliament and Elections; and corruption.

Elections and Parliaments

59. In the run up to the 2013 Constitutional Assembly elections, the UK government provided £14 million in funding to provide a new electronic voter roll, 29 million new ballot papers, the training of election officials, and the printing of voter education materials. This funding also supported the training of domestic, regional and international election observers, trained 145 journalists and trained 150 women on leadership and campaign skills.\(^{41}\) DFID claims that the programme increased the success of open elections and wider participation in the Constitutional Assembly election in 2013\(^{42}\), but it does not intend to continue their work.

60. We questioned whether DFID should have funded parliamentary strengthening after the Elections were held. The Minister agreed that it would have been useful to do so as this might have helped form a more robust government.\(^{43}\) We were informed that DFID was eager to work on parliamentary strengthening in Nepal and was undertaking scoping exercises.\(^{44}\) The main question was about DFID staffing. To start a programme on parliamentary strengthening, it would either be necessary to add another member of staff to the Nepal team, or restructure the existing staff.\(^{45}\)

61. Kul Gautam and RESULTS UK stressed that Nepal’s new Constitution was expected to provide for strong representation of women in various elected bodies from national parliament to local development councils and urged Government to support them, particularly for those elected to local government as ‘development activities at the local level have suffered from lack of accountability to democratically elected institutions’.\(^{46}\)

\(^{41}\) Written evidence from the Department for International Development, para. 54
\(^{42}\) Written evidence from the Department for International Development, para. 100
\(^{43}\) Q67
\(^{44}\) Q63
\(^{45}\) Q66
\(^{46}\) Written evidence from Kul Gautam and RESULTS UK
62. DFID has provided significant funds for Elections in Nepal but not for the Constituent Assembly. We support DFID’s decision to drop support for elections; other donors can fund them. We recommend DFID provide support for Parliament as soon as elections have been held, focusing on support for women MPs and committees. We recommend DFID support local elections through its existing local government programmes if possible, not least because the absence of local elections is seen as a source of corruption.

Corruption

63. As DFID noted, corruption is seen as widespread in the state and private sector. There is little reliable country level data on the scale and impact of corruption, but in 2014, Transparency International ranked Nepal 126 out of 174 countries, with a score of 29 on the Corruption Perceptions Index (CPI). This is a deterioration compared to the 2013 score of 31.

64. We received a memorandum from Thomas Bell, who has over ten years’ experience of working in Nepal; as a journalist (for the Daily Telegraph and the Economist), and latterly as a consultant on Nepali politics, which stresses the extent and nature of corruption in the country and the implications for foreign donors.

‘It is of course true, and has often been remarked upon for decades, that corruption is prevalent in Nepal. However, there is a big difference in understanding this as an obstacle to better governance, or as the very raison d’être of government.

If one understands that the purpose of the state in Nepal is to extract resources for the enrichment of individuals and the sustenance of political and business networks, and therefore for the maintenance of those networks in power, then this leads to rather different conclusions about the efficacy of pouring in development money in search of growth and good governance. Government in Nepal has always been and remains an essentially extractive enterprise.

Nepal is poor because of public corruption of the sorts described above, and the ‘mafia’-like behavior of politically backed cartels and other similarly exploitative, value destroying and anti-competitive practices in the private sector.47

65. According to DFID, the Ministry of Finance has successfully reduced the scope for corruption through government systems, for example by introducing e-procurement, and by the roll-out of the Treasury Single Account system to all districts which has resulted in over 14,000 government accounts being closed. There have been other recent positive developments, for example the appointments of the Auditor General and the Chief

47 Written evidence from Thomas Bell
Commissioner of the Anti-Corruption Authority (CIAA) after vacancies of over 6 years. We were informed by DFID that much will depend on whether Nepal can achieve progress on the Rule of Law. Although the Supreme Court seems largely willing to challenge the executive, there are concerns about politicisation in the judiciary, legal profession and police. Impunity is a pervasive problem.

66. DFID is spending up to £11.6m to improve public financial management and procurement systems and anti-corruption measures at national, local and sector levels implemented by the World Bank, the Asian Development Bank and Crown Agents. DFID published its Anti-Corruption and Counter Fraud strategy (ACCF) in 2013 and informs us that implementation is on track. DFID also pointed to key actions such as additional safeguards for identified high risk programmes. DFID has also scaled-up anti-corruption measures in every programme including strengthened financial scrutiny prior to making payments, spot checks and third-party monitoring. DFID added that all recent DFID Fiduciary Risk Assessments and Annual Statements of Progress points to the continued high risk corruption environment but with some improvements. We were informed that there was ‘renewed impetus behind engagement on Public Expenditure and Financial Accountability, alongside ongoing efforts with procurement reform’.

67. In October 2014, ICAI published a report on DFID’s Approach to Anti-Corruption and Its Impact on the Poor. Nepal was one of two country case studies of DFID’s engagement in anti-corruption activities.48 ICAI’s report found that in Nepal, the Local Government and Community Development Programme (LGCDP) had provided corruption opportunities:

- Citizens needing to pay bribes to government officials or to forge documentation in order to receive LGCDP funds.49
- Political elite able to use status to influence direction of government funds and strong (60% of those surveyed) perception that influential community members are needed in order to receive funds.50
- DFID aware government officials producing false documentation or documentation falsely promising compliance.51
- DFID aware funds released late in the financial year under the LGCDP and that this put beneficiaries in difficulty. 52
- DFID knew—or should have known, given media coverage—of these negative consequences for the poor. There are concerns the “first do no harm” principle has been breached. 53

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48 The other was Nigeria. The report’s overall assessment was ‘Amber-Red’.
49 Para 4.23
50 Para 4.20
51 Para 4.22
52 Para 4.24
53 Para 6.11
68. The report recommended that before proceeding with support for government systems and structures known to be corrupt, DFID and the FCO should “redress the balance of their relationship with the host government”.

69. DFID was critical of the report, as were others. The most telling context within which the issue of corruption was raised by ICAI was the Local Government and Community Development Programme. Questions about ICAI’s methodology arose during the Minister’s evidence to us. ICAI robustly defended their findings and the selection of lead contractor, emphasising his wide experience of governance and anti-corruption and work on international development issues.

70. However, ICAI has acknowledged that the presentation of the report was imperfect; it would, in retrospect, have presented the results of their stakeholder survey differently (by condensing the report’s annex). ICAI stated that “if the way the report is drafted has given the impression that the beneficiary surveys were the principal source of evidence, that is unfortunate, because they were not”. On the visit the Committee was informed of DFID Nepal’s criticisms of the ICAI study, including its methodology. ICAI subsequently submitted a memorandum answering a number of questions about the methodology before the evidence session.

71. During the visit the Committee visited the District Development Committee Office in Kaski and each group visited a Ward Citizen Forum (WCFs) where corruption in Nepal and the Local Governance and Community Development Programme were discussed.

72. We were concerned that anti-corruption measures were of limited effectiveness as in fundamentally corrupt systems people get round them and pressed DFID on how to change the culture of corruption. The DFID Minister replied that:

An anti-corruption agency is not going to have any impact unless there is a change throughout the culture of society, and I would say that that is the strength of our commitment. The ICAI report’s principal thrust was that DFID should be more ambitious in its attempts, in its programmes throughout the world, to address petty corruption. The irony is that in Nepal I would suggest the programme that drew so much of their criticism—the local government programme—is precisely such a model that drives forward change throughout society. Setting up these village committees and empowering them—400,000 people trained to hold what passes for local government or Government to account, to ensure that the local priorities are

54 Para 4.19
55 ICAI, DFID’s Approach to Anti-Corruption and Its Impact on the Poor (October 2014), p 23
56 Qs28–30
57 Information from ICAI
59 International Development Committee, Sub-Committee on the Work of the Independent Commission for Aid Impact (PAU 0011)
dealt with and to publish the accounts at the village level to show everyone what it cost, what was spent and where the money went—is a huge strength in addressing specifically the agenda to which you have rightly drawn attention: changing society at all levels by changing the expectations of ordinary people that money will be spent properly and will not stick to people’s fingers all along the way.60

He added:

With respect to all our projects and all the people we work through and the capacity-building we do in Government by having our own technical-assistance people in the ministries—everywhere we work—we do spot checks, we do audits; we do all the things that you say. Now you are asking us to expand the programme. It is a very successful programme; I am sure we would want to expand it beyond those communities where it is in place to those that have not got one, but all these things come with opportunity costs and we are working at capacity.61

73. We asked DFID about ICAI’s finding that DFID had “little understanding of what is working” in terms of anti-corruption work and had “not sought sufficient evidence”. In reply the Minister stressed the importance of working with Government and the inadequacies of other options:

The consultants came with an ideological prejudice, which, frankly, I share—namely that there is a preference for working with the private sector rather than with Government—but I would say that I am sufficiently open-minded to let the facts on the ground overcome my prejudice. Yes, we could go with their suggestion of working much more with NGOs rather than through Government systems, …, but I would suggest to you that NGOs are as prone to corruption in a corrupt society as the Government are, and we have not got the management capability to manage programmes running through any number of non-governmental organisations, whereas if we put—as we have done—our people and our technical support into the ministries, we build the capacity and the strength of Government to create an infrastructure of development, health care and local government that will last. If you build up an alternative system through the private sector or through NGOs, it will not persist any longer than you are funding it.62

Mark Smith added that the local government programme provided a very good example of how DFID learnt.

The first phase provided support to block grants to the district level and provided community facilitators supported through NGOs. We have learnt

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60 Q28
61 Q29
62 Q30
from that for this national programme. DFID’s support now does not go to the block grants; it goes to support the structures that the Minister has spoken about, to ensure that they are there, while the Government provide the grant funding to the community level. We had some issues over the way in which the community facilitators were being employed by NGOs. We have now brought that into them being employed by the Government, so we have learnt about how to reduce corruption scope through there. The programme itself, through annual reviews and through impact studies by external individuals, is learning, is adapting, is focusing more on the prevention of corruption and the co-ordination of delivery, and is now in a second phase, and we will keep adapting and learning until we get it completely right.  

The Minister added:

the huge benefit of working with the Government through the Government system is best identified in health, where we have now rolled out these health posts—health care free at the point of delivery. Our engagement with the Government system by having our people in the ministry discussing and helping the formulation of policy and then its implementation has paid huge dividends, which we would never have been able to have achieved,...had we attempted to work outside the Government system. 

Conclusions and recommendations

74. Corruption is endemic in Nepal. We welcome ICAI’s decision to make Nepal a case study in its Anti-corruption Inquiry. DFID Nepal has responded robustly to ICAI’s report, criticising its methodology; ICAI has accepted that the wording of the report gave too much weight to survey material, but has defended its conclusions. We recommend our successor Committee discuss with ICAI the contractors it plans to use in its inquiries and the proposed methodology. We do not see the use of local NGOs in place of the state as a panacea; in corrupt societies the NGOs can also be corrupt. If Nepal is to become less corrupt, improvements have to be made to state institutions. We recommend that DFID continue to work through state institutions, but ensure funding is linked to improvements in performance. DFID’s large budget in Nepal can only be justified if there are such improvements.

75. Increasingly DFID’s bilateral programmes are in the world’s most corrupt and fragile countries. How to work in these corrupt and fragile countries is increasingly one of DFID’s biggest problems and will be one of the biggest challenges facing not only DFID but also those charged with its oversight, including our successor Committee, ICAI and the NAO. We recommend they make this a priority in the next Parliament.

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63 We understand the NGOs were not paying the mobilisers their full salaries (Q32)
64 Q34
6 Health

76. Health has been a remarkable success story in Nepal. The country is on-track to achieve most of the health and nutrition related Millennium Development Goals (MDG) targets. In the last five years, skilled attendance at birth has doubled; the number of children with diarrhoea who are taken to a health facility has increased by 10% and teenage pregnancy has fallen by 10%. The UN’s 2013 MDG Progress Report judges that Nepal has already achieved the target on maternal mortality (falling from 539 deaths per 100,000 live births in 1996 to 170 in 2010) and fertility has declined from 4.6 births in 2001 to 2.6 births in 2011: nearly 1 in 2 women use a modern method of family planning.65 This remarkable progress in the Nepali health sector (which admittedly started from a very low baseline) has impressively also been achieved against a backdrop of a decade long war, ongoing political instability and low levels of spending.

77. Although much progress has been made, there is still room for improvement as significant challenges remain. This is not surprising given the small budget the GoN devotes to health. During our visit, DFID told us that Nepal’s spending on healthcare equates to about 6-8% of the Government of Nepal’s total annual budget. By comparison, the UK is forecasting that approximately 18% of its total budget for financial year 2014/15 will be spent on healthcare.66 The Government of Nepal has just $13 per capita (including donor contributions) to spend each year on healthcare, compared to the UK’s $2,800. This is extremely low, even by developing country standards: less than half of Rwanda or Indonesia and similar to Malawi or Burundi.67 Given the low level of spending it is unsurprising that 40 women in Nepal die due to pregnancy each week, each day eighty children under the age of one die from preventable causes and although the HIV prevalence rate is stabilising at around 0.23%, it is still one of the highest in south Asia.68

DFID spending and influence

78. DFID’s spending in the health sector (which will total £72.5m from 2010-15) is a combination of both sector budget support (£52m) and technical assistance (£20.5m). In addition to this, DFID also plans to spend an additional £18m between 2013 and 2017 to improve the use of family planning.69 During our visit, DFID informed us that the UK’s contribution to the health sector in Nepal equates to about 8% of the Government of Nepal’s total spending on health. We were told that this significant contribution combined with the strong links DFID has with this Ministry gives DFID significant influence over the way Nepal spends its health budget. It is also, as the Minster of State mentioned, an example of how DFID is working well through the Government system.70 During our visit

65 Information from DFID
66 UK Public Spending
67 Information from DFID
68 Written evidence from the Department for International Development, para 11
69 Information from DFID
70 Q34
the GoN Minister of Finance told us that DFID’s development work in Nepal, particularly in relation to health sector support for women and girls, was going well. We asked the DFID Minister of State for an example of how DFID has successfully used this influence:

We are able to use it for other programmes. Very often, violence against women and girls will present with someone going to hospital. We have been able through our influence in the health system to set up eight one-stop shops, effectively, in hospitals to deal with women and girls and domestic violence.\(^7\)

Mark Smith, DFID’s Deputy Head in Nepal added:

On a health policy level, making sure that critical services are free at the primary health care level is an area where we worked in the past and managed to get real progress. That long-term engagement has helped us work on difficult areas. […] To come into the health sector from outside having never worked with the Government and talk about health procurement might be quite difficult; you have got to have built up a track record, be in the system and be able to know how the system works in order to be able to help influence.\(^7\)

**Sector budget support**

79. In our Report on strengthening health systems in developing countries we strongly supported ways of improving Government health systems, and this included sector budget support. RESULTS UK informed us that:

For a major donor with broad interest in the health sector, it is quite appropriate for DFID to continue to provide direct budget support to strengthen Nepal’s health system.\(^7\)

80. We are, however, aware that concerns have been expressed about the use of sector budget support in countries where Government corruption is judged to be a significant issue. Questioned about this Mark Smith told us:

The way in which we support the health sector is through sector budget support linked to technical assistance. The technical assistance is financial as well as health policy assistance. That is in there to safeguard the funds. We work on not just what more can be done on maternal health but also how health procurement can be improved, which is a huge potential area for corruption. We are trying to take this twin-track approach of making sure the money is there on a scale to be able to make a difference to health care in

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\(^7\) Written evidence from Kul Gautam and RESULTS UK
Nepal and making sure there is technical assistance within the system to safeguard the money that is going in.\textsuperscript{74}

81. Nepal has made remarkable progress in its health systems in recent years. \textit{We recommend that DFID maintain its policy of using sector budget support in Nepal, which should be linked to continuing improvements, and effective steps to safeguard UK money from corrupt misuse.}

\textbf{Health posts and birthing centres}

82. During our visit we were informed that a key method of tackling challenges in the health sector has been and will continue to be the introduction of more and better equipped health posts and birthing centres in rural areas. Given Nepal's mountainous geography, a lack of decent transport infrastructure and the remote locations in which much of Nepal's population lives, these facilities are essential for providing a basic level of healthcare to those who are often most in need. As DFID noted, it takes the poorest more than three times longer to travel to a health facility than the richest, and longer for people who live in mountain regions.\textsuperscript{75} In an attempt to combat this, DFID has supported the introduction of a programme which gives pregnant women a cash payment if they decide to give birth in one of these facilities. This payment is designed to overcome the costs of getting to the facility, and is higher in mountainous areas where services are less accessible.\textsuperscript{76}

83. We visited a health post in Pumdhi Bhumdi, where we were told that the three biggest barriers to their continuing success were:

- Road transport infrastructure which prevents access
- High turnover of staff
- Load shedding (interruption of electricity)

The high turnover of staff was attributed to the fact that many are unpaid volunteers (and this situation was thought likely to improve only if additional funding was secured to pay them).

\textbf{Power outages}

84. We were particularly struck by the effects of failing power supplies. As CDC pointed out, “without a stable power supply, basic services like schools and hospitals cannot function properly”\textsuperscript{77}. Asked about the use of solar panels on health posts, the Minister of

\textsuperscript{74} Q35
\textsuperscript{75} Information from DFID
\textsuperscript{76} Written evidence from the Department for International Development, para 83
\textsuperscript{77} Written evidence from CDC, para 13
State replied that it was part of DFID’s programme, but generators would still be needed because there was equipment which had a high demand for electricity such as fridges.  

85. **Power supplies to health posts are a serious problem. If health posts cannot chill their medicines or power their lights they become much less effective. We recommend that DFID reviews this part of its programme and assesses whether greater use can be made of solar power.**

**Drug procurement and distribution**

86. During our visit we heard that a major issue facing the health system in Nepal was the current system for tracking drugs. At present, a paper-based tracking system exists which is inefficient and inaccurate; medicines are frequently not located in the places they are most needed, and when in those places, they often expire. At a health post in Pumdhi Bhumdi we discovered that drugs currently stocked were a muddled combination of both in-date and out-of-date medicines.

87. We were informed of a promising and cost effective potential barcode system for the procurement and delivery of drugs. It was hoped that if this proposal came to fruition, it would solve many of Nepal’s drug tracking issues, and for a sensible price. We pressed DFID on this subject and we were told that “it is with the Ministers at the moment for approval”\(^79\). The Minister of State continued to say that “[this] one is in my in-tray and therefore has to be signed by the 30th of [March 2015]”\(^80\).

**Staff attendance in the Ministry of Health**

88. Another area of concern is the high level of absenteeism in the Ministry of Health. During our visit we heard that a survey recently showed that 73% of staff were not at their desks. Although we cannot be sure of the accuracy of this survey, it does seem a worrying statistic. The Minister of State told us that:

> [This] is a question not just for health; it is a question for the whole civil service. We have been working with the Administrative Staff College to try to engender a greater level of professionalism, and hopefully that will pay off in the long term. The difficulty is in a corrupt society: […], somebody’s cousin gets appointed to the job rather than someone who can do it more effectively.\(^81\)

89. **We are concerned about reports of absenteeism at the Ministry of Health in Nepal. This should raise alarm bells about whether corrupt officials are paying ‘ghost workers’ or failing to take disciplinary action when staff are absent. We recommend that DFID**
use its influence in the Ministry of Health to require improvements in the attendance of civil servants at the Ministry. If this does not happen very quickly, the UK’s budget support should be gradually withdrawn.

Stronger links between Nepalese and UK health institutions

90. In our Report on strengthening health systems we argued for fostering stronger links between UK health institutions and those in developing countries:

Demand for NHS staff does not end with doctors and nurses. Though often criticised at home, the NHS is held in high international regard and many countries would greatly benefit from the assistance of those expert in managing and financing such a successful health system. In turn, NHS managers would benefit from tackling familiar problems in unfamiliar settings. This is a challenge to traditional development models and DFID must be sufficiently agile to adapt to changing and increasingly complex needs.82

91. We were told that in Nepal DFID supported:

the Britain-Nepal Medical Trust to reach out for expertise from the UK to provide that support into the Nepalese health system. It is fairly small scale, but there is a component of our support that does that.83

Saul Walker, DFID’s Head of Director’s Office for the Asia, Caribbean and Overseas Territories Directorate added:

It is certainly an area that the health services team in the Policy Division is looking at much more generally—how to maximise the opportunities for learning from the NHS and from UK healthcare in terms of delivering health benefits in other countries. We have schemes like the Health Partnership Scheme, which directly links hospitals in the UK with institutions in developing countries. I am not sure whether Nepal is part of that, but that is certainly a programme that has been underway and is under review.84

92. We recommend that DFID works to improve links between health sectors in the UK and Nepal and that Nepal be included in the Health Partnership Scheme (HPS). We further recommend that DFID improve links between its health advisors and the NHS, and assess the desirability of a short secondment to the NHS for its health advisor in Nepal.

82 Strengthening Health Systems in Developing Countries, 5th Report of session 2014-15, para 86
83 Q44
84 Q46
7 Water and Sanitation

93. Over the last decade, Nepal has steadily improved access to water and sanitation to such an extent that it has exceeded the target for the Millennium Development Goal (MDG) on water and sanitation (achieved = 88%, 2015 target = 84%). However, DFID notes that wonderful achievement may disguise the fact that there are severe discrepancies between urban and rural water and sanitation coverage. There are still between 10,000 and 13,000 preventable child deaths due to waterborne diseases every year, mostly impacting women and girls. Alongside diseases, women also suffer from violence associated with having to travel long distances to reach water collection points.

94. DFID has allocated £10 million to Water, Sanitation and Hygiene (WASH) from 2011 to 2015. Development Initiatives points out that this figure is low (4% of total donor spending) given that this sector features as a priority under the ‘human development’ pillar outlined in the DFID Nepal Operational Plan (2011–2015). The bulk of this figure has been given to the Rural Water and Sanitation Programme (RWSP) which has been implemented by the Gurkha Welfare Service (GWS). The remainder of the funding has been directed into pillar projects such as the Community Support Programme, Education and Local Governance and Community Development programme as these programmes are linked to social mobilisation.

The Gurkha Welfare Scheme (GWS) water and sanitation programme focuses on improving hygiene and sanitation facilities by providing access to safe water and improving sanitation. It seeks to empower the community to manage their water systems efficiently and through hygiene education, to use the water supplied effectively. Without this it will be impossible for rural populations to achieve their goal of better health and nutrition and to improve their quality of life. The GWS Rural water and sanitation programme phase V contributes directly to national poverty reduction and Millennium Development Goals.

The fifth phase of RWSP will implement a total of 608 schemes which will benefit 16,800 households with 106,180 people and work with communities to build 14,080 household latrines and 50 latrines in schools. The proposed intervention would support DFID Nepal’s water and Sanitation (WASH) results framework which seeks to deliver by 2020.

Source: DFID

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85 Information from DFID
86 Information from DFID
87 Written evidence from Development Initiatives, para 21
88 Information from DFID
95. We visited communities in Nepal which had benefited from the RWSP programme implemented by the Gurkha Welfare Scheme. We heard that it had been a great success and we were impressed by the projects we saw. The Minister of State told us that the work of the GWS “outshines what else is available”

96. We asked the Minister how villages were chosen to be part of the GWS scheme and whether the projects were founded on the basis of the poorest communities, not just their ties to the Gurkhas, and the Minister of State told us that:

[He] asked specifically the question as to how villages were prioritised, and was assured that they were the remoter ones and the ones with relatively smaller populations that therefore would not benefit from Government intervention.

Mark Smith, Deputy Head of DFID Nepal, added:

Yes. The Gurkha Welfare Scheme operates in the hilly areas, which are some of the poorest areas in the country. There are other donors and the Government operating in the Terai. There is a £196 million water and sanitation project being implemented by six development partners and the Government. They are very complementary but they are different. These are working in small communities. They are not targeting Gurkhas; they are just in the areas where Gurkhas have traditionally been recruited, which are also some of the poorest areas in Nepal.

97. The GWS told us that it was eager to continue working with DFID in the future. We pressed the Minister of State and he said that he had doubled their funding for the next five years to £2 million per year.

98. As the GWS sets the highest bar for workmanship in Nepal, “the gold standard”, as Mark Smith put it, we asked the Minister if there was a possibility to allow Nepali Government engineers to take secondments with the GWS and he said:

Yes, undoubtedly. [...] I am glad that the Government is now showing great interest in the standards that have been implemented by the Gurkhas, and other agencies are interested as well.

Mark Smith continued by saying that:

90 Q50
91 Q50
92 Q47, 53
94 Q49
Secondment of Government officers is something we are looking at; sharing lessons with other providers of water and sanitation is something that is already happening.\(^95\)

99. We welcome DFID’s support for the GWS and recommend that the scheme be expanded with a brief to work with the poorest communities, including considering working with the Terai, and not only in areas with Gurkha connections. We recommend that the GWS share its knowledge and expertise with the Nepali Government, and other WASH providers, in order to improve access to WASH across the country. This might be done by secondments of Nepali Government engineers to the GWS.
8 Women and Girls

100. Women in Nepal are disadvantaged. Only 6% are in formal employment and only 10% of working women receive payment for their work. Female-headed households are amongst the poorest. Nepal ranks 98th of 152 ranked countries in UNDP’s Gender Inequality Index for 2013. This is a higher position than most of the countries where DFID has a bilateral programme and higher than neighbouring India, Pakistan and Bangladesh.96 Nevertheless, gender-based violence is widespread, deep rooted, and hidden, with estimates that over two thirds of women experience gender-based violence in their lifetimes.97

101. DFID says that it is working with government, the World Bank, UN agencies, other bilateral agencies, and broader civil society to make key institutions more equitable and inclusive.98 The Minister of State told us that each of DFID’s programmes must now address gender issues and ‘mainstream’ gender issues into everything it does.99 In addition, DFID is currently focusing on three key areas in order to tackle gender inequality and violence against women and girls (VAWG):

- Increased economic empowerment for women and girls: through a focus on the creation of more and better jobs for women, particularly those from excluded groups. DFID claims to have provided employment to women through its Rural Access Programme (and the Employment Fund), Community Support Program, Local Governance and Community Development Program, Integrated Women’s Development Program and has sought to link economic participation with awareness-raising on issues of gender inequality.

- Sustain progress on maternal mortality: through free maternal services for poor and disadvantaged women; sustaining reductions in maternal mortality; and addressing social and economic disparities within women and girls’ access to services. In addition, through its health sector program, DFID aims to reach poor and excluded women living in remote areas with reproductive and family planning services.

- Tackling VAWG: through supporting a nation-wide programme to reduce gender based violence working with the Government and UNICEF; supporting a wide range of prevention awareness activities and referral services through civil society organisations; capacity building of health service providers; and supporting Women and Police Service Centres. DFID also has a new Justice for Poor’ program

96 Written evidence from the Department for International Development, para 10
97 Written evidence from the Department for International Development, para 80
98 Information from DFID
99 Q56
which focuses on police modernisation, justice sector reform and reduction of VAWG.\(^{100}\)

102. In addition, DFID has recently approved a ‘£36 million programme to accelerate action to End Child Marriage in 12 priority countries [including Nepal]. This programme will address child marriage through: strengthening frameworks, laws and policies, scaling up access to health and education for girls at risk of CEFM, supporting civil society activists and investing in research to shift harmful social norms’.\(^{101}\)

103. DFID (and the FCO) have also worked with the Government of Nepal to agree a new programme to improve security and justice to poor and vulnerable people in Nepal, with special attention to women and girls. By December 2018 DFID plans indicate that 1.5 million poor people will have improved security and access to justice including at least 900,000 women and girls. This programme focuses on the prevention of VAWG through improved prevention, reporting, and response.\(^{102}\)

104. According to Development Initiatives, the UK was the largest donor to gender equality in Nepal during 2011–2013. Using the OECD DAC Gender Equality Marker, the UK has continued to be the largest donor to projects coded as making a ‘principal’ or ‘significant’ contribution to gender equality each year during 2011–2013. In addition, during 2011–2013, 84% of DFID’s spending in Nepal was coded as making a ‘principal’ or ‘significant’ contribution to gender equality (US$292 million out of US$350 million).\(^{103}\)

Co-ordination

105. Nepal will be one of the countries in which DFID’s new centrally managed programme to support global efforts to end child marriage will be operating.\(^{104}\) In Nepal we were worried that there did not seem to be much knowledge of, or discussion about effective projects in other countries; and we were concerned that such projects might not be fully taken into account of in planning the programmes in Nepal. The Minister of State told us:

“My understanding is that [the child marriage] project is only just getting underway under the auspices of UNICEF and UNFPA. The learning mechanism has yet to be established, but we ourselves are building up what is […] called a community of practice to ensure that that project is informed by the best practice and experience from the rest of the world.”\(^{105}\)

106. Saul Walker added:

\(^{100}\) Information from DFID

\(^{101}\) Information from DFID

\(^{102}\) Written evidence from the Department for International Development, para 50

\(^{103}\) Written evidence from Development Initiatives, paras 27 & 28

\(^{104}\) Information from DFID

\(^{105}\) Q58
“It is also worth noting that DFID’s research team has a significant hub in South Asia—the South Asia Research Hub. It is including work specifically where there are areas where we need to know more—for example, around suicide and issues like that, which are at the extremis of the violence agenda. We are also very regionally linked to bring in our best research from within DFID’s own research programmes as well.”

107. **We recommend that in implementing its centrally-managed programme on early marriage in Nepal, DFID ensure that is well-integrated with its bilateral programmes and draws on DFID’s experience, not only from South Asia and also from around the world.**

### Addressing social norms

108. We met many women and girls during our visit to Nepal and heard some truly harrowing recollections. We were repeatedly told that although responding effectively to instances of gender inequality by way of access to justice and security is essential, social norms are deeply rooted in Nepali society and can only be altered gradually, over generations. Women and girls told us that they believed the only way this can achieved is by educating young men so that their attitudes to women and girls in later life are conducive to an equal-gender society. Unfortunately, DFID was uncertain what work was currently undertaken in Nepal to address social norms in the education system.

### Family planning

109. During our visit, DFID told us that the average family in Nepal contains 4.1 children without family planning, but two children with family planning. The UN’s 2013 Millennium Development Goal (MDG) Progress Report judges that fertility in Nepal has declined from 4.6 births in 2001 to 2.6 births in 2011: nearly half of women use a modern method of family planning. As there is social pressure not to have more than two children, especially for financial reasons, family planning can be essential. However, since 2006 the use of family planning in Nepal has been stagnant and UN MDG 5b (Achieve, by 2015, universal access to reproductive health) risks being missed. DFID believes that this stagnation might be due to the large number of male migrants and that certain groups—youth, poor, Muslim and Terai Dalits—still have high fertility and low unmet need. There may be a significant difference between the people of the hills and those in the terai closer to India.

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106 Q58
107 Q57
108 Information from DFID
109 Information from DFID
110. The Minister of State agreed that this was an area for concern. Mark Smith, Deputy Head of DFID Nepal, observed:

> We have a programme specifically on family planning, which is targeting areas of high fertility and low use of contraception and trying to look at innovative ways in which contraception use can be increased. That particularly focuses on the Dalit and Muslim communities, where birth rates are very high. [...] traditional approaches will not work—so what we are doing, with USAID and the Government, is trying to pilot different approaches and build a body of evidence on what can work in this context. Once we have discovered more about that, we can look to scale up.

**Child marriage**

111. During out visit UNICEF informed us that Nepal had one of the highest child marriage prevalence rates in the world; on average, two out of five girls were married before their 18th birthday. In 2011, about 41% of women aged 20-24 had been married/in union before the age of 18. We were told that child marriage in Nepal was often also ‘early and forced’ marriage as the girls are rarely able to make a free and informed decision about their marriage partner. The Deputy Prime Minster of Nepal agreed that girls marrying too young was a serious problem.

112. We heard from both UNICEF and girls who have experienced child marriage that an element of coercion from family members was often involved. Strong social and cultural norms drive the practice, despite the fact that there is now legislation in place to prevent it. According to UNICEF, child marriage occurs more frequently among girls who are the least educated, poorest and living in rural areas. In 2011, women living in rural areas were about 1.6 times as likely to be married/in union before age 18 than their urban counterparts. In relation to education, about 72% of women with no education were married/in union at age 18 compared to only 23% of women with secondary of higher education.

113. There are a variety of causes early marriage. Only 5% of parents are aware of the legal age of marriage. Many of the young girls we met in Nepal told us that the major cause of child marriage was dowry payments; the amount of the dowry increases the older a girl gets. This is the reason for the strong correlation between poverty and child marriage; the very poorest in Nepali society who can least afford a dowry have the greatest incentive to marry their daughters at the youngest possible age.

114. Various steps have been taken to tackle child marriage in Nepal. Nepal is one of the recipients of DFID’s new centrally managed programme to support global efforts to end child marriage. The Nepali government participated in the 2014 Girl Summit in the UK.
and pledged to eliminate Child, Early and Forced Marriage by 2020.\textsuperscript{114} DFID informed us that the practice would not be ended by legislation alone, but a ‘multi-faceted, multi-sectoral and culturally appropriate national strategy’ to end child marriage in Nepal was necessary and was currently being developed. All births and marriages should be registered.\textsuperscript{115}

115. Working with communities will be vital in addressing child marriage. The Leprosy Mission Nepal told us that common issues should be tackled in a collective, joint manner in communities. It added that the capacities of communities needed to be built up via advocacy and groups should be better organised for them to acquire ownership.\textsuperscript{116} The children we met with supported this approach, arguing that changing social attitudes was more important than increased engagement with the police; the police were reluctant to prevent child marriage if parents supported it, and would only act if the local community supported them to do so. Change seems to be happening; in Chapakot Village near Pokhara we met the Gender Based Violence Watch Group and Paralegal Committee, and it included almost one woman from every household.

\textbf{Sex-selective abortion}

116. Abortion in Nepal, in particular as a result of gender preference, is a relatively new and worrying phenomenon which stems from the increased availability of pregnancy scans and greater affluence as a result of remittances from migrant workers. During our visit we heard that Nepali society had a deep-rooted preference for sons (perpetuated in part by the cost of dowry payments for girls) and that there is social and financial pressure to restrict families to two children (of which at least one must be a boy). We heard that often the in-laws of women and girls will fund the cost of pregnancy scans in order to ensure that their sons produce sons of their own. The pregnant women and girls often have very little say in this and their own wishes are often ignored. The women in community organisations also told us that their estimation was that in the Kaski District of Nepal 150 boys are born for every 100 girls born. We heard that husbands, often encouraged by their parents, will use threats of polygamy and violence to force wives to have abortions and try again for a son. We questioned the Minister of State on sex-selective abortion in Nepal and he told us:

\begin{quote}
At the last census, which was 2011, there would appear not to be a concern—the statistics look normal in terms of male to female ratios—but clearly you have picked up on something that is not manufactured. I wonder the extent to which, perhaps in urban areas, a preference for boys is being masked by the rather greater population in the rural areas that maintain a normal balance. It is something we have got to be very much alive to and we may well need to address more actively. I wonder to what extent the programme that we have now initiated with respect to USAID and Nike for adolescent
\end{quote}

\textsuperscript{114} Information from DFID
\textsuperscript{115} Information from DFID
\textsuperscript{116} Written evidence from The Leprosy Mission, para 9.3
DFID’s bilateral programme in Nepal

117. The Minister could be correct that a preference for boys in rural areas is being masked by urban populations. Nevertheless, access to pregnancy scans has increased since 2011 so the results of this census may not be a true reflection of more recent male to female birth ratios. We heard from community groups in Nepal that abortions of girls are particularly common in women under 20.

Domestic and sexual violence

118. Domestic and sexual violence are huge problems in Nepal. Gender-based violence is widespread, deep rooted, and hidden, with estimates that over two thirds of women experience gender-based violence in their lifetimes. On our visit we heard that the majority of both men and women in Nepal still see domestic violence as acceptable, in particular (but not exclusively) in instances where women have committed ‘acts of infidelity’. Nepal’s tolerant attitude towards domestic violence reinforces the behaviour and allows it to pass between generations. To further complicate the issue, as the Minister of State points out, “[women] do not report [it] because of the shame of signalling it”. The Gender Based Violence Watch Group and Paralegal Committee told us that considerable stigma was attached to reporting violence as it was seen as reflecting badly on the families involved.

119. Physical or mental violence towards women, as well as marital rape, are now punishable by law. However, we heard from police officers at the Kaski District Women and Children Service Centre (which was built with DFID support) that domestic violence laws are difficult to apply and, as a result, they often find themselves using alternate laws or paths of action instead. Police officers told us that, due to a lack of resources and inadequate legislation, prosecution was unusual in cases of domestic violence and that more often men were temporarily held for ‘counselling’ and then released without charge.

120. We were also told that temporary accommodation was provided by NGOs for (a) women suffering from sexual violence, and (b) young girls, but that very few facilities existed to temporarily house women suffering from domestic violence. The police admitted that they received no women-specific training.

121. The Gender Based Violence Watch Group and Paralegal Committee told us that the introduction of community groups (which have been supported by DFID) had led to significantly more women coming forward to report domestic violence. The Committee has dealt with 85 individual cases in their village to date; a reporting rate which would be unheard of in most parts of Nepal. Community organisations provide communities with a

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117 Written evidence from the Department for International Development, para 80
118 Written evidence from the Department for International Development, para 80
119 Written evidence from the Department for International Development, para 80
120 Information from DFID
platform to voice their discontent about domestic violence to the police, as they do about child marriage. Although huge strides can be made in reporting domestic violence in areas where community groups exist, these areas are rare.

122. While community groups have had an effect on domestic violence, they have had little impact on the reporting of sexual violence, in or out of marriage, which is still a taboo subject.

123. Another issue, which was highlighted by Anti-Slavery International, was the existence of ‘Kamalari’ contracts in Nepal, in which young girls are sold as domestic workers to wealthy Nepali families. Bonded women and girls in Kamalari contracts are often not permitted to work for anyone other than the employer to which they are indebted and violence or threats are regularly employed to coerce the women into remaining with their employer. These debts can be passed on from one generation to the next. Bonded labour persists due to widespread discrimination against particular social groups, which prevents them from accessing justice, education and other means to alleviate poverty.121 According to Anti-Slavery International, although this practice is prohibited by Nepali law, it continues largely because many of the officials charged with implementing the law have Kamalari servants themselves.122

**Suicide**

124. During our visit we were told that 16% of deaths of women aged 15-49 year old are as result of suicide, which is an increase of 6% since 1998. An unknown statistic was how much of this group were actually murders recorded as suicides; many of the communities we spoke to feared that this might often be the case. The DFID Minister of State shared the same concern and noted that, in addition, much of the suicide is by burning123, which is obviously not a death commonly associated with suicide. We talked to one community near Pokhara who told us that women will marry young, leave home and move in with in-laws. Often these young wives were treated as little more than unpaid servants. Husbands move abroad in search of work and the young wives are left alone with their in-laws, who can often treat them as their property. We were told that that from the start of January to mid-February 2015, 12 women had already hung themselves in the Kaski District of Nepal alone.

125. In response to questions about suicide, the Minister of State told us:

“[...] with respect to suicide, one of the very important things we are doing with the police is upping their game on the correct collection of statistics. [...] I acknowledge entirely the concern that you have raised.”124
Conclusions and recommendations

126. While the situation of women in some countries in the region may be worse, Nepalese women face many problems and severe discrimination. We recommend that DFID address this issue by encouraging a change in social norms which currently discourage the use of contraception in some communities and encourage harmful practices, including child marriage and domestic violence. We also recommend that DFID encourages education of young girls and boys in schools to instil a greater sense of worth for women in general. We recommend that DFID continue to support community groups which can play a key role in changing social norms.

127. Great strides have been made in the provision and use of family planning, but certain groups such as Dalit and Muslim communities have high fertility rates and low use of contraception. We recommend that DFID looks at innovative ways in which contraception use can be increased. This is not just a matter of distributing contraceptives.

128. We recommend that in its Security and Justice programme, DFID ensures it places sufficient emphasis on engagement with community groups and the education system to change social norms and to encourage greater awareness of the legal age of marriage.

129. We are very concerned about selective abortion of female foetuses. We recommend that DFID carefully monitor male to female birth ratios for changes since the 2011 census.

130. We recommend that DFID encourage the Nepali police to introduce training for police officers in relation to women-specific issues, such as sexual violence, and to improve their mechanisms for collecting statistics of gender-based crime (both reported and prosecuted).

131. We are concerned that the high rate of suicide amongst women and girls and their mental health is not being addressed; we recommend that DFID review the issue and discuss with GoN how it best be tackled.
Conclusions and recommendations

DFID’s work

1. DFID has a broad portfolio of programmes in Nepal. We commend DFID Nepal for reducing their number and for examining the coherence of its livelihoods and communities’ programmes. *We recommend that in its response to this report, DFID report on the findings of this examination.* (Paragraph 23)

2. The Minister of Finance of GoN told us that he would like DFID to make roads and power an even greater priority; these are vital for Nepal, but we see DFID’s task as using its influence as the world’s largest provider of ODA to ensure they invest significantly in these sectors. We broadly support DFID’s current bilateral portfolio, but DFID must ensure that its programmes are in line with the priorities of GoN and that it is aware of the political implications of its work. (Paragraph 24)

Climate change and disaster reduction

3. Given the threats to Nepal from climate change and earthquakes, we welcome DFID’s focus on these issues. We were particularly impressed by the community forestry programme which shows the advantages of working in the area for several decades. We support DFID’s decision to give more emphasis to livelihoods in its forestry programmes. *We support DFID’s encouragement of solar power and recommend that this be a priority.* However, we consider DFID’s work on disaster resilience is on too small a scale. *We recommend DFID engage with the Government of Nepal in urban planning, including transport planning. This is an area where UK has considerable expertise. If necessary, DFID Nepal should employ an additional adviser.* (Paragraph 38)

Economic development

4. We commend DFID for providing technical support for the Investment Board of Nepal when no other donors were willing to do so. Nepal seems about to construct two major hydro-electric schemes which will help address the country's chronic power shortages. If traditional political problems are overcome and these schemes are successful, the Nepalese economy could be transformed and DFID could begin to develop an exit strategy, perhaps within five years of their successful completion. *We note the technical and design issues are still being considered and recommend DFID urge the Government of Nepal to ensure water storage is included in such schemes.* (Paragraph 56)

5. *Nepal has huge potential to benefit from tourism and the jobs it brings. We welcome DFID’s support for this industry in the Nepal Market Development Programme and recommend it expands this area of its work. We further recommend that CDC assess the potential for investment in tourism in Nepal.* (Paragraph 57)

Governance and corruption
DFID’s bilateral programme in Nepal

6. DFID has provided significant funds for Elections in Nepal but not for the Constituent Assembly. We support DFID’s decision to drop support for elections; other donors can fund them. We recommend DFID provide support for Parliament as soon as elections have been held, focusing on support for women MPs and committees. We recommend DFID support local elections through its existing local government programmes if possible, not least because the absence of local elections is seen as a source of corruption. (Paragraph 62)

7. Corruption is endemic in Nepal. We welcome ICAI’s decision to make Nepal a case study in its Anti-corruption Inquiry. DFID Nepal has responded robustly to ICAI’s report, criticising its methodology; ICAI has accepted that the wording of the report gave too much weight to survey material, but has defended its conclusions. We recommend our successor Committee discuss with ICAI the contractors it plans to use in its inquiries and the proposed methodology. We do not see the use of local NGOs in place of the state as a panacea; in corrupt societies the NGOs can also be corrupt. If Nepal is to become less corrupt, improvements have to be made to state institutions. We recommend that DFID continue to work through state institutions, but ensure funding is linked to improvements in performance. DFID’s large budget in Nepal can only be justified if there are such improvements. (Paragraph 74)

8. Increasingly DFID’s bilateral programmes are in the world’s most corrupt and fragile countries. How to work in these corrupt and fragile countries is increasingly one of DFID’s biggest problems and will be one of the biggest challenges facing not only DFID but also those charged with its oversight, including our successor Committee, ICAI and the NAO. We recommend they make this a priority in the next Parliament. (Paragraph 75)

Health

9. Nepal has made remarkable progress in its health systems in recent years. We recommend that DFID maintain its policy of using sector budget support in Nepal, which should be linked to continuing improvements, and effective steps to safeguard UK money from corrupt misuse. (Paragraph 81)

10. Power supplies to health posts are a serious problem. If health posts cannot chill their medicines or power their lights they become much less effective. We recommend that DFID reviews this part of its programme and assesses whether greater use can be made of solar power. (Paragraph 85)

11. We are concerned about reports of absenteeism at the Ministry of Health in Nepal. This should raise alarm bells about whether corrupt officials are paying ‘ghost workers’ or failing to take disciplinary action when staff are absent. We recommend that DFID use its influence in the Ministry of Health to require improvements in the attendance of civil servants at the Ministry. If this does not happen very quickly, the UK’s budget support should be gradually withdrawn. (Paragraph 89)
12. We recommend that DFID works to improve links between health sectors in the UK and Nepal and that Nepal be included in the Health Partnership Scheme (HPS). We further recommend that DFID improve links between its health advisors and the NHS, and assess the desirability of a short secondment to the NHS for its health advisor in Nepal. (Paragraph 92)

Water and sanitation

13. We welcome DFID’s support for the GWS and recommend that the scheme be expanded with a brief to work with the poorest communities, including considering working with the Terai, and not only in areas with Gurkha connections. We recommend that the GWS share its knowledge and expertise with the Nepali Government, and other WASH providers, in order to improve access to WASH across the country. This might be done by secondments of Nepali Government engineers to the GWS. (Paragraph 99)

Women and girls

14. We recommend that in implementing its centrally-managed programme on early marriage in Nepal, DFID ensure that it is well-integrated with its bilateral programmes and draws on DFID’s experience, not only from South Asia and also from around the world. (Paragraph 107)

15. While the situation of women in some countries in the region may be worse, Nepalese women face many problems and severe discrimination. We recommend that DFID address this issue by encouraging a change in social norms which currently discourage the use of contraception in some communities and encourage harmful practices, including child marriage and domestic violence. We also recommend that DFID encourages education of young girls and boys in schools to instil a greater sense of worth for women in general. We recommend that DFID continue to support community groups which can play a key role in changing social norms. (Paragraph 126)

16. Great strides have been made in the provision and use of family planning, but certain groups such as Dalit and Muslim communities have high fertility rates and low use of contraception. We recommend that DFID looks at innovative ways in which contraception use can be increased. This is not just a matter of distributing contraceptives. (Paragraph 127)

17. We recommend that in its Security and Justice programme, DFID ensures it places sufficient emphasis on engagement with community groups and the education system to change social norms and to encourage greater awareness of the legal age of marriage. (Paragraph 128)

18. We are very concerned about selective abortion of female foetuses. We recommend that DFID carefully monitor male to female birth ratios for changes since the 2011 census. (Paragraph 129)
19. We recommend that DFID encourage the Nepali police to introduce training for police officers in relation to women-specific issues, such as sexual violence, and to improve their mechanisms for collecting statistics of gender-based crime (both reported and prosecuted). (Paragraph 130)

20. We are concerned that the high rate of suicide amongst women and girls and their mental health is not being addressed; we recommend that DFID review the issue and discuss with GoN how it best be tackled. (Paragraph 131)
Draft Report (DFID’s bilateral programme in Nepal), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 131 read and agreed to.

Annex and Summary agreed to.

Resolved, That the Report be the Fourteenth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

The Committee Adjourned.
Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Committee's inquiry page at www.parliament.uk/indcom.

Tuesday 3 March 2015

Rt Hon Desmond Swayne MP, Minister of State, Department for International Development, Saul Walker, Head of Director’s Office, Asia, Caribbean and Overseas Territories and Mark Smith, Deputy Head, DFID

Nepal

Q1–68
Published written evidence

The following written evidence was received and can be viewed on the Committee’s inquiry web page at www.parliament.uk/Nepal. NEP numbers are generated by the evidence processing system and so may not be complete.

1. Adam Smith International (NEP0007)
2. Anti-Slavery International (NEP0001)
3. CDC Group (NEP0009)
4. Department for International Development (NEP0003)
5. Development Initiatives (NEP0008)
6. Handicap International (NEP0006)
7. Kul Gautam and Results UK (NEP0010)
8. The Leprosy Mission England and Wales (NEP0005)
9. Thomas Bell (NEP0011)
10. University of Sussex (NEP0004)
11. World Vision (NEP0012)
List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the Committee’s website at www.parliament.uk/indcom.

The reference number of the Government’s response to each Report is printed in brackets after the HC printing number.

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