

**USAID/NEPAL**  
**ANNUAL REPORT FY 2002**

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## **Annual Report Part III: Performance Narrative**

### **Key Achievements:**

USAID/Nepal is pleased to report on what has been an extremely successful, yet challenging year. In FY 01 the Mission met and often exceeded program results and targets. USAID/Nepal contributed to the livelihood of thousands in rural communities by increasing cash crop and forest products production as well as opportunities for trade. The Mission provided better access to health services and information to Nepalese families, reducing child mortality and fertility. By assisting the Government of Nepal (GON) to create a more attractive investment environment for hydropower development, USAID/Nepal is helping set the stage for long term sustainable economic development. USAID/Nepal initiated two important strategic objectives: one in the area of hydropower development, and a second to address governance of natural resources. USAID/Nepal successfully completed two Strategic Objectives (SOs): women's empowerment and a special project on hydropower development (SpO4). The women's empowerment program completed a series of impressive achievements in the area of advocacy against the trafficking of women and children and improved access to micro-credit groups. The achievements of the SpO4, which include the approval of investor-friendly policy in the area of hydropower development, have been incorporated within a new Strategic Objective (SO4) that will promote this clean, renewable and affordable source of power.

### **Most Important Challenge faced by Operating Unit:**

The single most important challenge faced by USAID/Nepal is the rapidly escalating internal Maoist insurgency that threatens to drastically undermine security and reverse the GON's fragile development gains. Nepal is facing an armed rebellion of alarming proportions. In recent weeks, Maoist cadres have launched attacks across Nepal and have penetrated and overrun Royal Nepali Army (RNA) positions slaughtering soldiers, police, local district officials, and ordinary citizens, (including bus travelers on the main highway) with shocking ease. The mobilization of the RNA under the continuing State of Emergency has halted implementation of the GON's Integrated Security and Development Program (ISDP), which was designed to restore security, win hearts and minds, and re-establish GON presence in insurgency affected areas. Instead, the GON has been forced to deploy the RNA and the RNA, in turn, has been forced to engage in a massive recruiting drive.

GON revenues, which have, in the best of times, relied on donor assistance to meet 60% of non-recurring development expenditures, have plummeted. Meanwhile, current economic indicators for Nepal forecast growing unemployment, a further slump in exports and tourism, the cancellation of private sector projects, and a general loss of investor confidence. The profound effects of the global economic downturn have been intensely magnified in Nepal, where deteriorating security has dramatically eroded investor confidence. Without large-scale external investment, the nation cannot develop its only viable natural resource, its vast hydropower reserves. The declaration of a state of emergency and the subsequent deployment of the army have diverted already-scarce GON budget resources, reducing available funding at the district level and village level. Unless donors, like the World Bank, drastically increase direct GON budgetary support, the GON will be faced with large-scale deficit spending. The obvious vulnerability of isolated army and police posts may force the GON to pull back from extensive rural areas, triggering an exodus of civilian government personnel, reducing district and village level services even further.

On the other hand, GON budget outlays are rapidly expanding to fund increased defense spending. Already, the GON is facing a budget shortfall of \$85 million for the first six months of its fiscal year and this shortfall is expected to increase significantly unless donors provide direct budgetary support. In the recent National Development Forum (NDF), the GON presented its development priorities including a medium term expenditure framework. Donors were asked to increase direct budgetary support and to fund the proposed parastatal Poverty Reduction Fund. At the NDF, donors strongly underscored their concern for the GON to quickly show progress at delivering services at the grassroots level. If the conflict continues unabated, the GON will be even more hard-pressed to maintain current development funding levels and increase security expenditures, further exacerbating rural citizens' disillusionment at the lack of rudimentary government services at the grassroots level. The conflict has the potential to undermine overall confidence in the GON and paralyze citizens' participation in GON efforts to restore order and launch bold initiatives to meet Nepal's political and development challenges.

The Mission's development strategy for 2001-2005 factored the effects of the conflict into its strategic objectives. However, since the development of the strategy and especially during the past year, the conflict has grown in complexity, intensity and geographic coverage. To date, the Mission has actively consulted with GON counterparts and donors, and briefed senior Agency staff and members of the Policy Coordination Council. The US Mission's Inter-Agency committee shares information and integrates efforts across USG agencies, including the military, to address the conflict. Last year, the Mission began compiling data and information from newspapers, human rights reports, embassy incident reports etc. This information was then classified by type of incident, type of target, and geographic location and manually collated. The information was presented in various formats including pie charts, bar charts, national maps and timelines in order to readily track the impact of the conflict over time throughout Nepal. This time-consuming task marked the first attempt of the US Mission to systematically arrange information that yields itself to trend analysis. The Mission also funded a field study on service provision, to determine the quality and quantity of services at the local level and the range of entities involved. Finally, the Mission produced a report "Nepal: Democratic Governance Under Threat" that laid out a common historical intellectual understanding of the conflict including a timeline and trends as indicated by the charts, tables and graphs, etc. Organizationally, the Mission re-organized itself to form a Special Projects Office and is currently designing activities for a Special Objective as well as re-aligning its ongoing sector programs. To stimulate GON policy revision, the Mission brought in an expert on the Shining Path, Dr. Scott Palmer. Within four days, he briefed senior GON officials including the Prime Minister who personally requested a briefing. Other senior GON officials visited Dr. Palmer privately at his hotel to be briefed. The Mission is planning additional GON consultations with Dr. Palmer, along with an expert in Maoist military tactics, and possibly a Peruvian official. To date, all of these activities have been financed by limited PD&L funding and by the Mission's own OE resources. There are no programmatic funds to finance other needed assessments or to hire staff.

USAID/Nepal's current development strategy, while fundamentally sound, has no provision to adequately respond to the GON's immediate need for transitional activities directly related to containing and ending the conflict. USAID/Nepal's current strategic objectives will be refocused, to the extent possible, to better address the conflict. The Mission has concluded that it can more appropriately respond to the current course and probable direction of the conflict by focusing resources more directly on transitional activities such as infrastructure development, employment generation, and service delivery in rural areas. In addition, the Mission is committed to more effectively engaging the GON in a policy dialogue directly related to restoring security and addressing grievances that contribute to the expansion of the conflict that strongly demonstrate the GON commitment. This is explained in Section V, Resource Request.

**Performance by SO:**

*SO 387- 001: Increased Sustainable Production and Sales of Forest and High-Value Agricultural Products (SO1)*

The purpose of SO1 is to increase the sustainable production and sales of forest and high-value agricultural products. This is being accomplished by expanding market participation by farmers, traders and entrepreneurs and promoting sustainable management of the productive resource base.

USAID/Nepal works primarily with and through non-government organizations (NGOs), private firms and GON's counterparts to train and provide technical assistance to community groups to increase their capacity to help themselves. Increased incomes from community managed forests and irrigation schemes as well as high-value crop production and marketing systems are now being used to finance roads, potable water systems, schools and other self-help development activities. Knowledge of improved technologies is increasing production and the competitiveness of Nepalese farm and forest enterprises in both local and export markets. By working through local organizations, USAID is supporting the development and adoption of export-oriented trade policies. USAID's assistance is also helping to create market linkages to identify and expand markets for forest and high-value agricultural products in Nepal and the South Asia region.

Approximately 1.4 million rural poor directly benefit from this program. People throughout Nepal benefit from the introduction of improved crop varieties, increased trade, additional off-farm employment opportunities, and increased access to high-quality/lower-cost agricultural products. Women beneficiaries make up over 46% of the participants in the high-value agriculture program and over 50% of the participants in the community forestry program.

**Challenges:**

Widespread poverty and high population growth rates are forcing many rural farmers to use increasingly less desirable land, resulting in decreasing farm yields and incomes. This practice has also led to deforestation and soil erosion. Accelerating agricultural growth has been a key component of USAID/Nepal's strategy to alleviate poverty and facilitate economic development in Nepal.

A portion of SO1 is being implemented in areas that have seen an increase in Maoist activities. Following the declaration of the present state of emergency, some of our partner agencies' field offices were temporarily closed and their staff recalled. While these offices have reopened and the majority of partner field staff have returned to their posts, the uncertain political situation in the more contested areas has made it more difficult to hold farmer-training meetings and provide technical assistance.

**Achievements:**

In spite of the political situation, 2001 results exceeded most overall targets. Sales of forest and high-value agricultural and livestock commodities rose from \$ 35.00 million to \$39.31 million, exceeding USAID/Nepal's target by \$ 4.31 million. A total 272,000 farm and forest households were engaged in forest and high-value agricultural production, slightly below the target of 280,000. The production of forest and high-value agricultural commodities is indicative of increased family income and of shifts to market oriented production systems. The annual production of biomass, 3,332 thousand cubic meters, exceeded the target by 11 percent. The production of biomass from actively managed areas is an indication of the growth of trees and plant material on these lands. The increased production of biomass suggests the improvement of biodiversity and greater environmental benefits via soil and water conservation. A total 137 community forest and irrigation user groups were formed, bringing the cumulative number of groups formed under this indicator to 2,448 exceeding the original target of 2,100. The transfer of land and resources to community forestry and irrigation-user groups demonstrates the GON's acceptance of the need for productive resource management by local groups. It also increases the confidence of rural citizens in their own ability to manage resources, directly builds grass roots democracy, and demonstrates that democratic government can effectively and tangibly address the needs of its poorest citizens.

From the initial SO1 baseline, the average yield per hectare of high value agricultural commodities rose by nearly 300%. Additionally, the number of small businessman trained and trading in agricultural supplies in the project area increased by 64%.

Under the Mission's 2001-2005 strategy, SO 1 will conclude in 2002 and all current partner agreements will be completed. During the 2001-2005 period, lessons learned from this SO will be used to address the conflict mitigation by increasing demand at the community level for greater transparency and accountability of locally elected officials.

*SO 387- 002: Reduced Fertility and Protected Health of Nepalese Families (SO2)*

The purpose of the SO is to reduce fertility and protect the health of Nepalese families by:

- (1) expanding access to and use of quality, voluntary family planning services;
- (2) expanding access to and use of quality selected maternal and child health services;
- (3) preventing HIV/AIDS transmission by increasing prevention among high-risk groups; and
- (4) controlling infectious diseases by strengthening surveillance and minimizing antimicrobial resistance.

The ultimate beneficiaries of the program are 11 million men and women of reproductive age and 3.5 million children under the age of five years.

**Challenges:**

Nepal has some of the worst health indicators on a regional and global-level. The maternal mortality rate is one of the highest in the world - every two hours, a woman dies due to a pregnancy related complication. Child mortality is one of the highest in the region - one out of 11 dies before reaching his or her fifth birthday. Lastly, more than 17 million people are exposed to the three leading vector borne diseases: malaria, Japanese encephalitis, and Kala-azar.

The national prevalence of HIV remains low at 0.2%, every day 14 new people become infected with HIV. Studies confirm that Nepal has a concentrated HIV epidemic among high-risk groups: commercial sex workers and injecting drug users. Recent data suggests a generalized epidemic among the large number of seasonal migratory workers that cross the border with India. AIDS is a highly-stigmatized illness that is rarely discussed in Nepal, making this a new and significant health sector challenge that needs to be addressed immediately before it becomes a nationwide generalized epidemic.

Coordination among health sector partners, both donor and international and national NGO partners has been successful at the program level, however the GON Ministry of Health (MOH) has lacked the leadership and capacity to coordinate on a sector-wide level. With the GON decentralizing the responsibility of public sector health care delivery, strong GON MOH leadership is essential and will be a significant challenge in the next 5 years.

**Achievements:**

This SO exceeded its FY 1996-2001 five-year targets to reduce child mortality and fertility and to increase condom use to prevent further transmission of HIV. The 2001 Demographic Health Survey indicated that child mortality (an overall indicator for measuring CSD funded results) decreased by 24% from 118 to 91 deaths per 1000 live births. The contraceptive prevalence rate (an indicator for measuring Development Assistance funded results) increased from 26% to 35%, resulting in a significant decline in the total fertility rate to 4.1. Annual Behavioral Surveillance Surveys indicate an increase in condom use among high-risk groups (commercial sex workers) in intervention districts from 61% to 87%.

The SO met or exceeded its FY2001 annual performance targets. Couple-years of protection (CYP), the best annual proxy for contraceptive use and reduced fertility, increased nationally by eight percent, exceeding the annual target. Access to and use of key child health services also increased and exceeded annual targets. Vitamin A supplementation now covers 72 of Nepal's 75 districts, with coverage rates exceeding 80%. Community-based treatment of child pneumonia expanded to cover 14 districts with 60% of children receiving appropriate treatment. HIV/AIDS prevention efforts maintained 80% condom use among high-risk groups in intervention sites, meeting the annual target. Also, routine reporting of vector-borne diseases under the Early Warning Reporting System has significantly improved the submission of reports from five percent in FY 2000 to 90% in FY 2001, exceeding USAID/Nepal's target.

In addition to the quantifiable results above, several policy or program-related achievements were made in 2001, further enhancing and supporting the overall achievement of the SO's annual and five-year targets for 2001 to 2006. The GON significantly expanded and enhanced its efforts to address HIV/AIDS, because of the data indicating a concentrated epidemic in the country. The Prime Minister declared the Year 2002 as the year for Nepal to fight HIV/AIDS and established an advisory committee within the Prime Minister's office to increase awareness across all GON sectors and address HIV-related policy issues. The Minister of Health initiated the revision of the current National HIV/AIDS Prevention Strategy and established a formal coordinating mechanism for donor inputs and resources to ensure a targeted approach to implement the revised strategy. USAID/Nepal developed an expanded five-year HIV/AIDS strategy to significantly increase support to the GON's national-level efforts in HIV/AIDS prevention.

The Nepal Family Health Program, a new USAID-supported program, was developed to integrate family planning and maternal and child health activities with a more focused approach to improve access to and use of essential services at the most peripheral health care facilities and at the community-level. The new program includes strengthening of systems to manage health care delivery within the newly decentralized government, and improving transparency and accountability of funding for the health sector

at this level, thereby enhancing community ownership of delivery of health care services. In addition, the new program has strengthened the national integrated logistics system, which ensures a consistent supply of essential drugs and other commodities to every district of Nepal.

In the area of maternal health, a national Safe Motherhood Newsletter was developed and routinely reaches more than 10,000 maternal health care providers with information on national policies aimed at raising the awareness of maternal mortality issues. The GON has made maternal health a health sector priority in its Tenth Health Plan. A strategy for nationwide safe motherhood training was developed and training was initiated. A model Birth Preparedness Package, including a financial planning tool for families to prepare for pregnancy, is being pilot-tested at the community-level. All successful interventions will be incorporated into the new Nepal Family Health Program. A baseline indicator for maternal health was determined in 2001 and progress reporting will begin in 2002.

In 2001, recognizing the potential of the private sector in increasing access to health care services, USAID/Nepal developed a new five-year strategy for social marketing of products and services for family planning, maternal and child health and HIV prevention. Prior private sector efforts have not met expectations during the past decade. Under the new strategy, a rapidly scaled-up HIV prevention social marketing program supports the GON's new strategy to raise awareness and expand access to HIV prevention information and services (including condoms and STI treatment). A more focused family planning social marketing program targets the reproductive health needs of adolescents (now reaching close to 50% of the entire population) in addition to continuing to expand access for all men and women to family planning services.

Nutritional practices that reduce the incidence of night blindness among pregnant/lactating women increased and, as a result of improved Vitamin A consumption, the incidence of night blindness among pregnant and lactating women reduced from 14.7% to 6.9%.

Lastly, an innovative community-based program was implemented to test prevention and control interventions for malaria, Kala-azar and Japanese encephalitis.

As a result of the above, the SO annual indicators have been revised to include additional indicators for expanded program areas and annual and five-year targets have been updated. Data quality assessments for on-going indicators have been conducted within the last three years. For the new indicators, baselines are being established and the initial data quality assessments conducted. Any data limitations identified on existing indicators have been addressed in the PMP. Between 2001 and 2006, USAID/NEPAL aims to further reduce the fertility rate from 4.1 children in 2001 to 3.6 by 2006; decrease child mortality from 91 deaths per 1,000 live births in 2001 to 70 in 2006; and reduce HIV/AIDS transmission by increasing condom use in all intervention sites to at least 90%.

SO2 is re-focussing its community groups (such as community health volunteers, mother's groups and "Action Community Groups") to address the conflict by demanding better accountability and transparency of their elected officials and greater community control over health clinics.

#### *SO 387- 003: Women's Empowerment Program (SO3)*

The Women's Empowerment Program (WEP) was successfully completed on September 30, 2001. The program combined economic growth and business development with interventions offering basic literacy and knowledge of legal rights and responsibilities and advocacy techniques to more than 120,000 women in 6,000 savings and credit groups. These efforts achieved consistently good and, in some cases, remarkable results. The program has won several international awards for its innovation in building a sustainable village banking system in Nepal, for social inclusiveness, and for benefiting the poor. Its savings and literacy led approach to village banking is being studied for replication in other areas of Nepal and in Asian, African, and Latin American Countries.

#### **Achievements:**

WEP met its targets this past year. As a direct result of this program, 122,00 women passed a literacy test and became active savers. Women petitioned local government bodies, performed street dramas,

organized mass gatherings, raised funds and campaigned from door to door to advocate for changes related to a wide set of issues such as violence against women and trafficking of women and children. A total of 244,000 such collective actions for social change were undertaken by the women during the period of the program, with more than 140,000 this past year - - significantly exceeding the target of 210,000. Between 2000 and 2001, 27,786 women increased their knowledge of their basic rights, and 4,826 initiated or expanded their microenterprises. As part of the program's exit strategy, different types of linkages programs between the WEP women and various line agencies, elected officials, and other concerned authorities at the ward, Village Development Committee (VDC), and district levels were initiated. These programs successfully introduced women and their advocacy and economic initiatives to a range of stakeholders.

The women themselves, other groups, local partners, district and national organizations established new linkages, especially in the areas of micro-finance and micro-enterprise. Since fieldwork for SO3 started in 1998, the number of women in business has more than quadrupled from 20,237 to 86,883 while their micro-enterprise sales have grown appreciably for a projected gross total of \$5.39 million.

Additionally, according to the Final Impact Survey of 2001, at the end of the program, women showed significant growth in their decision-making roles in the family. There has also been encouraging shifts in the expenditure patterns with 74% of the participating women's household budget being spent on direct well-being, as compared to the baseline figure of 64.9% in 1999. The closeout report on this program will be completed by September 30, 2002.

*SO 387- 006: Increased Private Sector Participation in Environmentally and Socially Sustainable Hydropower (SO4)*

The Hydropower Strategic Objective is continuing USAID's support to the GON in its efforts to attract private sector investment in hydropower development for export and to meet domestic demand. Initiated in September 2001, the SO builds on USAID/Nepal's efforts under the recently completed Special Objective 4 (SPO 4) to improve the overall policy, legal and regulatory framework for private sector investment in hydropower projects.

The program's primary beneficiaries are the 85% of Nepal's population, living mostly in the rural areas without any access to electricity. Each MW of hydropower that comes on line provides electricity to light up, at a minimum, 2000 households and each MW of exported hydropower will sequester 6,000 tons of greenhouse gases. In addition, the harnessing of Nepal's hydropower will pave the way for the development of modern sector employment opportunities for millions of Nepalese citizens.

**Challenges:**

Delays in establishment of the World Bank's Power Development Fund (PDF), the lack of progress in the ratification of the Power Trade Agreement with India, and the Maoist insurgency are important factors that have negatively impacted the target for total financial commitments. Although private sector investments have increased from \$319 million reported in FY 2000 to \$323 million in FY 2001, the increase is below the target for the year under the recently completed Special Objective.

**Achievements:**

Although project activities have recently started, the significant results, which have been achieved so far are primarily attributable to the earlier activities and interventions under SPO4. The most significant achievement was the government's approval of the Nepal's New Hydropower Policy, in October 2001. The policy addresses many of the private sector concerns regarding royalties, regulation and export issues. Another significant accomplishment was the introduction of new guidelines and manuals for Environmental Impact Assessment (EIA), which have been approved by the GON and published, in the GON's official gazette. This makes it mandatory for developers to follow the new guidelines and ensures that environmental and social concerns are adequately addressed early in the project life. Other key results show continued interest by the private industry in this sector. This includes the issuance of 29 new survey licenses for hydropower projects in 2001.

Under this program, more realistic targets have been established and activities designed taking into account the external factors described above. These include activities to expedite the establishment of the PDF, and to encourage ratification of the Power Trade Agreement with India with the assistance of USAID's South Asia Regional Initiative for Energy (SARI/E). The Mission is also designing conflict mitigation activities and democracy and governance activities under the new Special Objective and SO5, which will address the political climate for hydropower investments in Nepal and the re-flow of royalties to the local communities. Hydropower sites will be used to strengthen local demands for greater benefits to the communities from which hydropower derives.

#### SO 387- 007: Strengthened Governance of Natural Resources and Selected Institutions (SO5)

In FY 2001, USAID launched a new program to strengthen Nepal's struggling democracy. Rampant corruption, poor use of public resources, failure to deliver on promised economic development programs particularly for the rural poor, are all symptoms of the weak governance that has led Nepali citizens to become increasingly disillusioned with democracy. The strengthening of good governance approach is relevant to the more than 80% of Nepal's population which lives in rural areas and depends on natural resources – forests, water and soil – for their livelihood. For many individuals and communities, governing their local natural resources is the first, most tangible, and most important means to exercise their democratic rights, affect public affairs, earn income and gain greater control over their lives. The approach also recognizes the critical role that key government and civil society institutions play in ensuring adherence to good governance at the local and national levels.

**Challenges:**

Two challenges encountered during this year were the non-release of approved Economic Support Funds (ESF) and the uncertain security situation that restricted travel needed to conduct fieldwork. As a result of the non-release of FY 01 ESF funds (\$1.1 million), an important program to strengthen advocacy and local government accountability by natural resource users groups could not be initiated. The Mission continues to work with the Embassy and colleagues in Washington to obtain approval and release of the funds. Due to the travel restrictions, the baseline survey against which performance benchmarks will be established was not completed and thus, the Performance Indicators for the Performance Monitoring Plan were not finalized. The survey work will be finalized in May 2002 under a contract signed with a Nepali research firm.

**Achievements:**

Since 2001 was the start-up year for this new program, efforts were directed at designing activities to achieve the program objectives; negotiating the legal agreement and arrangements with the Government of Nepal under which the program will operate; and launching the first set of activities. Despite the challenges of working in an environment of growing insecurity which hampered field work, and delays in receiving funds and Government of Nepal approval, the Mission assesses that the program met its overall targets for FY 01. Programs were designed; a Strategic Objective Agreement was signed with the Government of Nepal in September of 2001, and two cooperative agreements were made with two organizations. In addition, new activities were initiated and some encouraging results were achieved in two programs in civic and voter education for which the SO 5 team assumed management.

Following the solicitation and competitive review of applications, two new cooperative agreements were signed in late FY 2001. These programs were funded from ESF requested by the Embassy and approved in FY 2000, as well as by regional development assistance funds for trafficking. One agreement was signed with The Asia Foundation (TAF) for two programs: "Strengthening Advocacy and Local Government Accountability" and "Combating Trafficking of Women and Children". The goal of the advocacy activity is to strengthen advocacy and local government accountability in four selected districts in southeast Nepal. This goal is being met through 3 objectives: strengthened capacity of federations/coalitions of natural resource and women's groups to advocate for member interests, strengthened partnerships between these federations/coalitions/groups and local government, and increased scrutiny of government performance in allocation and management of funds for local development. Under the anti-trafficking component, TAF will work through seven Nepali NGOs and networks in four high-risk districts on activities to prevent trafficking, document best practices in rehabilitating victims, provide information on safe migration, and improve the legal framework for prosecuting traffickers.

Since the initiation of this agreement, subgrants have been signed between TAF and its implementing partners, and an Activity Steering Committee has been activated. Core project staff have been hired and field offices have been opened. Program orientation has been given to core project staff as well as representatives of local communities and local authorities. A baseline survey has been drafted for the project area and will be conducted in March 2002. Materials to facilitate safe economic migration are under preparation, and the review of national legislation on migration and trafficking is underway.

The second new cooperative agreement was signed with the National Democratic Institute for a program to increase women's political participation. Under this program, about 4000 women candidates for the 2002 local elections and 3120 women representatives of local elected bodies in ten districts will be trained over two years to increase their success in gaining office and in meeting the demands of the office.

An important achievement during the reporting period was an introduction into the higher secondary education curriculum of a civics textbook. This textbook was developed under a grant to the National Democratic Institute awarded in FY 2000, which was incorporated into the SO5 program. Within the past year, 640 teachers representing 332 schools from 47 of Nepal's 75 districts were trained. Nearly 10,000 copies of the civic education textbook and 2000 copies of the teacher's guide were printed and distributed. Already in the first six months after training, over 40 schools have introduced the course into

their curricula, and the book and teaching manual are much in demand by other schools. This has resulted in increased knowledge and awareness about civic education among students, civic leaders and educators.

Also, under another grant to the National Democratic Institute (NDI), additional funding was provided from SO 5 for a voter education program. This program is assisting the national Election Commission to strengthen the visibility and effectiveness of newly established district election offices in 30 districts, as well as to increase the knowledge of key civic and political leaders and the general population about the proper conduct of elections and voters' rights. To date 500 civic and political leaders (386 male, 114 female) from 15 districts have been trained, and it is expected that an additional 700 will be trained by the end of February 2002. Fifty thousand voter awareness booklets and 5,000 voter's resource manuals have been printed will be distributed by the end of February 2002. Twenty episodes of an entertaining and informative serial drama on voting and political participation have been aired through national radio in ten different ethnic languages; another 10 episodes of 15 minutes each will be aired later this year.

The results of these efforts have been encouraging: increased understanding about voter's rights and responsibilities among civic/political leaders and among the average voters; strengthened capacity and influence of district election offices, as reflected by an increased number of citizens visiting election offices for information on the electoral process; and increased debate among the major political parties on needed reforms in the election process. This is particularly timely, as local elections are scheduled to be held during 2002.

The SO 5 program has assumed management responsibility for all Mission anti-trafficking activities, including those funded through the USAID/Washington pillar bureaus, State Department, and the U.S. Department of Labor. Among the accomplishments recorded by these programs are: (1) passage of the Anti-Trafficking Convention for South Asia, which received technical input and advocacy support from U.S.-supported non-governmental organizations; (2) operation of a documentation center and management information system established within the Government of Nepal's Ministry of Women, Children and Social Welfare to track trafficking; (3) presentation to the Nepali Parliament of an improved Anti-Trafficking Bill which will establish stiffer penalties for traffickers; (4) successful provision of counseling, rehabilitation and employment services to trafficking victims; and (5) successful completion of health and rights-based literacy training by 7500 adolescent girls at high risk of being trafficked.

SO5 will seriously address the conflict by marshalling all community groups under SO1 and SO3 to increase collective local demands for promised benefits and services heralded by democracy in the early 90's. In addition, SO5 will strengthen selected institutions, associations and non-governmental organizations (NGOs) to intensify the demand for better governance.

**Table 1: Annual Report Selected Performance Measures**

**December 3, 2001**

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
<b>Pillar I: Global Development Alliance: GDA serves as a catalyst to mobilize the ideas, efforts, and resources of the public sector, corporate America and non-governmental organizations in support of shared objectives</b>					
1 Did your operating unit achieve a significant result working in alliance with the private sector or NGOs?	Yes	No X	N/A		
2 a. How many alliances did you implement in 2001? (list partners)	none				
b. How many alliances do you plan to implement in FY 2002?	2 regional alliances: certified log product and tree crops				To be determined after assessment.
3 What amount of funds has been leveraged by the alliances in relationship to USAID's contribution?	none				
<b>Pillar II: Economic Growth, Agriculture and Trade: USAID works to improve country economic performance using five approaches: (1) liberalizing markets, (2) improving agriculture, (3) supporting microenterprise, (4) ensuring primary education, and (5) protecting the environment and improving energy efficiency.</b>					
4 If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed X	Met	Not Met		In SO1: Periodic progress reporting from partner organizations and assessment by USAID staff during their field visits.
If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed	Met X	Not Met		In SO3: In Management Information System (MIS) report.
<b>USAID Objective 1: Critical, private markets expanded and strengthened</b>					
5 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		In SO1: Periodic progress reporting from CARE, WWF and Market Access for Rural Development Activities (MARD) and assessment by USAID staff during their field visits.
Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		In SpO4 and SO4: Annual reporting from Department of Electricity Development, Minister of Water Resources
<b>USAID Objective 2: More rapid and enhanced agricultural development and food security encouraged</b>					
6 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		In SO1: Periodic progress reporting of Chemonics International, Canadian Centre for International Studies and Cooperation (CECI) and Market Access for Rural Development (MARD) Coordinator's Office and assessment by USAID staff during their field visits.
<b>USAID Objective 3: Access to economic opportunity for the rural and urban poor expanded and made more equitable</b>					
7 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		In SO1: Periodic progress reporting of CECI, MARD, Chemonics, UMN, CARE/Nepal, New Era and AEC and assessment by USAID staff during their field visits.
Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		In SO3: In Management Information System (MIS) Reprot.

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
<b>USAID Objective 4: Access to quality basic education for under-served populations, especially for girls and women, expanded</b>					
8 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		In SO1: Periodic progress reporting of Environment and Forestry Enterprise Activity (EFEA) and United Mission to Nepal and assessment by USAID staff during their field visit.
9 a. Number of children enrolled in primary schools affected by USAID basic education programs (2001 actual) b. Number of children enrolled in primary schools affected by USAID basic education programs (2002 target)	Male	Female	Total		
<b>USAID Objective 5: World's environment protected</b>					
10 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		
11 a. Hectares under Approved Management Plans (2001 actual) b. Hectares under Approved Management Plans (2002 target)	201,259				In SO1: Periodic progress reporting of CECI, MARD, Chemonics, UMN, CARE/Nepal, New Era and AEC and assessment by USAID staff during their field visits. Performance Monitoring Plan available in USAID/Nepal Mission.
<b>Pillar III: Global Health: USAID works to: (1) stabilize population, (2) improve child health, (3) improve maternal health, (4) address the HIV/AIDS epidemic, and (5) reduce the threat of other infectious diseases.</b>					
12 If you have a Strategic Objective or Objectives linked to the Global Health pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed X	Met	Not Met	CSH	In SO2: National and sub-national level indicators
<b>USAID Objective 1: Reducing the number of unintended pregnancies</b>					
13 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	CSH	In SO2: National level indicator
<b>USAID Objective 2: Reducing infant and child mortality</b>					
14 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	CSH	In SO2: National and sub-national level indicators

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
<b>USAID Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth</b>					
15 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X	CSH	In SO2: Baseline collected in 2001.
<b>USAID Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries</b>					
16 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	CSH	In SO2: Sub-national level indicators
<b>USAID Objective 5: Reducing the threat of infectious diseases of major public health importance</b>					
17 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		In SO2: Sub-national level indicators
<b>Pillar IV: Democracy, Conflict and Humanitarian Assistance</b>					
18 If you have a Strategic Objective or Objectives linked to the Democracy, Conflict and Humanitarian Assistance Pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed	Met X	Not Met		SO5
If you have a Strategic Objective or Objectives linked to the Democracy, Conflict and Humanitarian Assistance Pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed	Met X	Not Met		SO3: In Management Information System (MIS) report.
<b>USAID Objective 1: Rule of law and respect for human rights of women as well as men strengthened</b>					
19 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	ESF	SO5
Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		SO3: In Management Information System (MIS) report.
<b>USAID Objective 2: Credible and competitive political processes encouraged</b>					
20 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A		SO5
<b>USAID Objective 3: The development of politically active civil society promoted</b>					
21 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A		SO5
Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		SO3: In Management Information System (MIS) report.
<b>USAID Objective 4: More transparent and accountable government institutions encouraged</b>					
22 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A		SO5
<b>USAID Objective 5: Conflict</b>					

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
23 Did your program in a pre-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A		
24 Did your program in a post-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A		
25 Number of refugees and internally displaced persons assisted by USAID	Male	Female	Total		
<b>USAID Objective 6: Humanitarian assistance following natural or other disasters</b>					
26 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A		
27 Number of beneficiaries					

**Table 2: Selected Performance Measures for Other Reporting Purposes**

The information in this table will be used to provide data for standard USAID reporting requirements

Indicator (all data should pertain to FY or CY 01)	OU Response	Fund Account	Data Quality Factors		
<b>Child Survival Report</b>					
<b>Global Health Objective 1: Reducing the number of unintended pregnancies</b>					
1 Percentage of in-union women age 15-49 using, or whose partner is using, a modern method of contraception at the time of the survey. (DHS/RHS)	35.40%	CSH	National-level; DHS 2001; quality assessment conducted no limitations		
<b>Global Health Objective 2: Reducing infant and child mortality</b>					
2 Percentage of children age 12 months or less who have received their third dose of DPT (DHS/RHS)	Male	Female	Total	N/A	
3 Percentage of children age 6-59 months who had a case of diarrhea in the last two weeks and received ORT (DHS/RHS)	Male	Female	Total 32%	CSH	National-level; DHS 2001; quality assessment conducted no limitations
4 Percentage of children age 6-59 months receiving a vitamin A supplement during the last six months (DHS/RHS)	Male	Female	Total 81%	CSH	National-level; DHS 2001; quality assessment conducted no limitations
5 Were there any confirmed cases of wild-strain polio transmission in your country?	no			CSH	National-level; DHS 2001; quality assessment conducted no limitations
<b>Global Health Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth</b>					
6 Percentage of births attended by medically-trained personnel (DHS/RHS)	12.50%	CSH	National-level; DHS 2001; quality assessment conducted no limitations		
<b>Global Health Objective 5: Reducing the threat of infectious diseases of major public health importance</b>					
7 a. Number of insecticide impregnated bed-nets sold (Malaria) (2001 actual)				N/A	
b. Number of insecticide impregnated bed-nets sold (Malaria) (2002 target)				N/A	
8 a. Proportion of districts implementing the DOTS Tuberculosis strategy (2001 actual)				N/A	
b. Proportion of districts implementing the DOTS Tuberculosis strategy (2002 target)				N/A	

## HIV/AIDS Report

### Global Health Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries

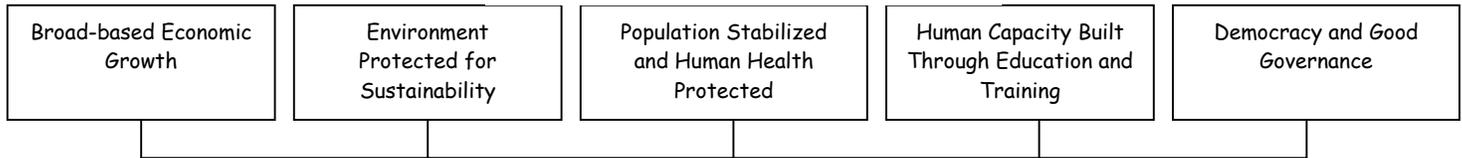
9	a. Total condom sales (2001 actual)	1,800,000			CSH	National-level; quality assessment conducted in 2001; no limitations
	b. Total condom sales (2002 target)	2,800,000			CSH	
10	a. Number of individuals treated in STI programs (2001 actual)	Male	Female	Total	CSH	TBD; baseline being collected in 2002
	b. Number of individuals treated in STI programs (2002 target)					TBD; baseline being collected in 2002
11	a. Is your operating unit supporting an MTCT program?	No				N/A
	b. Will your operating unit start an MTCT program in 2002?	No				N/A
12	a. Number of individuals reached by community and home based care programs (2001 actual)	Male	Female	Total		TBD; baseline being collected in 2002
	b. Number of individuals reached by community and home based care programs (2002 target)					TBD; baseline being collected in 2002
13	a. Number of orphans and vulnerable children reached (2001 actual)	Male	Female	Total		N/A
	b. Number of orphans and vulnerable children reached (2002 target)					N/A
14	a. Number of individuals reached by antiretroviral (ARV) treatment programs (2001 actual)	Male	Female	Total		N/A
	b. Number of individuals reached by antiretroviral (ARV) treatment programs (2002 target)					N/A

<b>Victims of Torture Report</b>				
<b>Democracy, Conflict, and Humanitarian Assistance Objective 7: Providing support to victims of torture</b>				
<b>15</b> Did you provide support to torture survivors this year, even as part of a larger effort?				
<b>16</b> Number of beneficiaries (adults age 15 and over)	Male	Female	Total	
<b>17</b> Number of beneficiaries (children under age 15)	Male	Female	Total	

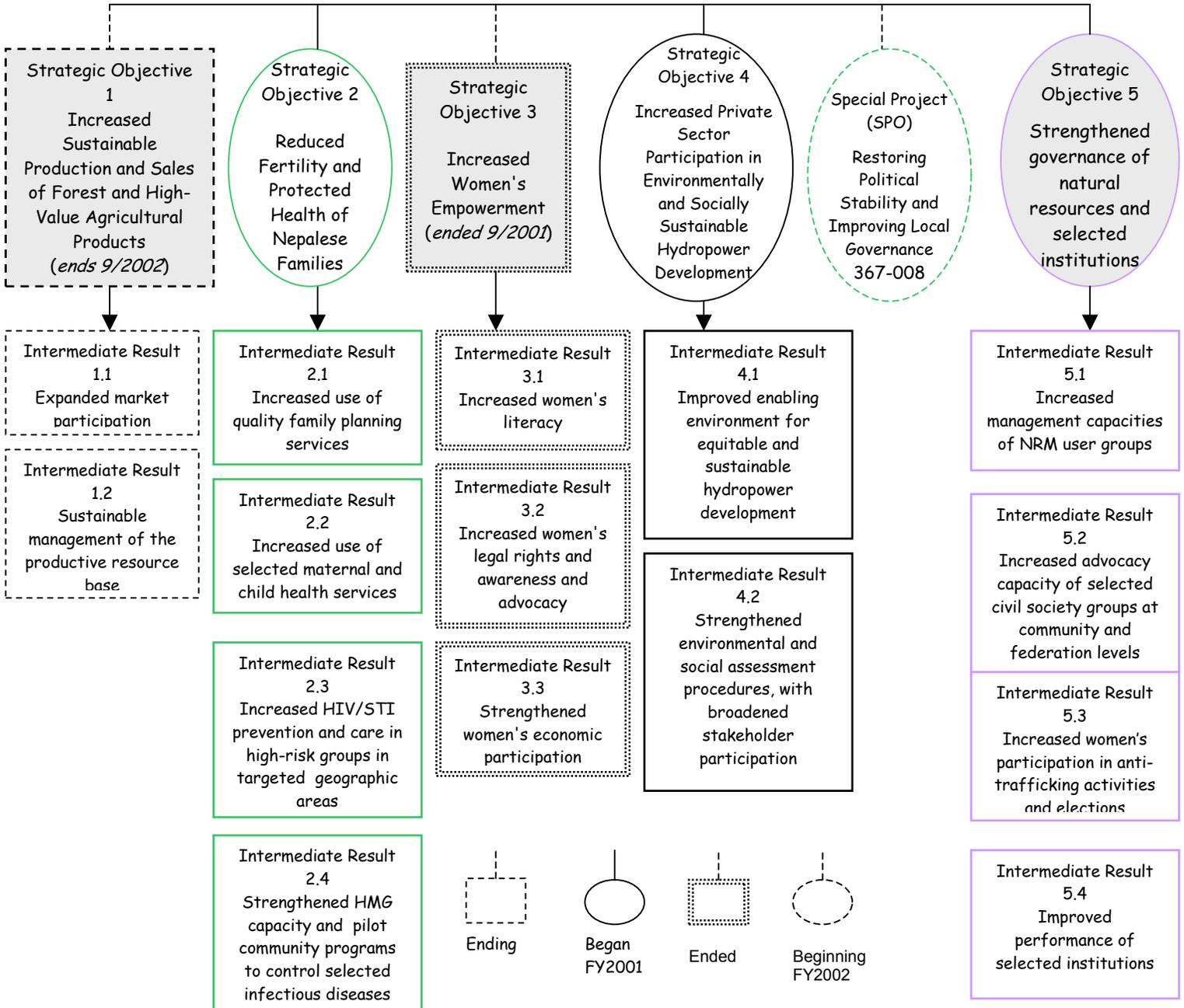
<b>Global Climate Change</b>				
<b>USAID Objective 5: World's environment protected</b>				
<b>18</b> Global Climate Change: See GCC Appendix				

# USAID/Nepal Program Results Framework

## AGENCY STRATEGIC GOALS



USAID/Nepal Integrating Theme  
**Better Governance for Equitable Growth**



## **Annual Report Part VII: Environmental Compliance**

- a) During FY 2001, two Initial Environmental Examinations (IEEs) were completed and approved for our latest Strategic Objectives: *Increased Private Sector Participation in Environmentally and Socially Sustainable Hydropower Development, SO4 (367-006)* and *Strengthened Governance of Natural Resources and Selected Institutions, SO5 (367-007)*.

During the third quarter of FY 2002, an IEE will be undertaken for the newest Special Project: *Restoring Political Stability and Expanding Confidence in Democracy (367-008), SpO5*. If the Mission determines that an Environmental Assessment may be required for this Special Objective, this would be conducted during the fourth quarter.

- b) All Mission activities are in compliance with their corresponding IEEs, EAs or Categorical Exclusions.