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Acronyms and Abbreviations

ACBO	Association of Community-based Organizations
CBO	Community-based Organization
BD	Biodiversity
CCF	Country Co-operation Framework
CET fund	Community Environment Trust Fund
CC	Climate Change
CITES	Convention on International Trade of Endangered Species of Flora and Fauna
CPS	Country Programme Strategy
CPMT	Central Programme Management Team (New York)
CO	Country Office
CPA	Comprehensive Peace Agreement
DDC	District Development Committee
GEF	Global Environment Facility
GEFable	GEF eligible
GHGs	Greenhouse Gases
GoN	Government of Nepal
INGOs	International Non-governmental Organizations
IUCN	The World Conservation Union
NTNC	Nepal Trust for Nature Conservation
M&E	Monitoring and Evaluation
MEDEP	Micro Enterprise Development Programme
MFSC	Ministry of Forest and Soil Conservation
MoA	Memorandum of Agreement
MoPE	Ministry of Population and Environment
NBS	Nepal Biodiversity Strategy
NGO	Non-government Organization
NC	National Coordinator
NPC	National Planning Commission
NSC	National Steering Committee
NTFP	Non-timber Forest Product
LD	Land Degradation
OP3	Operational Programme Phase Three (Mar 2005- Feb 2008)
PA	Protected Area
POPs	Persistent Organic Pollutants
REDP	Rural Energy Development Programme
SADIKA	Samudayik Digo Bikas Karyakram (NGO)
SDF	Sustainable Development Facility (NGO)
SGP	Small Grants Programme
UNDP CO	United Nations Development Programme Country Office
UNEP	United Nations Environment Programme
UNOPS	United Nations Office for Project Services
VDC	Village Development Committee

Introduction

The Global Environment Facility's Small Grants Programme (GEF SGP) is a corporate programme of the GEF implemented by UNDP (which hosts SGP on behalf of the GEF Implementing Agencies namely UNEP, World Bank and UNDP) and executed by United Nations Office for Project Services (UNOPS). Launched in 1992 in response to the Earth Summit calling for the need for innovative actions to protect the global environment, SGP supports conservation activities of non-governmental and community-based organizations in developing countries with an additional focus on poverty alleviation and good governance.

The following Country Programme Strategy (CPS) is the primary document guiding the development, implementation, monitoring, and evaluation of all SGP-Nepal activities during the Third Operational Period (OP3), March 2005 to February 2008. The CPS specifically identifies the strategic goals, impacts, and outcomes that SGP-Nepal proposes to achieve over this three-year time span. The CPS sets basic project eligibility criteria as well. During OP3, for example, SGP-Nepal will concentrate a majority of its financial and technical assistance within defined geographic and thematic focal areas. These areas and the methodology used to select them are described below. Similarly, the CPS provides an interpretation of Nepal's current economic, political, and environmental situation. SGP-Nepal uses this information as the baseline context from which it approaches the implementation of the global SGP mandate. The CPS finally delineates indicators that will be used to determine the programme's relative success and lessons learned.

Thematic and/or geographic focus:

During OP3, SGP-Nepal will develop an integrated country portfolio that contains projects linked both thematically and geographically. These new components were selected in compliance with recent mandates from the GEF SGP Central Programme Management Team (CPMT), designed to strengthen individual SGP Offices by concentrating their efforts within country-specific geographic and thematic project clusters. The addition of these priorities will enable country programmes to better demonstrate project impact, leverage policy reform, and create synergies between SGP initiatives.

Specific considerations for SGP-Nepal thematic and geographic selection included the current status of the Nepal program, contribution toward policy reform, partnership opportunities between SGP projects and larger interventions, as well as the overall SGP mission to affect global environmental benefits while pursuing poverty alleviation in Nepal. Selection methodology was broadly consultative and included a comprehensive literature review and discussions with Government of Nepal officials, UNDP staff, representatives from international environmental NGOs, the SGP project team, NSC members, and grantees. Suggestions obtained during stakeholder consultations were moreover consolidated into a ranking matrix (adapted from Participatory Rural Appraisal methodology), which allowed outside experts and the SGP project team to view and appraise all ideas in comparison with the requirements of the selection process. Please find the SGP ranking matrix attached in Annex 1.

Rationale and Justification for the Selection of the Thematic and Geographic Focus:

The following thematic and geographic areas will be targeted during SGP OP3. Grant allocation to projects focusing within these areas will constitute 75% of SGP funding, while 25% will be reserved for strategic partnership building, important demonstration projects, and particularly innovative initiatives. The thematic and geographic points below will remain the primary focus of SGP-Nepal throughout OP3.

- Sustainable harvest and production of non-timber forest products and organic farming in Midwestern districts of Salyan, Rolpa, and Dang; Western hill districts of Parbat, Baglung, Myagdi and Mustang; and Central hill districts of Kavre, Sindhupalchowk and Dolakha.
- Wetland conservation in Jagadishpur Reservoir (Kapilbastu district), Lumbini wetland (Rupendehi district), Narayani waterbody (Nawalparasi district), Beesh Hazari Tal (Chitwan district), Fewa, Begnas, and Rupa Tal (Kaski district).
- Renewable energy in all project clusters listed above and the forest-deficient Terai districts of Rautahat, Sarlahi, Mahottari, Dhanusha, Siraha and Saptari.

- Shifting Cultivation (or rotational agro forestry) in Makwanpur, Dhading, Chitwan, Gorkha, and Tanahu districts.

These areas were selected for their particular relevance to the considerations listed above and for reasons neglected by this document due to space constraints. Their importance for key SGP goals in biodiversity conservation, climate change mitigation, and sustainable land use as well as to marginalized communities, and policy reform is briefly discussed below.

Non-timber forest products – Non-timber forest products (NTFP) constitute a major asset for Nepal's rural poor. Used not only for their medicinal and aromatic value, commercially-viable NTFPs also are a significant source of revenue in Nepal's countryside (Kunwar, R., 2006). These important commodities are increasingly under threat however. Inadequate governmental policies and unsustainable harvesting practices are jeopardizing their natural persistence and degrading forest cover. Sustainable NTFP harvest and production could also be strengthened to increase returns for local cultivators (MFSC, 2002). In recent years, organic farming has becoming increasingly popular among rural farmers. Access to markets in places like Kathmandu could drastically improve returns.

Wetland conservation – Nepal's wetlands support a unique assemblage of globally-endangered flora and fauna. Wetland areas moreover hold value for their religious and cultural significance, as well as their role in providing sustenance to some of Nepal's most marginalized communities (IUCN-Nepal, 2004). Wetland sites perform important ecological functions. Healthy ecosystems re-charge ground water and prevent soil erosion. While recent action has sought to address wetland conservation through large interventions and governmental policy, degradation and unsustainable use continue to jeopardize the biological and economic significance of these critical areas. Uncoordinated governmental oversight contributes wetland depredation (*ibid*).

Shifting cultivation – Shifting cultivation or rotational agro forestry is a recently identified priority for biodiversity conservation and sustainable land use in the internationally-important *hotspots* of Himalayan region. Practiced for centuries by indigenous and generally poor hill residents, shifting cultivation usually consists of vegetation and secondary forest clearance followed by intensive agricultural activity and a long fallow period interspersed with select harvesting of wild or cultivated forest products. While generally perceived as destructive and particularly detrimental to conservation, new evidence suggests shifting cultivation – if practiced in its original form– can yield powerful benefits for wild flora and fauna as well as conserve soils (Kerkhoff, E. & Sharma, E., 2006). A major constraint to successful rotational agro forestry is governmental policies which undervalue shifting cultivation, limit space, and acquire land during fallow periods (*ibid*).

Renewable energy – Fossil fuel combustion and deforestation continue to be Nepal's main sources of carbon emissions. While low-cost and effective renewable energy mechanisms exist, instillations fees and lack of awareness limit their use among underprivileged communities. Financial assistance as well supportive institutions and policies can reduce barriers to the adoption of renewable energy.

I. Background Information and Analysis of Context – National and Geographic/Thematic Focal Areas:

I. A. Economic and Political Situation:

On November 22, 2006, representatives from an alliance of Nepal's major political parties and the leadership of the Communist Party of Nepal (Maoist) signed the Comprehensive Peace Agreement (CPA), ostensibly ending over 10 years of violent conflict pitting the Maoist People's Liberation Army against the army forces of the Government of Nepal (GoN). In addition to marking the end of this conflict, the enactment of the CPA also represents a broader, if only temporary, cessation of political instability in the country. This instability most recently culminated the massive people's movement which disposed authoritarian rule under King Gyandendra and his Royal Council of Ministers in April 2006. Elections for a constituent assembly to re-draft the Nepali constitution are now scheduled to be held in June 2006. A peaceful political transition will mark a return to democracy and renewed hopes for lasting security.

New political unity will hopefully also herald increased economic wellbeing across the country. The conflict has had particularly severe ramifications for economic performance over the past 10 years. In addition to extensive infrastructural damage, reduced private sector investment, and weakened service delivery, armed conflict has also precipitated an abrupt drop in the arrival of international tourists - a major source of revenue and foreign currency (GoN, 2006). While economic frustration has been a reoccurring feature of Nepali life, overall trends are not exclusively poor. On the contrary, Nepal has made recent gains in both real Gross Domestic Product (GDP) and poverty reduction. From 1996 to 2004, real GDP grew at an annual rate of 4%. During the same time frame, Nepal reduced rates of poverty by 11 percentage points. These gains are impressive, but the distribution of this increased wealth is starkly inequitable. Rural poverty remains at 35%, compared 10% in urban areas and only 3% within the Kathmandu valley (*ibid*). Moreover, rates of wealth distribution as measured by the Gini coefficient actually show a rise in income disparity, from 0.34 in 1996 to 0.41 in 2004 (*ibid*).

The prevalent economic and political situation affects both GEF SGP focal areas in biodiversity conservation, climate change mitigation, and sustainable land use, as well as SGP-Nepal's new thematic and geographic sites. Most notably, economic and political instability have impacted the trade and harvest of non-timber forest products (NTFPs) - a key source of revenue Nepal's rural poor. General lawlessness and the restricted reach of relevant governmental and civil society organizations have precipitated a sharp increase in NTFP exploitation. *Yartsa gumba* (*Cordyceps sinensis*) - perhaps Nepal's most valuable NTFP - is reportedly being harvested and smuggled to neighbouring countries at quantities large enough to jeopardize its continued persistence in the wild (Rakaya, 2003).

Yartsa gumba is not the only NTFP at risk however. Many of these species appear in CITES appendices; moreover the GoN has recently acknowledged the scarcity of certain NTFPs, prohibiting any collection, use, or sale of two in particular - *Kukti* and *Panch aunle* (MFSC, 2002). Unsustainable NTFP exploitation is not exclusively associated with the conflict or instability. Nepal's Master Plan for the Forestry Sector in 1988 identified high demand and economic need among primary collectors as important causal factors as well (GoN, 1988).

The development of Nepal's hydro electrical industry poses a challenge to wetland conservation. In particular, the construction of dams threatens wetland biodiversity and the ecological functions of these sites. Dams in Nepal have inundated wildlife habitats, blocked important migration routes, and disrupted nutrient dynamics critical for soil conservation (IUCN, 2004). While this industry holds enormous economic potential for Nepal, at the moment, its development has come with a high environmental cost.

The growing economic value of agricultural land along Nepal's southern alluvial plains is also a source of wetland depredation. Agricultural activity in these areas is major driver of financial output and attracts migrants from upland areas each year. As population pressure and agriculture activity grow, lowland wetlands are increasing subject to irrigation, drainage, and landscape conversion (*ibid*). Similarly, economic demand for agricultural output has increased the use of pesticides and herbicides. Toxic run off often accumulates in water bodies, damaging aquatic organisms and precipitating eutrophication.

From its beginning, Nepal's national economy disenfranchised indigenous nationalities, like the hill tribes that practise shifting cultivation. Early acts of the Nepali government violated indigenous property rights, abrogated traditional land tenure, and denied access to natural resources like forests, pastures, and water bodies (UNDP, 2004). Today, most indigenous citizens of Nepal occupy less than 1 acre of land and rely heavily on natural resource exploitation for basic sustenance (*ibid*). The infrastructural assess and basic services necessary for formal economic participation moreover have not yet reached the remote and steep areas that these citizens inhabit. Formal economic indices illustrate this neglect. Shifting cultivars today find themselves among the 14 to 38% of people in South Asia who subsist on less than \$1 USD per day (Kerkhoff, E. & Sharma, E., 2006).

Nepal's modern forestry economy also burdens shifting cultivars. Specifically, community and leaseholder forestry programs take possession of rotational agro forestry sites during fallow periods. Government policies which do not recognize these fallow forests as agricultural property facilitate this acquisition (*ibid*). In addition to simply occupying shifting cultivation sites, leaseholder or community

groups generally prefer standard forestry industry like timber and fodder sale. These activities prohibit forest clearance and further reduce the area available to shifting cultivars.

Lack of a reliable energy source and the requirements of collecting fuel constitute a major impediment to the economy in rural areas. The most common fuel source in rural Nepal – firewood – is furthermore a serious cause of deforestation across the country side. Despite this need, only 21% of rural households have access to electricity (UNDP, 2004). Rural access moreover pales in comparison to urban areas where almost 85% of homes enjoy a reliable electricity supply. The proliferation of low-cost renewable energy sources like bio-briquettes technology therefore not only marks an achievement in mitigating Nepal's carbon emissions, it is also a powerful resource for the poor to advance economically. Instead of the burdensome work required for firewood collection, rural Nepali residents equipped with efficient energy sources can devote new free time to the cultivation of new lands, study, or new economic activities (UNDP, 2005).

While the challenges enumerated above are real, Nepal has also made significant achievements in protecting wildlife and promoting pro-poor sustainable natural resource management. The proliferation of biogas technology for example is an effective and increasingly popular means of reducing carbon emission and lessening pressure on Nepal's forests. Moreover, the community and leaseholder forestry programs discussed above as well as buffer zone initiatives and national park revenue-sharing schemes have demonstrated success in returning forest cover and preserving globally-threatened species like the Royal Bengal Tiger and Nepal's unique assemblage of wild ungulates. These programs are similarly powerful sources of income for Nepal's poor and marginalized. The key political challenge in the future will be to sustain these accomplishments and promote innovation in the field of nature conservation. Constituent polls and the re-drafting of the constitution must recognize Nepal's areas of success and create policies that support future accomplishments.

I. B. Environmental Situation

Nepal is well known for high alpine features like Mount Everest and the famous Annapurna range, but a full description of its natural environment must also include the rich broadleaf and conifer forests, expansive tropical jungles, and large populations of keystone species like the Asian Elephant and the Greater One-horned Rhinoceros. Vast altitudinal variations - ranging from virtual sea level to heights well over 8000 meters - create this extraordinary diversity of natural settings and wildlife. Nepal possesses a total of six biomes, only two fewer than neighbouring India – a country nearly fifty times its size (BCN, 2005). These biomes are: Eurasian High Montane, Sino-Himalayan Temperate Forest, Indo-Chinese Tropical Moist Forest, Indo-Malayan Tropical Dry Zone, and the Indo-Gangetic Plains biome (*ibid*).

This diversity is also reflected in Nepal's extensive bird life. Although constituting only .09% of the global land area, Nepal hosts over 10% of the world's species. A total of 862 have been recorded, including 31 globally-threatened species (GoN, 2002). In addition to birds, Nepal also has significant floral diversity. According to GoN, over 2% of the world's flowering plants can be found in Nepal (*ibid*). Similarly, a rich collection of tall grasses flourish along Nepal's southern plains. Species like *Saccharum spontaneum* are the tallest in the world - reaching 3 to 4 meters in height - and host the highest tiger densities ever recorded (Wikramanayake et al, 2002).

Another important feature of Nepal's natural environment is its overwhelming importance for human livelihoods. The UNDP estimates that around 90% of Nepal's rural population relies on subsistence agriculture (UNDP, 2006). Forests cover is critically important therefore in preserving soil content, preventing landslides, flooding, and drought. Unfortunately, Nepal's MFSC has recorded that deforestation and related natural disasters contribute to 20 – 25 tonnes of soil loss per year (NBS). In addition to traditional agriculture, many Nepali people rely on forests for other daily needs like animal fodder, firewood, medicinal, and religiously significant NTFPs. These valuable commodities are also under threat as forest cover diminishes.

Nepal's wild areas have value as destinations for international tourists. In 1999, over 400,000 tourists visited Nepal and over 45% travelled to protected areas (GoN, 2002). While revenue from the tourist industry is disproportionately accrued within the Kathmandu Valley, progressive national park revenue

sharing schemes and community-based natural resource management regimes like the Annurpurna Conservation Area Project ensure that benefits are to a certain degree are distributed to rural residents.

SGP-Nepal's thematic and geographic clusters are concentrated within two of Nepal's principle geographic zones – the Terai and the Mid hills. These sites and the factors that threaten their natural environments are briefly discussed below

Terai (1000 meters and below)

The flat alluvial plains located along Nepal's southern border with India are known as the Terai. Once an extensive jungle made uninhabitable by malaria, the Terai today is Nepal's busiest industrial and agricultural centre. Residents from Nepal's hill district are increasingly migrating to this area, attracted by its rich soil and even topography. Today, the Terai hold around 50% of Nepal's population and records the highest growth rates in the country.

Despite this pressure, the Terai continues to retain significant portions of its original wild habitats. In particular, these include Sal (*Shorea robusta*) forests, tropical deciduous riverine forests, and tropical evergreen forests (GoN, 2002). Of these sites, Sal forests have seen particularly high rates of deforestation; though still stand in impressive density in the Terai's western regions.

Most of Nepal's globally-threatened mammals occur in the Terai. These include the Asian Elephant, Royal Bengal Tiger, and the One-horned Rhinoceros. Conservation initiatives have recorded success in the recovering these populations in the past, but poaching (as discussed below) threatens to reverse these trends.

Terai ecosystems are well represented in Nepal's protected areas and conservation zones. In total five national parks are placed within the Terai. New landscape-scale conservation projects like the Western Terai Landscape Conservation Project and the Terai Arc Landscape are now attempting to re-connect these wild areas as contiguous plots of forest, allowing for better wildlife and seed dispersal.

Though these efforts have seen success in both wildlife preservation and increased forest cover, poaching and illegal timber harvest continue endanger the Terai's natural areas. In June 2006, for example, a WWF census identified only 3 rhinoceros in Royal Bardia National Park, a marked down turn from the around 70 found several years earlier. Poaching in the Terai has increased as conflict weakens Nepal's institutional bodies (NPR, 2006).

Deforestation also continues to occur at alarming rates. The MFSC states that on average Nepal's rate of deforestation stands at 1.7% per year (GoN, 2002). A majority of these losses occur in the Terai. A major cause of deforestation is livestock grazing and firewood collection. Forest encroachment also occurs as agricultural and human settlements expand.

Mid hills (1000 – 3000 meters)

The mid hills offer an impressive array of ecosystems, including rich broadleaf and coniferous forests. These mid hill habitats constitute 32% of Nepal's remaining forest cover. With frequent migration to Terai districts and extensive community forestry, the some areas of the mid hills have actually seen a net gain in forest cover. Conservation projects are increasingly attempting to harness these positive trends. The WWF recently announced a Sacred Himalayan Landscape Project, an effort to re-connect the forested territory between the Kunchanjunga Conservation Area, Makalu, and Sagarmatha National Parks.

In addition to forest, the mid hills host some of Nepal's biggest cities, including Pkharra and the extensive settlements in the Kathmandu valley. Outside these metropolitan zones, the mid hills are sparsely populated in comparison to the Terai. Most residents farm using intricate terracing systems, growing rice and corn nearly to the tops of mountain sides.

The mid hills are famed for their beauty and protected areas like the Annurpurna Conservation Area are some of Nepal's greatest tourist attractions. During the monsoonal months, rhododendron stands

flower in dazzlingly displays. High mountain river systems carrying snow melt from alpine areas also common in mid hill geographic zones. The Kali-Gandaki Gorge in the central-west portion of the mid hills is the deepest in the world.

Steep topography makes the mid hills especially susceptible to erosion and landslides. Deforestation is a principle source of these natural calamities. In addition to reduced forest cover, global climate change also precipitates landscape degradation and natural disasters. As temperature rise, reduced snow cover and glacial retreat are becoming common feature in Nepal's alpine zones, changing the natural processes of mid hill ecosystems and burdening residents. Poaching, unsustainable natural resource exploitation and illegal timber harvest are threats to Mid hill biodiversity and land cover.

I. B. Relevant Environmental Conventions and Treaties

Besides obligatory treaties that are nonbinding, Nepal is a signatory to the five international Conventions and Treaties relevant to the GEF focal areas. These are: The Convention on Biodiversity Conservation, the Convention on the International Trade in Endangered Species of Wild Fauna and Flora, CITES, the Ramsar Convention, the World Heritage Convention, and the UN Framework Convention to Climate Change, UNFCCC. The Constitution of the Kingdom of Nepal, Environment Protection Act 1996, National Parks and Wildlife Conservation Act 1973, Forest Act 1993 and Water Resources Act 1992 all have provisions that reflect the government's commitment to the protection and conservation of global commons. By and large, there is a broad legal framework to allow for the implementation of projects for the global commons under GEF-SGP.

In addition, the government with the assistance from UNDP has recently formulated and endorsed the Nepal Biodiversity Strategy (NBS). The government is also implementing a decentralisation policy under the Local Self Governance Act 1999. Many bilateral donors are now supporting the districts directly with various programmes. Working with and through districts will be instrumental in ensuring sustainability of GEF-SGP activities. District Development Committees – the chief implementing bodies of local government – are moreover required to draft and implement plans for the conservation of biological diversity and sustainable land management within their administrative boundaries.

I. C. Institutional and Governance

In addition to the international accords and related provisions discussed above, Nepal has several other policies and formalized pieces of legislation that address the sustainable management and preservation of natural resources. These mandates are unique in that they provide for participation and even devolve direct responsibility to local communities. Two examples are discussed below.

The National Parks and Wildlife Conservation Act of 1973 provides the legal basis for the management of protected areas. It prohibits any activities within conservation zones that may infringe on the ecological integrity of the area. In 1996, the NPWC was amended to include buffer zones in addition to more formalized conservation areas. Buffer zones are any areas conservation authorities officially recognize as likely to be affected by the existence of protection activities. Under the buffer zone amendment, these sites and the people who live within them are entitled to 30-50% of park revenue to be allocated to community development. These groups moreover participate in the design and implementation of their own protection activities within the community. The buffer zone amendment is widely considered to be a valuable innovation in the efforts to align the interests of community groups with the needs of wildlife (GoN, 2002).

Another important legislative provision is the Forest Act of 1978. This Act created the foundation for the community forestry regimes that today can be found across Nepal. In the Forestry Act, the GoN agreed to devolve responsibility of certain national forest territory to the community groups which surround these sites. Community forestry groups are moreover granted benefits of forest management through the systematic collection and distribution of firewood, fodder, and various NTFPs (Rajbhandari, 2004). Community Forestry in Nepal is credited with both slowing the rates of deforestation in the certain part of the country and actually facilitating net gain of forest cover in portions of the Mid hills.

I. D. Civil Society and NGO/CBOs

Some of the principle challenges that undermine the effectiveness and capacity of active NGOs and CBOs working in the sectors of environment and sustainable development in Nepal include access and political instability. Nepal's steep terrain and poor infrastructure make accessing target areas a key challenge for NGOs. In addition to simply travelling to and from the field, telephone, email, and other communication facilities are generally unavailable in many parts of the country. These problems exacerbate the difficulties associated with extensive reporting, monitoring, and evaluation obligations required by larger funding organizations in Kathmandu.

Political instability as discussed above has also been a challenge to effectiveness. In the past decade, NGOs and CBOs working in conflict-affected districts would have to negotiate with both GoN administrative bodies and parallel Maoist institutions. Both sides would often politicise their work, require payment, and at times endanger staff. This issue was particularly prevalent in Nepal's western districts. In terms of SGP-Nepal clusters, the NTFP thematic grouping in Rolpa, Dang, and Salyan districts was the most affected.

I. E. Poverty and Poverty Reduction

Nepal's latest Poverty Reduction Strategy Paper (PRSP)/Tenth Plan aims to reduce poverty from 38% in 2001/2002 to 30% in 2006/2007. As of mid 2004, it appeared likely that this goal would be achieved (GoN, 2006). Specific mechanisms for reaching Nepal's poverty reduction targets include promoting non-agricultural growth, ensuring food security, improving infrastructure, and providing greater access to social service for vulnerable groups like citizens of low-caste, women, and ethnic communities (*ibid*). In addition the objectives laid out in the PRSP, the GoN also intends to attain the Millennium Development Goals (MDG). A report issued in 2005 noted that with the exception of universal primary education and combating HIV/AIDS, Nepal largely is on track to achieving these goals as well (UNDP, 2005).

While poverty rates have declined, new wealth has not been distributed equitably. For more detail on poverty reduction, wealth distribution, and general economic trends, please see section I. A. Economic/Political/Poverty Situation above.

SGP-Nepal's new project clusters are particularly geared towards reducing poverty. Specifically, these components have been selected in areas that are both geographically and thematically linked to poverty alleviation. For example, numerous reports indicate that NTFPs are critically important to Nepal's rural poor. Moreover, it is widely acknowledged that the poor are disproportionately concentrated in Nepal's western districts. SGP's new thematic clusters address both NTFPs and are focused within the particularly deprived western districts of Rolpa, Dang, and Salyan. These areas rank among Nepal's lowest in terms of human development, empowerment, per capita wealth (UNDP, 2004).

SGP-Nepal's wetland and shifting cultivation thematic areas are moreover targeted at Nepal's diverse ethnic communities. These groups have been widely neglected in development efforts and the subject of broad discrimination. For more information of ethnic nationalities in Nepal please see section I.G. Indigenous Peoples below.

I. F. Gender Equality

The lives of women in Nepal continue to be dominated by poor health outcomes, educational underperformance, economic dependence, and instability. Despite performing a majority household duties and all work in terms of reproduction and child rearing, these essential tasks are undervalued at both the national and household level. This lack of appreciation is a significant hindrance to gender equity, especially considering the work load of Nepali women is estimated at nearly 16 hours a day – a figure much higher than the global average (UNDP, 2004).

Economic impediments to women in Nepal are not confined to household labour however. On the contrary, a woman's marital status largely defines her access to land and property – still the major prerequisites for independent economic solvency. Cultural and certain legal requirements mandate that a woman's marital status determines her access to these resources. Women may own or

partially own their husband's land, but cannot sell, rent, or otherwise transfer it without spousal consent, and, in the case of widows, her son or father-in-law's approval (UNDP, 2004). Women landholders suffer accordingly. Of total landholdings in Nepal, women own just 8%. These holdings are moreover on average only just two-thirds the size of male-owned plots (*ibid*).

In terms of educational status, women in Nepal have made recent gains. Literacy statistics show that just under 12% of Nepali women could read in 1981. That number has dramatically risen in recent years and, in 2001, stood at 43%. Despite these impressive achievements however women still lag far behind their male counterparts. In 1981, Nepal's female literacy rate was 22% lower than men. This statistic was unchanged as of 2001 (*ibid*).

Life expectancy for women in Nepal has also made progress. In 1991, women on average lived to the age of 53; 10 years later, life expectancy increased to 61 (*ibid*). More troubling health outcomes deal with life expectancy of girls under the age of 5. The UN estimates that of 1000 live births, 112 girls die before reaching 5. This number contrasts with boys of whom only 105 die. Researchers believe that this disparity is caused by discriminatory child rearing practices which favour boys with greater access to health care and food.

Nepal has several national policy and legal institutions which address gender and the role of women. The Constitution stipulates that non-discrimination and equality are fundamental rights of both male and female citizens. Moreover, the National Country Code sets out the right to property, reproductive rights, and limits the legal age of marriage to 18. State laws and traditional belief systems however are impediments to women's rights in all these areas. National planning documents also incorporate women's concerns. Most recently, the Tenth Plan has included gender and human rights as crosscutting and sector issues (*ibid*).

Sharp geographic disparities in the treatment of women also exist in Nepal. In particular, Nepal's western districts register greater incidences of female illiteracy and poor health outcomes. This will be an issue for the SGP-Nepal thematic cluster located in Rolpa, Dang, and Salyan districts.

I. G. Indigenous Peoples

Nepal has a diverse array of indigenous nationalities. In total, these groups constitute 37% of the population. The largest ethnic groups in the country are as follows: Magar (7.1%), Tharu (6.7%), Tamang (5.6), Newar (5.5%), Rai (2.8%), Gurung (2.4), and Limbu (1.6%). In addition to these populations, Nepal also has smaller ethnic groups based within distinct regional centres, like the Thakali of the high alpine Mustang district, and the Rajbanshi of the lower subtropical areas like Jhapa, Morang, and Saptari districts (UNDP, 2004). Ethnic communities have enriched Nepal's linguistic tradition as well, speaking over 100 different languages and dialects – more, in total, than the entire span of Western Europe.

Unfortunately, Nepal's indigenous communities long have suffered from explicit racism, manifest in governmental policies and actions. Since the very unification of Nepal in the 1800s, the country's government - dominated by Hindu Brahmin and Chetri elite – has sought to undermine these groups and specifically deny them access to critical natural resources. Indigenous groups have continually seen their land rights abrogated and their traditional grazing, farming, and forested areas expropriated. The enactment of various laws in the late 1940s, explicitly sought to limit indigenous contact with forests, pastures, rivers, wetlands, and wildlife (*ibid*). Even international development assistance has negatively affected indigenous groups. The USAID-sponsored campaign to eradicate malaria along southern Terai districts in the 1950s precipitated a massive influx of hill residents, who quickly relegated many of the area's indigenous communities to slavery. USAID did little to address the unintended consequences of this program.

Today indigenous people in Nepal have made progress in terms of policy reform, though governmental inaction continues to impede success. The Constitution of Nepal explicitly mandates the elimination of social and economic inequalities, by maintaining and promoting plurality and diversity of cultures, and advancing disadvantaged groups through ethnic participation in governance (HDR). Moreover, a 2001 amendment to the Education Act of 1971 provided for free education to indigenous children living under the poverty line. In 2000, the GoN similarly abolished a bonded

labour system which confined many indigenous Terai residents to indenture servitude and slavery (*ibid*).

There is still no progress on numerous legislative initiatives that seek to protect and promote indigenous languages, scripts, and cultures. Moreover the GoN have also failed to ratify important accords which could assist indigenous nationalities overcome previous hardship. For example, the GoN has yet to sign the International Labour Organization's Convention # 169 on Indigenous and Tribal People (*ibid*).

Initiatives of the CPN(M) have sought to address the plight of indigenous communities. Specifically, CPN(M) has advocated for and, in the large areas under its control, implemented a plan to restructure Nepal's districts into autonomous administrative units based on the traditional population centres of indigenous nationalities. New regional autonomy, it is thought, would facilitate greater participation for indigenous groups within governance, access to aid packages, and public services. As the CPN(M) begins to enter the political mainstream it is likely that this idea will gain greater traction within the public debate and may be implemented as national policy.

SGP-Nepal's new thematic and geographic clusters intend to aid indigenous nationalities in Nepal. In particular, shifting cultivation initiatives will specifically seek to assist the indigenous groups that practice rotational agro forestry like the Chepang. Moreover, wetland resources are of great importance for indigenous people in the Terai (IUCN, 2004). They will benefit from activities which seek to preserve these sights for economic and biological purposes. SGP-Nepal's grassroots focus and participatory methodology will also ensure that these groups are involved in every aspect of project planning, implementation, and review. Participation is critically important for SGP initiatives to reach their targets and effectively address the needs of ethnic groups in Nepal.

I. H. Donor Programming Context

Preserving Nepal's rich natural resource base is a priority for a number of international donor organizations. In addition to the UNDP and GEF, the donor community in Nepal includes the WWF, IUCN, The Mountain Institute (TMI), the Government of Finland, and the International Centre for Integrated Mountain Development (ICIMOD). While all of these agencies address issues related to natural resource conservation, each individual group specifically pursues the thematic points which are most closely affiliated with their organizational mission. Describing each of these approaches is beyond the scope of this document, but basic examples include WWF programming for biodiversity preservation and livelihood improvement as well as Government of Finland investment related to water and sanitation.

In 2002, the GoN issued the NBS in order to identify key thematic areas in need of donor and governmental action. This document specifically focuses on: forest conservation (including NTFP), rangeland management, agro biodiversity, wetland preservation, and protection of mountain biodiversity. To a certain extent, the donor community has responded to the publication of the NBS, tailored its programming around these broad thematic points. For example, ICIMOD holds frequent workshops and discussions on issues related to rangeland management and the GEF SGP will roll out a major intervention in the coming weeks which seeks to protect Nepal's wetlands.

II. GEF SGP Country Programme Strategy:

II. A. SGP Programming 'Niche'

Building synergy within the donor community and addressing areas which compliment governmental priorities were major considerations in the formation of SGP-Nepal's programming niche. The following briefly discusses these areas of synergy both in terms of broad national priorities and SGP-Nepal's new thematic and geographic components.

NTFP – SGP-Nepal's new thematic focus on NTFP will compliment GoN-identified priorities. Specifically, SGP-Nepal action will address GoN's concerns about "controlling unsustainable harvesting" of NTFPs (GoN, 2002). NTFP is also a work area for UNDP-Nepal's Micro Enterprise Development Programme (MEDEP). Potential partnership strategies are currently being discussed.

Wetlands – SGP-Nepal's new wetland component builds on the GoN identified priorities. Specifically, it aims to address the “lack of awareness and community participation” which the GoN has acknowledged is an impediment to the effective conservation and management of these sites (GoN, 2002). SGP-Nepal also aims to - at some level - partner with GEF as it commences a large wetland conservation program within the coming weeks.

Renewable energy – Focusing on renewable energy across all of SGP-Nepal's new thematic and geographic clusters as well as in the central Terai project clusters will help reduce unsustainable firewood use and preserve forest cover. Both these areas are critical for soil, biodiversity, and landscape conservation as well as reducing carbon emissions – all important priorities of all donors and relevant governmental agencies.

Shifting cultivation – Shifting cultivation is a neglected area in terms of donor and governmental attention (Kerkhoff, E. & Sharma, E., 2006). SGP-Nepal aims to target financial and technical assistance towards this area in order to increase awareness and eventually leverage policy reform. Shifting cultivation is also an area of interest for ICIMOD and potential partnerships are being explored.

In addition to cooperation within specific thematic and geographic areas, SGP-Nepal also seeks to address broad national priorities and obligations. For instance, SGP-Nepal OP3 goals relate directly to Nepal's Tenth Plan, the MDGs, and the Sustainable Development Agenda (SDAN). As discussed above, Nepal's Tenth Plan aims to reduce poverty through four basic strategies: broad-based economic growth, social sector development, targeted programs, and good governance (GoN, 2006). SGP-Nepal compliments this approach by enhancing the capacity of grassroots NGOs and CBOs, working to support governmental development efforts. Similarly, SGP-Nepal contributes to the GoN's MDG commitments. SGP-Nepal's programming supports two MGD objectives specifically – the Eradication of Extreme Poverty and Hunger, and Ensuring Environmental Sustainability (UNDP, 2005). Lastly, Nepal's SDAN summarizes 8 GoN policy initiatives related the forest, ecosystem, and biodiversity conservation. Of these goals, SGP-Nepal addresses 5 in particular: Management of National Forests and Protected Areas, Conservation of Ecosystems and Genetic Resources, Protection of Land against Degradation, Promotion of Sustainable Harvest and Management of Non-timber Forest Products, and Agricultural Biodiversity for Marginalized Mountain Communities.

SGP-Nepal's OP3 goals and targets strive to find linkages between these initiatives while at the same time achieving the UNDP-GEF mandate for a stronger global environment. The specific outputs, outcome, and impact expected are discussed briefly below and then delineated in detail with the logical framework matrices listed in Annex 3.

II. B. CPS Results: Impacts, Outcomes, and Outputs

SGP-Nepal's impacts, outcomes, and outputs have been identified as part of the participatory process including an extensive literature review and discussions within the SGP-Nepal staff, the NSC, UNDP officials, and outside experts. All goals and objectives interlink and are designed ultimately to contribute to key GEF environmental, livelihood, and empowerment priorities. SGP-Nepal has specifically prioritised 3 out of 5 of GEF focal areas – Biodiversity (BD), Climate change (CC), and Land degradation (LD):

BD: Increased species and habitat conservation in selected intervention area

The main focus within the biodiversity conservation for sustainable livelihoods will be geared towards community-led conservation, management and utilization of *the mountain/ forest ecosystems*; community-led conservation, rehabilitation, propagation, sustainable harvesting, utilization, and marketing of threatened but economically valuable medicinal and aromatic plants and non-timber forest products. These activities will be confined in three clusters – a) *Midwestern hill districts of Dang, Salyan and Rolpa*; 2) *Western hill districts of Baglung, Parbat, Myagdi and Mustang*; and 3) *Central hill districts of Kavre, Sindhupalchowk and Dolakha. (Annex II& III)*. Village ecotourism development may also significantly contribute to biodiversity conservation and sustainable livelihood

The projects aimed at conservation, rehabilitation and utilization of nationally significant wetlands will be focused in two clusters – 1) Terai districts of Chitwan, Nawalparasi, Rupendehi and Kapilbastu; and 2) Western hill district of Kaski. (Annex II & III).

CC: Mitigation of climate change in target area

The climate change mitigation priority will include the *removal of barriers to the use of and adapt alternative energy technologies and increase of energy efficiency and energy saving*. As far as the climate change is concerned, resource poor lowland (Terai) districts of Rautahat, Sarlahi, Mahottari, Dhanusha, Siraha and Saptari have been identified as the priority areas for the projects focused on the removal of barriers to using non-conventional/ alternative energy sources. However, activities on energy efficiency and energy saving technologies will be supported to all projects across the geographic as well as thematic areas. *(Annex II & III).*

LD: Enhanced/maintained land quality in selected target areas

The main activities within the land degradation prevention area will be focused on: rehabilitation and conservation of slash and burn (shifting cultivation or Khoriya) lands and restoration and protection of river belts. Slash and burn lands will be upgraded with the adoption of sloping land agricultural technologies. Preference will be given to one cluster (the hills of *Dhading, Chitwan, Gorkha, Makwanpur and Tanahu* districts) for carrying out activities related to land degradation prevention through indigenous dwellers who have the customary rights of the slash and burn (Khoriya) lands. *(Annex II & III)*

In addition, SGP will provide funding for the projects focused on Indigenous People, bee-keeping, conservation of rare but significant fresh water species such as Dolphin, organic farming and vermicomposting development, conservation of important and endangered bird and bird habitat, clean transport, eco-tourism, capacity building and monitoring and evaluation projects. However, such projects will be subject to the innovative approach, efficiency and the prospects of subsequent application at the program level. In such projects the preference will be given to the projects relating to the above-mentioned three focused areas. High priority will be given to GEF SGP eligible projects that use a human rights and GSI (gender and social inclusion) sensitive approach and also highlight address the target population groups such as vulnerable, disadvantaged, marginalized, internally displaced or conflict victims, indigenous, and the poor.

Results within these focal areas are expected to be achieved during OP3's three-year time span. Each level of SGP-Nepal's results framework is bound to a set of detailed indicators, designed to measure success and generate knowledge. SGP-Nepal staff and affiliates will be responsible for collecting all relevant data. Results trees and logical framework matrices replete with all expected impacts, outcomes, and outputs are listed within Annex 3 of this document.

III. C. Monitoring, Evaluation, and Reporting

SGP's monitoring and evaluation system is intended to provide project partners and both primary and secondary project stakeholders with information about the status and results of individual projects, the progress of country programme and the achievements of overall programme objectives and outcomes.

SGP's monitoring and evaluation system is a participatory and forward-looking process that helps enable grantees' capacity to learn, collect and analyze information; maintain accountability; promote sustainability; and provide opportunities to identify and communicate best practices and lessons learned from projects and programme experiences. Monitoring and evaluation is required at three levels - project, country and global. At project level, capacity building initiatives are organized for grantees to enhance their skills and performance for producing higher impacts of the project intervention. As part of the project level monitoring and evaluation, project performance indicators are prepared (Annex VIII) in a participatory approach. It helps grantees to demonstrate their results by assessing their performance by themselves. However, project performance indicators are kept flexible so that the indicators can be modified as per the experiences and lessons learned from the field. On the basis of field monitoring visits and review workshops, reports are prepared and shared to grantees to improve the performance of their respective projects. Public auditing will be encouraged and

performance audit practice will be continued in order to maintain financial transparency and contribute to result-based management approach.

At the country and global levels, monitoring and evaluation is institutionalized and taken as a part of the process for learning, sharing and replicating the best practices and lessons learned.

II. D. Reporting Requirements

Each grantee has to prepare quarterly progress reports, annual progress reports, and project completion report as per the format attached with Memorandum of Agreement (MoA). The quarterly report basically focuses on major activities implemented during the reporting period against the work plan, progress made, emerging issues and challenges and their coping strategies. The quarterly report should include quarterly financial report, bank statement and a clear picture of co-funding (cash and kind) with sufficient evidences. The annual report summarizes the progress against its overall objectives and outcomes. The annual report should incorporate assessment of good practices and lessons learned. Grantees are required to submit a project completion report at the end of the project period. The project completion report highlights the fulfillment of the objectives, its anticipated outcomes and assessment of best practices and lessons learned.

II. E. Reporting Plan

Quarterly and Annual progress reports should include workplan for the next quarter and/ or year and necessary supporting documents. The structure of the reporting plan is as follows:

Table: Reporting plan

S N	Report	Months												Remarks		
		1	2	3	4	5	6	7	8	9	10	11	12			
1	1 st Quarterly															
	2 nd Quarterly															
	3 rd Quarterly															
	4 th Quarterly															
2	Annual															
3	Project Completion (Draft)														One month after the project completion	
4	Project Completion Report (Final)														One month after receiving feedback and suggestions	
5	Biennial Programme Review (BPR)														In every two years	

If the project period is more than one year, the similar patterns should follow.

ANNEX

Annex I: SGP Thematic and/or Geographic Thematic Ranking Matrix

Instructions: Please fill in the boxes below with a score of 1 through 5. 5 indicates your highest level of agreement and a 1 indicates your the lowest. Also, please reference the example below as needed.

SGP mission and GEF instructions:	Would working in this area mitigate biodiversity loss?	Climate change?	Persistent organic pollutants?	Landscape degradation?	International water degradation?	Would it contribute to community empowerment?	Improved livelihoods?	Would this area be conducive to demonstrating project impact?	Would working in this area contribute to policy change?	Collaborate with other UNDP projects?	Would it target marginalized communities?	Address a neglected area?	Complement other non-SGP
Suggestions:													
Geographic:													
Eastern Himalaya Ecoregion (Eastern hills and mountains as well as the Terai)													
Eastern Himalaya (Eastern hills and mountains alone)													
Kunchanjunga Conservation Area													
Mid-western and western hills													
Regional clusters based on need.*													
Thematic:													
Wetlands													
Shifting cultivation													
Non-timber forest products (NTFP)													
Rangeland management													
Renewable energy													
Terrace improvement													
Human wildlife conflict													

- *** Regional clusters based on need:** In this scenario, SGP targets its activities within one or more geographic areas. These sites would be selected based on particularly critical environmental, empowerment, and livelihood needs. For example, a regional cluster for biodiversity conservation may be placed in the western Terai, considering its globally important tiger, rhino, and elephant populations.

Annex III: Results Trees and Logframes

NTFP: Results Tree

Outputs	Outcomes	Global Environmental Impact
<p>1. Improved capacity to support NTFP industry through training and market support</p> <p>2. Economic status of NTFP collectors improved through broader access to production facilities, greater synergy between collectors, improved credit access including CETF, and knowledge of sustainable harvesting practices</p>	<p>A. Increased NTFP species abundance and diversity restored in mid western, western and central project clusters</p>	<p>I. Biodiversity preserved</p> <p>II. Land sustainably managed</p>
Output indicator	Outcome indicator	Impact indicator
<p>1.A. NGOs, CBOs, and/or individuals trained (# of courses attended)</p> <p>1.B./2.A. Innovative financial support mechanisms developed</p> <p>2.B. Resource user groups founded or expanded (# participants)</p> <p>2.C. Improved markets and/or distribution networks provided/accessed by community for related products and services</p>	<p>A.1. % of community land devoted to NTFP preservation</p> <p>A.2. # NTFP conserved and sustainably managed</p> <p>A.3. # NTFP conservation plans developed</p> <p>A.4. # households benefiting from improved NTFP management</p>	<p>I. # of endangered species conserved in # of hectares</p> <p>II. Rehabilitation of degraded forested areas (# hectares)</p>
Output target	Outcome target	Impact target
<p>1.A. 27 capacity building trainings conducted</p> <p>1.B./2.A. 3 NGOs/CBOs tied with local financial institutions and/or facilitating community (household) access to credit</p> <p>2.B. 20 over 3 years</p> <p>2.C. At least, two networks developed and in operation</p>	<p>A.1. 5%</p> <p>A.2. 20</p> <p>A.3. 3 plans developed</p> <p>A.4. 100 households</p>	<p>I. 5 species</p> <p>II. 800 hectares</p>

NTFP: Logframe

Expected Results	Indicators	Baseline data	Source of data	Method of Data Collection	Monitoring Frequency	Responsible
I. Biodiversity preserved II. Land sustainably managed	I. # of endangered species conserved in # of hectares II. Rehabilitation of degraded forested areas (# hectares)	1. Zero species conserved II. Zero hectares in targeted sites	Field visits Review of relevant national documents and studies	Observation Literature review	Twice - project start up and final evaluation	SGP staff person, consultant, NSC, or UNDP staff
A. Increased NTFP species abundance and diversity restored in mid western project cluster	A.1. % of community land devoted to NTFP preservation A.2. # NTFP conserved and sustainably managed A.3. # NTFP conservation plans developed A.4. # households benefiting from improved NTFP management	A.1. zero hectares A.2. zero NTFP conserved in expected project sites A.3. No conservation plans in expected project sites A.4. No NTFP management	Site visits Project reports	Observation and discussion Project document review and consideration	Annual review	SGP staff person, consultant, NSC, or UNDP staff
1. Improved capacity to support NTFP industry through training and market support 2. Economic status of NTFP collectors improved through broader access to production facilities, greater synergy between collectors, improved credit access including CETF, and knowledge of sustainable harvesting practices	1.A. NGOs, CBOs, and/or individuals trained (# of courses attended) 1.B./2.A. Innovative financial support mechanisms developed 2.B. Resource user groups founded or expanded (# participants) 2.C. Improved markets and/or distribution networks provided/accessed by community for related products and services	1.A. Zero participants trained in NTFP management 1.B./2.A. No supportive financial systems 2.B. No resource groups 2.C. Exploitative mechanisms for market access and distribution networks	Discussions with project participants and key informants Site visits Project document review	Observation Focus groups Document review	Annual	SGP staff person, consultant, NSC, or UNDP staff

Wetland: Results Tree

Outputs	Outcomes	Global Impacts	Environmental
<p>1. Increased participation of wetland dependant communities in wetland management</p> <p>2. Increased technical and institutional capacity, stronger information base, and raised awareness of wetland biodiversity planning and management</p> <p>3. Better integration of wetland biodiversity conservation into sectoral, legal, and policy frameworks and more efficient co-ordinated implementation of plans between sectors</p>	<p>A. Decreased rate of wetland habitats loss</p> <p>B. Improved wetland ecosystem integrity</p> <p>C. Increased species abundance and diversity</p>	<p>I. Wetland preserved</p>	<p>biodiversity</p>
Output indicators	Outcome indicators	Impact indicator	
<p>1.1. # households benefiting from wetland conservation</p> <p>1.2. Wetland dependent participation in national policy discussions and policy decisions (# contributions)</p> <p>2.1. # Resource user groups founded or expanded</p> <p>2.2. Households trained in sustainably wetland management techniques</p> <p>2.3. Natural resource assessment methods (# field guides, publications, or presentations)</p> <p>2.4.. Media events and press coverage (# articles)</p> <p>3.1. Exchanges of views between policy makers (# visits)</p>	<p>A. Rehabilitation of degraded wetland areas (# hectares)</p> <p>B. Eroded land stabilized through artificial restoration, tree-planting, or other interventions that reduce sedimentation (# hectares stabilized)</p> <p>C. # of species conserved</p>	<p>I. # of wetland endangered species conserved</p>	
Output target	Outcome target	Impact target	
<p>1.1. 100 households</p> <p>1.2. 6 contributions (written, meeting participation, or other)</p> <p>2.1. 15 user groups</p> <p>2.2. 100 households</p> <p>2.3. 4</p> <p>2.4. 10 articles or events</p> <p>3.1. 4 meetings</p>	<p>A. 800 hecatres</p> <p>B. 800 hectares</p> <p>C. 5 species</p>	<p>I. 5 species</p>	

Wetland: Logframe

Expected Results	Indicators	Baseline data	Source of data	Method of Data Collection	Monitoring Frequency	Responsible
I. Wetland biodiversity preserved	I.1. # of wetland endangered species conserved	1. No species preserved	Review of relevant national documents and scientific studies	Observation Literature review	Twice - project start up and final evaluation	SGP staff person, consultant, NSC, or UNDP staff
A. Decreased rate of wetland habitats loss B. Improved wetland ecosystem integrity C. Increased species abundance and diversity	A. Rehabilitation of degraded wetland areas (# hectares) B. Eroded land stabilized through artificial restoration, tree-planting, or other interventions that reduce sedimentation (# hectares stabilized) C. # of species conserved	A. No degraded areas rehabilitated B. No eroded lands stabilized C. No species conserved	Site visits Discussions with local stakeholders Project reports Literature review	Observation and discussion Project document review and consideration	Annual review	SGP staff person, consultant, NSC, or UNDP staff
1. Increased participation of wetland dependant communities in wetland management 2. Increased technical and institutional capacity, stronger information base, and raised awareness of wetland biodiversity and management 3. Better integration of wetland biodiversity conservation into sectoral, legal, and policy frameworks and more efficient coordinated implementation of plans between sectors	1.1. # households benefiting from wetland conservation 1.2. Wetland dependent participation in national policy discussions and policy decisions (# contributions) 2.1. # Resource user groups founded or expanded 2.2. Households trained in sustainably wetland management techniques 2.3. Natural resource assessment methods (# field guides, publications, or presentations) 2.4. Media events and press coverage (# articles) 3.1. Exchanges of views between policy makers (# visits)	1.1. No households benefiting 1.2. No participation to date 2.1. No resource groups established 2.2. No households trained 2.3. None in project areas 2.4. No media cover of project activities or site	Discussions with project participants and key informants Site visits Project document review	Observation Focus groups Document review	Annual	SGP staff person, consultant, NSC, or UNDP staff

Renewable Energy: Results Tree

Outputs	Outcomes	Global Environmental Impacts
1. Renewable energy use increased through greater awareness, technical, and financial assistance	A. Increased use of renewable energy sources in central Terai project cluster	I. Land sustainably managed II. Global climate preserved
Output indicator	Outcome indicator	Impact indicator
1.A. NGOs, CBOs, and/or individuals trained in technical skills (# of participants) 1.B. Local or national government funds invested in support of efficient renewable energy and used in supportive capacity	A. Energy production and/or savings and installed capacities (# households benefit)	I. % firewood dependency reduced II. Avoided greenhouse gas emissions (# tons of carbon)
Output target	Outcome target	Impact target
1.A. 25 1.B. +\$1500 USD and 5 service centers in operation	A. 1000 households	I.A. Firewood dependency decreased by 5% I.B. Release of 300 tons of CO2 avoided

Renewable Energy: Logframe

Expected Results	Indicators	Baseline data	Source of data	Method of Data Collection	Monitoring Frequency	Responsible
I. Land sustainably managed II. Global climate preserved	I. % firewood dependency reduced II. Avoided greenhouse gas emissions (# tons of carbon)	I. Entire population dependant on firewood II. GHG emissions consistent with current firewood consumption	Review of relevant national documents and scientific studies	Observation Literature review	Twice - project start up and final evaluation	SGP staff person, consultant, NSC, or UNDP staff
A. Increased use of renewable energy sources in central Terai project cluster	A. Energy production and/or savings and installed capacities (# households benefit)	A. No households benefiting from energy programs	Site visits Discussions with local stakeholders Project reports Literature review	Observation and discussion Project document review and consideration	Annual review	SGP staff person, consultant, NSC, or UNDP staff
1. Renewable energy use increased through greater awareness, technical, and financial assistance	1.A. NGOs, CBOs, and/or individuals trained in technical skills (# of participants) 1.B. Local or national government funds invested in support of efficient renewable energy and used in supportive capacity	1.A. Zero residents trained in technical skills 1.B. No funds invested in supportive capacity	Discussions with project participants and key informants Site visits Project document review	Observation Focus groups Document review	Annual	SGP staff person, consultant, NSC, or UNDP staff

Shifting Cultivation: Results Tree

Outputs	Outcomes	Global Environmental Impacts
<p>1. Increased awareness, appreciation, and recognition of rotational agro forestry as well as sustainable farming in shifting cultivation areas practised</p>	<p>A. Traditional shifting cultivation system for vulnerable indigenous communities improved in central hill project cluster</p>	<p>I. Global climate preserved</p>
Output indicator	Outcome indicator	Impact indicator
<p>1.1. # hectares transitioned to effective SALT technologies 1.2. Media events and press coverage (# articles) 1.3. Facilitation of regional discussions (# events) 1.4. # households trained in agro forestry and/or SALT technologies 1.5. Resource user groups founded or expanded (# of participants)</p>	<p>A.1. % of income increase after agro forestry adopted A.2. % of land value increase after agro forestry adoption A.3. Soil loss decrease after agro forestry adoption</p>	<p>I. Avoided greenhouse gas emissions (# tons of carbon)</p>
Output target	Outcome target	Impact target
<p>1.1. 1000 hectares 1.2. 10 articles/events 1.3. 2 regional discussions 1.4. 100 households trained 1.5. 15 user groups</p>	<p>A.1. 15% A.2. 800 hectares A.3. 15 tons</p>	<p>I. Release of 300 tons of CO2 avoided</p>

Shifting Cultivation: Logframe

Expected Results	Indicators	Baseline data	Source of data	Method of Data Collection	Monitoring Frequency	Responsible
I. Global climate preserved	I. Avoided greenhouse gas emissions (# tons of carbon)	1. High GHG emissions	Review of relevant national documents and scientific studies	Observation Literature review	Twice - project start up and final evaluation	SGP staff person, consultant, NSC, or UNDP staff
A. Traditional shifting cultivation system for vulnerable indigenous communities improved in central hill project cluster	A.1. % of income increase after agro forestry adopted A.2. % of land value increase after agro forestry adoption A.3. Soil loss decrease after agro forestry adoption	A.1. NTFP used for subsistence and marginal returns A.2. Land prices equal to that for unproductive farm A.3. Soil lost each year at great rate	Site visits Discussions with local stakeholders Project reports Literature review	Observation and discussion Project document review and consideration	Annual review	SGP staff person, consultant, NSC, or UNDP staff
1. Increased awareness, appreciation, and recognition of rotational agro forestry as well as sustainable farming in shifting cultivation areas practised	1.1. # hectares transitioned to effective SALT technologies 1.2. Media events and press coverage (# articles) 1.3. Facilitation of regional discussions (# events) 1.4 # households trained in agro forestry and/or SALT technologies 1.5 Resource user groups founded or expanded (# of participants)	1.1. Zero hectares practicing SALT 1.2. No media coverage 1.3. One regional discussion held per year t 1.4. No households trained 1.5. No resource user groups established	Discussions with project participants and key informants Site visits Project document review	Observation Focus groups Document review	Annual	SGP staff person, consultant, NSC, or UNDP staff

Annex IV: History of GEF and SGP in Nepal

The following experiences have been gained from the first and second operational phases of the GEF Small Grants Programme:

- (i) It is recognised that the GEF-SGP projects should effectively address both the GEF focal areas as well as the community needs and interests.
- (ii) GEF-SGP focal area objectives can best be achieved through the endorsement and active participation of the local communities and stakeholders. Ownership by the communities is an important facet for sustainability of outcomes.
- (iii) The sustainable livelihood perspective asserts that communities design and participate in SGP interventions more readily if their economic and other interests are taken into consideration. In this regard setting up a consultative atmosphere early from inception stage is important.
- (iv) NGOs and CBOs have proven to be effective channels for GEF-SGP financial and technical support to community-based initiatives. NGOs and CBOs also invest the time and energy required to build relationship and trust with poor people that are seldom matched by government agencies.
- (v) Field level experiences in local capacity building and partnership arrangements amongst different agencies are necessary conditions to show impacts in the focal areas.

Annex V: Resource Mobilization Strategy

The primary strategy for building programme sustainability is to develop partnerships with local and international agencies to attract other non-GEF funds to support the programme. Nationally, UNDP Country Office is coordinating the programme. This arrangement has supported SGP to develop maintain and strengthen links with other UNDP-assisted programmes, in-country donors and donor programmes, and local and national government agencies and publicise GEF-SGP. Efforts will be made to achieve UNDP CO's support in mainstreaming GEF-SGP in its programmes by allocating significant amount of TRAC fund for SGP. In order to attract non-GEF funds or in-kind support, efforts will also be made to strengthen the collaborative relationship with NGOs, INGOs, other donors, Village Development Committees, District Development Committees, other UNDP-assisted Programmes and Nepal Biodiversity Strategy (and others to be identified) on cost-sharing basis to enhance effectiveness of operation and to mobilise resources to co-finance community-based activities of mutual interest.

NGOs will be supported to develop a professionally oriented structure and working procedures. Development of this structure will be linked to the creation of an internal core fund from resources of the NGO and external sources. Separate accounts will be maintained for these two types of funds. Institutional mechanisms for use of the funds, primarily as revolving funds, will be worked out by the NGOs themselves. The NGOs, based on the nature of the proposal, will mobilise revolving fund within the communities for households' income generating activities that also generate household level environmental benefits.

Sustainable environment management as one of its enabling factors requires sustainable funding mechanisms. SADIKA in Salyan and SDF in Surkhet, with the support from SGP, have set in motion a process for the establishment of a Community Environment Trust (CET) fund. The GEF-SGP should continue studying these developments and establish opportunities for collaboration.

Formation of CBOs as self-governing institutions is necessary so as to prepare communities for their interventions on GEF-SGP focal areas, and should be based on the ideas of self-governance, self-management and self-promotion. To ensure this, formation of CBOs will be based on consensus decision-making and generation of assets in the form of community fund or savings for economic viability in the future. CBOs, with the support of NGO will attract matching funds from resources of the VDCs, DDCs and others, for carrying out community development activities. The same CBOs will be tapped if they are active in the area with the assistance of other UNDP assisted programmes.

Diverse activities will be promoted to generate internal core funds of the grantees, but this will be done in such a way that unnecessary burden does not fall upon poor communities. Resource

mobilisation through partnership arrangements as cost-sharing and /or parallel funding will be encouraged.

Project proponents will be encouraged to obtain leverage funding from other donors, aside from the SGP grants. Additional funding from SGP may also be considered after completion of the first phase of the project.

Annex VI: Sustainability Strategy

The range of networking initiatives planned for CBOs, professional support agencies and participating NGOs, will create the institutional basis for sustenance of SGP support in Nepal and also for wide-scale exchange of information and experiences. In order to sustain the Small Grants Programme in Nepal, it is necessary to leverage considerable non-GEF funds. Given the increasing competition in accessing for donor funding locally, resource mobilization has become a vigorous and unrelenting job.

The long-term sustainability of the SGP requires action both at the programme and project levels. At the programme level, there has to be capacity building and sustained resource mobilization in order to build on initial achievements. SGP requires that all projects incorporate sustainability strategy in their proposal design. This is to ensure that project activities do not come to an end upon termination of project funding.

Efforts will also be made to link the programme with initiatives of other partners for mutual benefit and for reducing related administrative expenses. In this regard emphasis will be given to explore and attract funding from non-GEF sources including International development partners and donors that are operating in Nepal.

Annex VII: Knowledge Management Strategy

Every grantee is expected to contribute to this sector through documentation of best practices and lessons learned and share these with SGP office for entry into SGP Database and with other stakeholders/grantees. SGP success stories are documented and highlighted for replication and development of best practice guidelines. Articles on SGP success stories are being regularly published in the UNDP monthly e-newsletter and other national as well as local print media. The audio-visual production and telecasting of video documentary of successful projects will also be used as a marketing tool for SGP. Partnerships will be formed with the media to highlight the work of the SGP, and to influence adoption of best practice and our approach of community development. SGP website will be updated and made more informative with the inclusion of success stories and links to different relevant webpages.

Grantees and 'would-be' grantees have open access to the project team, and efforts are being made to network all grantees to allow for information exchange and sharing of experiences. Semi-annual 'Learning-cum-Review Workshop' sessions will be held to share experiences and lessons learned and to form a network of expertises for sharing of locally acceptable technologies and information pertinent to their need and for extending partnership for development.

Annex VIII: Project Performance Indicators

SN	Variables	Indicators	Numeral Value Assigned
1	Quarterly Reporting		
		Submission of report within deadline	3
		Submission of report after 15 days of deadline	2
		Submission of report after 30 days of deadline	1
		Submission of report after 60 days of deadline	0
	<i>Sub total</i>		
2	Partnership		
		Partnership with local, district and national stakeholders	3
		Partnership with local and district level stakeholders	2
		Partnership with local level stakeholders	1
		No partnership at all	0
	<i>Sub total</i>		
3	Complains received from field		
		No complains related to project during project tenure	3
		Minor complains on programme and finance aspects	2
		Serious but manageable complains on finance and programme aspects	1
		Serious and difficult complains on finance/program aspects	0
	<i>Sub total</i>		
4	Staff Movement		
		Staff retention until project completion	3
		Occasional staff change	2
		Frequent staff change	1
		No appropriate staff recruited on time	0
	<i>Sub total</i>		
5	Gender and Social Inclusion (Women, DAG, IPPs, IPs)		
		Inclusion percentage 50 and above	3
		Inclusion percentage 25-49	2
		Inclusion percentage 5-24	1
		Inclusion percentage less than 5	0
	<i>Sub total</i>		
6	Innovativeness		
		Building on experiences and Indigenous Knowledge	3
		Building on experiences and lessons learned	2
		Creative co-funding initiatives	1
		Business as usual scenario	0
	<i>Sub total</i>		
7	Replicability		
		Replicated/adopted and scaled up project activities across the district	3
		Replicated/adopted and scaled up project activities across the VDCs	2
		Replicated/adopted and scaled up project activities across the Wards	1
		No signs of project replication	0
	<i>Sub total</i>		
8	Visibility (program and resources)		
		Recognition at national level	3
		Recognition at district level	2
		Recognition at local level	1
		No recognition of project activities by stakeholders	0
	<i>Sub total</i>		

9	Financial report		Up to date (Very much tallies/matches Bank statement, financial report and supporting documents)	3
			Fairly tallies/matches Bank statement, financial report and supporting documents	2
			Poorly tallies/matches Bank statement, financial report and supporting documents	1
			Confusing and not matching	0
	<i>Sub total</i>			
10	Co-funding			
			Co-funding attracted more than 100%	3
			Co-funding attracted between 50-100%	2
			Co-funding attracted less than 50%	1
			No confounding mechanism at all	0
<i>Sub total</i>				
11	Program Review			
			At Community, Project and District Level	3
			At Community and Project Level	2
			At Community Level Only	1
			No provision of program review	0
<i>Sub total</i>				
12	Participatory Monitoring			
			By Project, Community and District Line Agencies	3
			By Project and Community	2
			Only by project (Staff+NGO)	1
			Only by project Staff	0
<i>Sub total</i>				
13	Participatory Evaluation			
			By Project, Community and District Line Agencies	3
			By Project and Community	2
			Only by project (Staff+NGO)	1
			Only by project Staff	0
<i>Sub total</i>				
14	Sustainability Measures			
			Clear and workable	3
			Fairly clear	2
			Weak	1
			No sustainability measures	0
<i>Sub total</i>				
15	Policy Advocacy			
			Policy advocacy at national level	3
			Policy advocacy at district level	2
			Policy advocacy at local level	1
			No contribution in the policy change	0
<i>Sub total</i>				
16	Focal Area Focused			
			Focal area focused activities with measurable outcomes	3
			Focal area focused activities with fairly measurable outcomes	2
			Focal area focused activities but not measurable outcomes	1
			No correlation between activities and focal area	0
<i>Sub total</i>				

17	Empowerment/Social Mobilization		
		CBOs are organised and capable of dealing with local level issues	3
		CBOs are organised but not mobilised fully	2
		CBOs are organised but are yet be active	1
		No signs of empowerment and CBOs mobilisation	0
	<i>Sub total</i>		
18	Livelihood		
		People's livelihood increased by 50%	3
		People's livelihood increased by 25%	2
		People's livelihood increased by 10%	1
		No sign of livelihood improvement	0
	<i>Sub total</i>		
19	Dissemination		
		Coverage in both print and audio-vidual (Radio, TV) media	3
		Coverage in both print and audio (radio) media	2
		Coverage in print media only	1
		No coverage at all	0
	<i>Sub total</i>		
20	Exit Strategy		
		Designed from the very beginning	3
		Designed at the middle of the project tenure	2
		Designed at the end of project tenure	1
		No exit strategy	0
	<i>Sub total</i>		
<i>Grand Total</i>			
Range 45-60: Well-performing 25-44: fairly performing Less than 25: Weakly performing			

Annex IX: References

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