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**Mid-Term Evaluation of the EU-Nepal Trade  
and Investment Programme (TIP)**

**Draft Final Report**

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## List of Acronyms and Abbreviations

€	EURO
ADB	Asian Development Bank
ADS	Agricultural Development Strategy
AfT	Aid for Trade
AIC	Agriculture Information Center
COVID	Coronavirus Disease
CV	Communication and Visibility
DFTQC	Department of Food Technology and Quality Control
DoI	Department of Industries
EBA	Everything but Arms
EC	European Commission
ECC-Nepal	European Economic Chamber-Nepal
EIF	Enhanced Integrated Framework
EQs	Evaluation Questions
EU	European Union
EUD	EU Delegation to Nepal
EUMS	EU Member States
FDI	Foreign Direct Investment
FGD	Focus Group Discussion
FNCCI	Federation of Nepal Chamber of Commerce and Industry
FWEAN	Federation of Women Entrepreneurs Association of Nepal
GESI	Gender Equality and Social Inclusion
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GoN	Government of Nepal
GSP	Generalized System of Preferences
ILO	International Labour Organization
ISF	Investment Support Facility
ISO	International Organisation for Standardisation
ITC	International Trade Centre
JC	Judgement Criteria
KII	Key Informant Interview
LDC	Least Developed Country
MoALD	Ministry of Agriculture and Livestock Development
MoICS	Ministry of Industry, Commerce, and Supplies
MSME	Micro, Small and Medium-Sized Enterprises
NARC	National Agricultural Research Council
NCPA	Nepal Coffee Producers' Association
NKE	National Key Expert
NPIA	Nepal Pashmina Industry Association
NPR	Nepalese Rupee
NTCDB	Nepal Tea and Coffee Development Board
NTFC	National Trade and Transport Facilitation Committee
NTIS	Nepal Trade Integration Strategy
OECD	Organisation for Economic Cooperation and Development
OECD/DAC	OECD/Development Assistance Committee

OPSYS	Operating System
OSSC	One Stop Service Centre
PCM	Project Cycle Management
PDR	People's Democratic Republic
PETS	<i>Pashmina Enhancement and Trade Support</i>
PPDs	Provincial Policy Dialogue
PPT	PowerPoint
PSC	Programme Steering Committee
QC	Quality Champion
QI	Quality Infrastructure
SCA	Specialty Coffee Association
SDC	Swiss Development Cooperation
SDGs	Sustainable Development Goals
SECO	Swiss Economic Cooperation Organisation
SMEs	Small and Medium Enterprises
SPS	Sanitary and Phytosanitary
TA	Technical Assistance
TBT	Technical Barriers to Trade
TEPC	Trade and Export Promotion Centre
TFA	Trade Facilitation Agreement
TIP	Trade and Investment Programme
ToRs	Terms of Reference
ToT	Training of Trainer
TPSD	Trade and Private Sector Development
TRTA	Trade Related Technical Assistance
UN	United Nations
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
WEDC	Women's Enterprise Development Center
WTO	World Trade Organization

## 1. Introduction

### 1.1. Background and Overview of the EU-Nepal TIP

The EU-Nepal Trade and Investment Programme (TIP) is a development assistance programme for Nepal funded by the European Union (EU) from 2020 to 2024. The financing agreement between EU and the Government of Nepal (GoN) was signed on 16 October 2019. The total budget of the TIP is € 8 million (of which € 0.2 million reserved for audit, evaluation, communication and visibility). The overall objective of the TIP is to contribute to Nepal's sustainable and inclusive economic growth and poverty reduction through increased trade and participation in regional and global value chains, improved investment climate for attracting foreign direct investment, and improved trade and investment coordination. The TIP was divided into two major components – (1) trade component, and (2) investment component.

The Trade Component is also called “*EU-Nepal Trade-Related Assistance: Facilitating Increased Trade and Participation in Coffee and Pashmina Value Chains Project*”. It has been implemented by the Geneva-based International Trade Centre (ITC), aims at enhancing the capacities of the Ministry of Industry, Commerce, and Supplies (MoICS) and the Trade and Export Promotion Centre (TEPC) to formulate trade policies, negotiate and implement trade agreements, and to provide technical assistance to sustainable and inclusive development of Nepal's coffee and pashmina value chains with the focus on export development. The ITC signed a delegation agreement with EU for the 4-year programme (January 2020 - December 2023) with the contract value of €5 million. Under the delegation agreement, the ITC also agreed to contribute to €15,000 to the implementation of the component activities.

The Trade Component of the TIP comprises the following expected results:

- Enhanced capacities of the MoICS and TEPC to formulate trade policies, negotiate trade agreements and implement them effectively,
- Developed toolbox for trade facilitation and export policies,
- Increased capacity throughout Nepal's coffee value chain, and
- Increased capacity throughout Nepal's pashmina value chain.

The Investment Component, also called the *Investment Support Facility (ISF)*, has been implemented by GIZ since March 2021. It is a three-year programme from March 2021 to March 2024. The ISF is a service contract awarded to GIZ through a tendering process. It aims to improve the overall investment climate in Nepal and helping to attract much-needed foreign direct investment (FDI) for the country. It is also envisaged to create better synergies between trade and investment policies and devise an integrated trade and investment strategy for Nepal. The total budget for the ISF was €2.8 million.

The ISF has the following expected results:

- Procedural and regulatory obstacles for FDI identified; and the solutions to address them proposed,
- GoN/MoICS capacity to attract FDI improved through a single-entry point,
- Trade, industry and investment policies/strategy and coordination/promotion mechanisms supported to include stakeholders of government at different levels and private sector through inclusive and evidence-based dialogue of the stakeholders, and

- Strengthened information and knowledge sharing and mechanisms in trade and investment by involving provincial and local governments in trade and investment.

The ITC and GIZ have assembled two separate project teams housed in the premises of the MoICS and the Department of Industries (DoI) respectively. The two teams are expected to support each other and coordinate closely their activities under the two components to maximize the complementarity, results, and benefits of the TIP.

## 1.2. Description of the Mid-term Evaluation of the TIP

In accordance with EU's project cycle management (PCM), the EU Delegation to Nepal (EUD) decided to conduct the mid-term evaluation of the TIP from May to October 2022. The periods to be covered for the mid-term evaluation was from January 2020 to May 2022 for the trade component, and from March 2021 to May 2022 for the investment component. The focus of the mid-term evaluation of the TIP was on the assessment of the achievements, the quality, and the results of the TIP in the context of an evolving cooperation policy with an increasing emphasis on the results-oriented approaches and the contributions to the sustainable development goals (SDGs).

The main objectives of the mid-term evaluation of the TIP are to provide the relevant services to European Union, the interested stakeholders and the wider public with:

- An overall independent assessment of the performance of the EU-Nepal Trade and Investment Programme, paying particular attention to its results measured against its expected objectives, and the reasons underpinning such results; and
- Key lessons learned, conclusions and related recommendations in order to improve current and future interventions.

In particular, the mid-term evaluation of TIP carried out the following tasks in accordance with the ToRs:

- An assessment of the achievements of the TIP along its results chain, measured the performance indicators established in the logframe and against any further indicators that are suggested by evaluators,
- An analysis of the contributions of the governance structures of the facility to the achievement of its results (including the Steering Committee and Technical Committee),
- An assessment of major constraints faced in the implementation of the programme,
- An analysis of the capacity of the programme to mainstream cross cutting issues, with a specific focus on gender, climate change and environmental issues, in the design and implementation of TIP, and
- In light of the above, recommendations to improve the programme's implementation for the remaining time.

The primary users of the mid-term evaluation include the EUD Nepal, the two implementing partners (ITC and GIZ), MoICS and other government agencies, and other relevant stakeholders in the private sector and civil society organizations. It is expected that the evaluation also covers the planning and needs for future interventions in the trade sector for Nepal with a view of the preparation for the GSP+ status for Nepal to reduce potential trade



losses in the most affected markets after Nepal's graduation from the least developed country (LDC) status expected in 2026.

In accordance with the terms of reference (ToRs), the mid-term evaluation of the TIP was carried out in three phases: i.e., Inception and Desk Phase, Field Phase and Synthesis Phase. In consultation with the EUD, the inception phase focused on the planning of the assignment only while the desk phase was combined with the field phase. Each phase was associated with specific deliverables, i. e., (1) inception report, (2) intermediary note, (3) final evaluation report, and PowerPoint (PPT) presentations. The evaluation intends to make objective and balanced conclusions based on the data/facts and analyses. It also seeks to extract lessons learned and formulate recommendations for the remaining period of the TIP implementation and beyond.

The mid-term evaluation of the TIP has used the standard OECD/DAC evaluation criteria (i.e., relevance, coherence, efficiency, effectiveness, impact and sustainability). However, since it is a mid-term evaluation, the analysis of early signs of impacts is not requested by the ToRs. The evaluation team is also required to assess one EU specific evaluation criterion (i.e., EU added value) in the evaluation process. In addition, the evaluation also covers the cross-cutting issues (i. e. gender equality, environment/climate change, governance/human rights, SDGs/leave no-one behind) as required by the ToRs. After the discussion with EUD, EU visibility is also added in the mid-term evaluation of the TIP.

### **1.3. Evaluation Questions**

The Terms of Reference (ToRs) provide an indicative list of evaluation questions (EQs) for the TIP mid-term evaluation. During the Inception Phase, the evaluation team consulted the EU Delegation to Nepal (EUD) to align the EQs with the OECD/DAC and EU specific evaluation criteria, and the scope of this mid-term evaluation specified in the ToRs. Therefore, the EQs should be closely linked with five OECD/DAC criteria (i.e., relevance, coherence, efficiency, effectiveness, and sustainability) and one EU evaluation criterion (i.e EU added value), as well as with the cross-cutting issues (i.e., gender equality, environment and governance) and EU visibility. The impact assessment was not required for the mid-term evaluation as indicated above. The lessons learned would be addressed at the end of the final evaluation report. Given the above, the evaluation team reformulated the following eight (8) sets of evaluation questions for the review and approval of EUD. The EUD approved the Evaluation Questions (EQs) along with the Inception Report on 14 June 2022.

**Table 1: Revised Evaluation Questions**

Evaluation Criteria	Revised Evaluation Questions (EQs)
1. Relevance	<ul style="list-style-type: none"> <li>To what extent are the TIP design, and the components/activities selected (including coffee and pashmina sectors) relevant to address the needs and challenges of the Nepalese government and the private sector under the current economic and development conditions of the country?</li> </ul>
2. Coherence	<ul style="list-style-type: none"> <li>To what extent are the activities and outputs/outcomes of the TIP coherent and complementary with similar interventions of other development partners, including those of EU Member States?</li> </ul>
3. Efficiency	<ul style="list-style-type: none"> <li>To what extent are various activities under the two components of the TIP transforming the available resources into the intended results in terms of quality, quantity and timeliness?</li> </ul>
4. Effectiveness	<ul style="list-style-type: none"> <li>To what extent have the two components of TIP contributed to the achievements of the overall and specific objectives of the project, including Nepal’s sustainable economic development through trade-related capacity building?</li> <li>To what extent is the TIP adapting successfully to the changes in the operating context – i.e. ? to remain fit for the purpose and to maintain a provision of high quality, meaningful and pertinent TA?</li> </ul>
5. Sustainability	<ul style="list-style-type: none"> <li>To what extent have the ITC and GIZ taken specific measures to ensure sustainability of the TIP results after the completion of project implementation?</li> </ul>
6. EU Added Value	<ul style="list-style-type: none"> <li>To what extent have the two components of the TIP demonstrated the EU added value in the design and implementation of various project activities?</li> </ul>
7. Cross-Cutting Issues	<ul style="list-style-type: none"> <li>To what extent have the two components of the TIP considered the gender equality and other cross-cutting issues in the design and implementation of their activities?</li> </ul>
8. EU Visibility	<ul style="list-style-type: none"> <li>To what extent have the two components of the TIP improved EU visibility through the design and implementation of various project activities?</li> </ul>

### 1.4. Evaluation Methodology and Results

To provide answers to the evaluation questions above, the evaluation team employed various approaches and steps to collect primary and secondary data necessary for the analysis of the project performance, progress and results. The data included a mix of facts, statistics, and other information obtained from the document review, as well as from the interviews and focus group discussions with the key stakeholders and informants, site visits of a few project activities, and the completed survey questionnaires. The following table summarises the proposed evaluation methods and their results as well as the advantages and disadvantages of using them and the reasons for their choices:

**Table 2: Summary of Evaluation Methods and Results**

Summary of Evaluation Methods and Results
<ul style="list-style-type: none"> <li><b>Document review:</b> The evaluation team conducted detailed reviews of more than 50 project documents which were provided by EUD, and the ITC and GIZ teams. These included the workplans, progress reports, minutes of the Project Steering Committee meetings, satisfaction surveys, evaluation forms completed after training and other activities, reports and other publications, toolboxes, newsletters, briefings, etc. The advantage of the document review is to get the secondary data quickly from those project documents and disadvantage is that the opinions of the reports may not be completely objectives since they were prepared</li> </ul>

by the ITC and GIZ teams and they tended to be more positive than the reality. Therefore, the evaluation team will have to verify the information from the document review with other methods used, particularly the KIIs, FGDs and survey questionnaires (discussed below) which were intended to collect the primary data and information. The list of selected project documents reviewed by the evaluation team is attached as Annex 3 to this final report.

- **Key Informants for Interviews (KIIs):** The evaluation team took the field visits in Kathmandu, Pokhara and their surrounding districts from 5 to 24 of June 2022. In total, more than 50 interviews were conducted with more than 80 stakeholders and informants. These included the government agencies (particularly MoICS, MoALD, DoI, TEPC, AIC, and NTCDB, etc), private sector associations (including FNCCI, FWEAN, NCPA, NPIA, and WEDC, etc), and some coffee growers and pashmina producers, as well as a few like-minded development partners (ADB, the World Bank, USAID, SDC and ILO). The evaluation team also interviewed the two implementing agencies (ITC and GIZ) intensively - both their local teams in Kathmandu and the head office of ITC in Geneva and the Country Director of GIZ. Due to the landslides and road blockage, the evaluation team was not able to travel to the remote coffee growing areas and the border town as originally planned. The advantage of the KIIs is to obtain the first-hand data and information from the stakeholders. The evaluation team can also change the questions depending on the roles of the stakeholders played in the project in order to obtain the most relevant information. The disadvantage is that some targeted stakeholders and informants are not available during the interview phase. It is also difficult to reach some informants in the remote area. The evaluation team did not have sufficient working days to reach all intended stakeholders/informants for interviews. In any way, KIIs is the most reliable method for the evaluation to obtain the views and opinions of the stakeholders directly. The final meeting/interview schedule with key stakeholders and informants is attached as Annex 4 to this final report.
- **Focus Group Discussions (FGDs):** The evaluation team also conducted seven (7) focus group discussions with selected focus groups in Kathmandu and Pokhara. These included the focus group discussions with eight (8) representatives of FWEAN, seven (7) provincial officials of the MoTICS in Pokhara, ten (10) participants in the Quality Champion programme, five (5) business people from the Pashmina Industry Association, ten (10) participants from Coffee Producers Cooperative Society, four (4) participants from District Coffee Producers Association and five (5) experts/project staff from the ITC team, and four (4) experts/project staff from the GIZ team. The advantage of the FGD is to gather the opinions and views from the groups of participants with similar profiles and they could also share and learn from other people. The disadvantage of such a group discussion is difficult to organise a group meeting since the intended participants tend to be very busy with their own schedules. Some participants are less outspoken than others. Ideally the evaluators could become good facilitators in the focus group discussions. The list of the focus group discussions is included in the final meeting/interview schedule mentioned above.
- **Onesite Visits/Observations:** The evaluation team observed three coffee processing units (one in Kathmandu and two in Pokhara), two coffee plantations in the surrounding areas of Pokhara, and one government managed coffee nursery in Pokhara. The evaluation team was also invited to observe the launch event of the coffee export guides to EU and USA, the quality for trade platform, and market access map portal for Nepal organized by the ITC team and witnessed the high quality of the outputs produced by the TIP teams. The Evaluation Team originally planned to visit two provinces of Nepal to meet with the coffee growers and the pashmina producers, (if possible, the Chyangra goat farmers). Unfortunately, due to the landslides after the Monsoon rain, the road was blocked, the evaluators only got the chance of meeting a few small coffee growers in the villages close to Pokhara. The advantage for the site visits is to see the real actions and results of the project operation and the disadvantage is that there are only a few

days for the field visits which do not allow for more site visits. But the evaluation team appreciated the opportunity for the site visits and observation of the launch event of the ITC.

- **Bilingual Survey Questionnaire:** The evaluation team also designed a bilingual evaluation questionnaire (English and Nepali) and circulated to 438 potential stakeholders/respondents. The online survey was run by SUEZ CONSULTING (SAFEGE) via SurveyMonkey from April to June. As of 6 July 2022, the evaluation team received 104 responses (of which 84 responses in English, 20 responses in Nepali). Therefore, the response rate was 24%. The respondents provided their ratings of the project progress and performance and shared their comments and suggestions. The evaluation team has incorporated their views and insights into the final evaluation report. The bilingual survey questionnaire is a useful evaluation tool for the collection of the primary data from the respondents. The advantage is to reach a lot of potential stakeholders and participants by email or online survey to obtain their views and opinions in confidence. The disadvantage is that the response rate is normally low as many stakeholders and participants tend not to respond to such a survey. 24% of the response rate of this survey is a good result. The summary of the completed questionnaires is presented in a graph form in Annex 4 of this evaluation report.

Through various evaluation methods, the evaluation team has verified and cross-checked the data and information collected, as well as with those secondary data obtained from the document reviews. The evaluation team was able to make an objective and balanced assessment of the TIP performance, progress and results by triangulating the data/information from multi-sources. The findings are included in this final report of the TIP mid-term evaluation.

## 1.5. Structure of the Final Evaluation Report

The final report of the mid-term evaluation of the TIP has closely followed the structure proposed under Annex III of the ToRs of this assignment. The report includes two distinct documents, i.e. the **final evaluation report** and the **executive summary**. For the main evaluation report, the key section focuses on the answered questions/key findings after the introduction. This evaluation report attempts to provide the answers to the eight (8) sets of the evaluation questions previously approved by the EUD during the inception phase of the assignment. The evaluation report also presents eight (8) conclusions from the analysis and findings and identifies six (6) lessons learned from the TIP design and implementation. Finally, the evaluation team provides ten (10) recommendations for the remaining period of the project implementation as well as for future similar EU interventions in the trade field in Nepal. For the executive summary, it follows the specific format of the EVAL Module which focuses on the objectives and methodology of the evaluation, summarises the key findings, main conclusions, lessons learned and recommendations. As required, the executive summary is prepared as a standalone document which will be uploaded separately to the OPSYS by SAFEGE.

The evaluation team would like to express special thanks to the Evaluation Manager of the EUD for his advice and guidance during the mid-term evaluation of TIP, to the ITC and GIZ teams for their great assistance in arranging the meetings/interviews with the stakeholders/informants, and to many stakeholders/informants for providing their views and insights through the interviews and focus group discussions, and via the completion of the survey questionnaires. Their support and assistance are greatly appreciated by the evaluation team. Without their support and participation, the completion of the TIP mid-term evaluation would be impossible.

## 2. Answered Questions/Key Findings

### 2.1. Relevance

**EQ1 (Relevance):** To what extent are the TIP design, and the components/activities selected (including coffee and pashmina sectors) relevant to address the needs and challenges of the Nepalese government and the private sector under the current economic and development conditions of the country?

**Table 3: Summary of the Evaluation on Relevance**

Judgement Criteria (JC)	Indicators (Ind)	Data Collection Methods	Robustness of Evidence	Evaluation Judgement
JC 1.1 – TIP responds to the needs and priorities of GoN identified in the “15 <sup>th</sup> Periodic Plan”, “Envisioning Nepal 2030” and NTIS 2016	1.1.1.- number of areas covered from those documents for assistance	Interview notes Survey data	High	Positive
	1.1.2 – Nepalese participants increased their knowledge and skills on trade and investment issues	Questionnaire data Interview notes	Moderate	Positive
	1.1.3 - Trade and investment measures taken to increase exports and FDI	Interview notes Focus group discussions	Moderate	Positive
JC 1.2 – TIP responds to the needs for support from the private sector, particularly the coffee and pashmina	1.2.1 Jobs created in the coffee and pashmina sectors due to the support of TIP	Survey data Interview notes from the coffee and pashmina sectors	Moderate	Positive
	1.2.2 Private sector institutions (both trade and investment) supported	Interview notes with private sector, including businesswomen	High	Positive

Overall, the TIP is highly relevant in responding to the needs of the private sector and is consistent with the government plans, policies, and strategies. The TIP design which was demand-driven, is based on the needs of both the public and the private sector of Nepal. However, it has some shortfalls which are analysed below under the shortfalls of this section.

One of the needs of Nepal in the trade and investment sector is to enhance the capacity of a wide range of stakeholders including both the government and the private sector. The lead agency of the government in trade and investment is the Ministry of Industry, Commerce and Supplies (MoICS). At the time of the TIP design, the MoICS experienced the scarcity of trained human resources and the shortage of experienced trade negotiators and trade policy makers. The MoICS found difficult to effectively mobilize domestic resources and development assistance for trade and investment development in a coordinated manner. The individual and institutional capacity of various government agencies and inter-agency coordination among them was also a noted challenge. Not only the government agencies, but also the private sector had the limited capacity in the human and institutional domains. In addition to the trade negotiation capacity constraints, there was a dearth of skilled negotiators with a clear understanding of international laws and conventions including the rights of access of land-



locked states to and from the sea and freedom of transit while dealing with trade-transit related issues amongst others. In view of the above, enhancing institutional development and trade-related capacity was an urgent need of the country as identified in the Nepal Trade Integration Strategy (2016)<sup>1</sup>.

With respect to investment, the 15<sup>th</sup> Plan of Nepal has strongly emphasized the need for foreign direct investment (FDI) to realise the SDG and programmes. To attract FDI, the plan points out the needs for creating investment-friendly environment through timely revision of related policies, laws, and institutional structure. It also identifies the need for developing skilled human resources, carrying out research and development activities, strengthening inter-agency coordination and policy harmonization, linking trade with investment, ensuring the availability of capital for investment, and attracting foreign direct investment to seize the opportunities created from multilateral trade agreements. Further, mobilising FDI in prioritized sectors with an emphasis on the utilization of local resources and skills as well as the promotion of provincial balance; providing services and incentives related to entry, approval, operation, and exit of FDI from the One-Stop Service Centre (OSSC) under simple and easy procedures are other needs related to FDI<sup>2</sup>. The Envisioning Nepal 2030 has pointed out the need for creating increased jobs internally which can be done by increasing investment including FDI. It also identified agriculture and forestry as well as small and medium enterprises (SMEs) and FDI, among others, as the key drivers of economic growth necessary for the socio-economic transformation of Nepal<sup>3</sup>.

The need for FDI is also equally emphasized by the Nepal Rastra Bank and suggests that it should be directed toward export promotion and import substitution related industries to narrow the trade deficit<sup>4</sup> of the country. The TIP's selection of coffee and pashmina for value chains also reflects the country's needs as these commodities have a strong export potential and need more work on product development<sup>5</sup>. In the case of coffee, Nepal needs to harmonize its standards with international ones including technical requirements, grading, packaging, branding and sanitary and phytosanitary (SPS) compliances, among others<sup>6</sup>. Similarly, value addition to pashmina is also highly needed in Nepal as Nepal exports raw materials to India and China and most of the value addition takes place thereupon.

The TIP design was also demand-driven as the project components and activities were mainly requested by the stakeholders including the government of Nepal especially the MoICS for the Pashmina value chain, as well as from the Ministry of Agriculture and Livestock Development (MoALD) for both the Coffee and pashmina value chains<sup>7</sup>. There were also close consultations held with other government agencies including the Ministry of Finance and the National Planning Commission. It was very important that the TIP was closely consulted with other stakeholders representing the private sector including FNCCI, European Economic

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<sup>1</sup> Nepal Trade Integration Strategy 2016, Ministry of Commerce, Government of Nepal

<sup>2</sup> The Fifteen Plan (Fiscal year 2019/20 – 2023/24). National Planning Commission p.144-145

<sup>3</sup> Envisioning Nepal 2030. Proceedings of the International Seminar. March 2016. National Planning Commission/Asian Development Bank

<sup>4</sup> Survey report on Foreign Direct Investment in Nepal (2019/20). 2021. Nepal Rastra Bank.

<sup>5</sup> Agriculture Development Strategy 2015-2035. Ministry of Agriculture Development, Government of Nepal

<sup>6</sup> Nepal National Sector Export Strategy: Coffee 2017-2021. Government of Nepal and The International Trade Centre

<sup>7</sup> description of the action: EU-Nepal Trade-Related Assistance facilitating Increased trade and participation in coffee and pashmina value chains

Chamber-Nepal (ECC-Nepal), Nepal Coffee Producers' Association (NCPA), Nepal Pashmina Industry Association (NPIA) and others.

Embedded to the trade is the investment which was also demanded by both the government and the private sector. The Investment component of the TIP aims to improve the investment climate to optimise the investment that flows into key sectors, attracting foreign direct investment in the selective projects that use cutting-edge and environmentally friendly technologies, where authorities should make it easier for all economic actors, particularly the private sector ones, to successfully do business in Nepal. The focus of the Component is on creating an enabling environment for trade and investment and is currently preparing the Nepal Trade Integration Strategy 2022 based on the strengths and weaknesses of the previous NTIS (2016, 2010, 2004). This task has been led by a competent and reputed former Secretary of Finance with support from about a dozen experts and the report is expected to be delivered by September 2022 as per the Team Leader of this task. Other result areas of the Component include the identification of the procedural and regulatory obstacles for FDI; capacity improvement of MoICS and DOI to attract FDI through the single entry-point, inclusive and evidence-based policy dialogue in trade and investment sector and the strengthened information sharing and coordination mechanism for rural/economic and trade investment programmes, etc. These result areas are highly relevant under the continuously worsening trade balance, low capacity of the related agencies to effectively negotiate on trade and investment, coordination among related stakeholders not to the desired level and under the context of the changed governance systems from unitary system to federalism.

Originally there was one logframe of TIP for both trade and investment components. The logframe is split into two, one per component. Both logframes are good but require some corrections. The ITC prepared the trade component logframe and needs to revise the target for indicator (g) of the overall objective. The target given is 20% against the baseline value of zero (0). 20% of zero is still zero. This means that there is no target for improvement. Rather than 20% it should have a value. Likewise, the target of the indicator 1.2 of the output 1 is TBD (to be determined). As the project has already passed its half of the given time, not to fix the indicator is not desirable. In case of the investment component, the overall objective of the component is different from the overall objective of the TIP. Since investment is one of the components under the TIP, its overall objective should remain the same. Though there are some technical shortfalls in the logframes, the overall design of the project is robust. The design of the TIP was based on the demands and needs of the public and private sectors of Nepal which was designed in close consultation with the key actors.

The activities, outputs and objectives are highly relevant to the needs of Nepal as stated by government officials to the evaluation team. They specifically mentioned that the activities such as study on the impact of LDC graduation by 2026, capacity development of NTFC, budgeting system, gap analysis of NTIS, selection of coffee and pashmina for the value chains, strengthening of OSSC, strategy review, and capacity assessment of staff, upgrading of website, embedding market access map and trade portal in TEPC, capacity enhancement for creating enabling environment for FDI, industrial policy, trade policy and NTIS review, job creation, various capacity building activities including trainings are highly relevant.

There are also a few shortfalls of the TIP. Giving the low priority to the backward linkage for coffee in the project design and implementation, the Nepali coffee has not been able to meet



the global demand due to low production and productivity. Not only the government officials did, the representatives of the private sector and the cooperative sector expressed their opinions strongly to the evaluation team that the support for the backward linkage should be as important as the forward linkage in the coffee sector. Many of the respondents to the evaluation questionnaire emphasised that the TIP needs to support the entire value chain process. Activities related to backward linkages are part of the project workplan, but they could not materialize so far due to COVID19 which delayed the work in the field as informed by the project staff. The field activities have already begun during the current quarter. Another issue that came into discussion during the evaluation team's field mission is the low representation of the cooperative sector in project activities. The Primary Coffee Producers' Cooperative Societies and District Coffee Producers' Cooperative Unions were not invited in the project activities organised by the ITC in the districts as informed by the respondents in the district visited by the evaluation team.

Through the online survey conducted for this mid-term evaluation, over 44% of the respondents have indicated the TIP is highly relevant, 39% of them have indicated relevant and 13% of them indicated partly relevant so 96% of the respondents responded positively to the relevance of the TIP design. Almost all respondents of the survey also provided positive comments on the relevance of the TIP. They mentioned that the TIP was timely, the two value chains selected were appropriate and were selected from the NTIS priority list but would be better if proper balance were given to both backward and forward linkages. They also said that the TIP was relevant to achieve GON's objective to diversify its value chains and export basket. The respondents indicated that the two value chain products were highly inclusive and eco-friendly and appropriate for raising the rural income for the poor in the communities.

***Summary of the Findings of Relevance (Finding 1):*** Overall, the TIP has been designed and implemented to address the needs/priorities of the government and the private sector, specifically to enhance the capacities of the MoICS and TEPC to formulate trade policies, negotiate trade agreements and effectively implement them; TIP also assists in developing trade facilitation and export policy toolbox; improving the GoN capacity to attract foreign direct investment through a single entry-point; and strengthening information sharing and coordination mechanism for trade and investment programmes as well as selecting two important export potential commodities (coffee and pashmina) for value addition. These are highly relevant to the needs/priorities of the government and the private sector. Some improvements are required in the project design especially in logframes to appropriately set the targets of the indicators and add more activities to address the backward linkage of the coffee sector.

## 2.2. Coherence

**EQ2 (Coherence):** To what extent are the activities and outputs/outcomes of the TIP coherent and complementary with similar interventions of other development partners, including those of EU Member States?

**Table 4: Summary of the Evaluation on Coherence**

Judgement Criteria (JC)	Indicators (Ind)	Data Collection Methods	Robustness of Evidence	Evaluation Judgement
JC 2.1 – The effects of the TIP and the effects of the interventions of other like-minded development partners are likely to reinforce each other	2.1.1. – positive synergy between the expected effects of TIP and those projects funded by other development partners, including the EU Member States	Document review, donor matrix, interviews with various donors	High	Positive
	2.1.2 – number of the projects funded by other donors in the targeted sectors and areas in Nepal	Ditto	High	Positive

From the information gathered based on the document reviews, interviews with the project teams and those like-minded donors, and completed survey questionnaires, TIP has been considered as coherent and complementary with those similar projects/programmes funded by other development partners in Nepal in the trade area.

The TIP is a follow-up trade capacity building programme of the two previous EU-funded trade projects in Nepal. The first one was called the *EU-Nepal WTO Assistance programme* (2009-2013) which focused on the WTO accession and the TBT/SPS related quality infrastructure capacity building. The UNIDO was the implementing agency of the project under a delegation agreement. Then EU also supported the *Trade and Private Sector Development (TPSD) Programme* (2014-2019) which continued with trade policy development and capacity building and quality infrastructure development and the value chain development that focused on coffee. GFA was the implementing agency of the TPSD under a service contract. ITC also supported a project in Nepal called “*Pashmina Enhancement and Trade Support*” (PETS, 2013-2017). During the TIP design process, the project formulation team selected both coffee and pashmina value chains for the trade component as these two products were expected with high export potentials which needed more time to support for their value chain development. As to the investment component, there were no donors to focus on the investment climate improvement with DoI and FDI attraction in Nepal at that time. There was also a need for the coordination between trade and investment strategies for the country. As a result, during the TIP design process, there was a donor consultation to ensure the coherence and complementarity of the project and to finally select the trade and investment components, the coffee and pashmina value chains, and the targeted activities for the components and sectors in order to achieve the overall and specific objectives of the TIP.

Currently a few like-minded donors are providing or planning to provide trade-related technical assistance to Nepal. These include the ADB on customs and trade facilitation, the World Bank on infrastructure, rural enterprises and private sector development, and the USAID on trade and competitiveness with the private sector. The World Bank also supports a livestock project

which provides grants to farmers to increase the production and quality of the Chyangra goats in order to produce more fibres for the pashmina industry. Swiss Development Corporation and SECO are supporting trade-related capacity building in Nepal, particularly focusing on Province 1 and supporting agri-SMEs, income generation and poverty reduction by targeting four value chains (i.e., maize, dairy, vegetables and large cardamom). EU and Finland have been supporting the WAVE (RVWRMP) programme in Suddurpaschim and Karnali provinces.

The programme will be ending in the fall of 2022. The WAVE Programme has supported five different value chains (i.e., chiuri, citrus, fresh vegetable, ginger and large cardamom) in rural areas of Nepal. In addition, EU, Germany and Finland are also funding the GRAPE project that is focusing on the climate resilient agricultural value chains. The evaluation team approached the like-minded donors during the field phase to update their trade-related project information. The evaluation team has shared the collected information with the EUD. EUD will work with other donors to update the donor matrix on trade-related projects in Nepal later.

In addition, the EUD has been the EIF's Aid for Trade (AfT) focal point in Nepal since 2017. The EUD has been actively coordinating with other development partners to mainstream trade-related assistance in their country strategies and programmes. The EUD also co-chairs the AfT Donor Group meetings which are being organised by MoICS at regular intervals to leverage the external resources to implement government priorities in the trade sector. The AfT coordinating meetings are normally co-chaired by the Secretary or Joint Secretary of MoICS and EUD. There is no AfT or TRTA coordinating unit in the MoICS as set up by other least developed countries (such as Cambodia and Lao PDR). Through the AfT Donor Group Coordinating meetings, the EUD is able to learn what other donors are doing in the trade sector in Nepal in order to build synergy and promote coherence and complementarity of their trade-related projects in Nepal. Overall, the evaluation team has seen the positive synergy between the TIP and other trade-related projects funded by other development partners, including a few EU Member States.

Through the AfT donor group meetings and the Project Steering Committee meetings organized by EUD and MoICS, the TIP has been sharing progresses of their project activities, avoiding potential duplications, and seeking collaborations with other initiatives funded by other development partners. Both ITC and GIZ teams are active in learning what other development partners are doing in Nepal. They are also meeting other development partners from time to time to seek opportunities for collaboration. Based on the EUD's facilitation, the two components have also started to invite each other to join some launching and training events and built more linkages between trade and investment components within the TIP. For example, the ITC team invited the experts from the GIZ team to join the recent launching event of the market access map, Nepal Quality for Trade Platform and coffee export guides to the EU and the USA. However, the degree of interaction between the two project teams from ITC and GIZ is not yet to the desired level and needs to be improved. In the last 2-3 years, there was a lack of linkage between the two teams, although they were housed in the premises of the MoICS/Dol. For example, pashmina would need investment in fibre value addition, but it is not addressed by the investment component at all. If the TIP targeted the coffee and pashmina value chains, the Investment Component could also focus on its investment attraction to these two sectors.

Overall, the evaluation team is positive about the coherence and complementarity of the TIP with those projects and programmes funded by other development partners. It is likely that the effects of the TIP and those of the interventions of other donors are likely to reinforce each other, particularly with the joint efforts of the EUD, the ITC/GIZ teams and other development partners to work together to build trade-related capacity in Nepal.

The survey results indicate that 13% of the respondents have selected “highly coherent” and 46% have selected “coherent” and 18% have selected “partly coherent”. Therefore, 77% of the respondents have indicated that the TIP is coherent, compatible, and complementary with similar programmes/projects funded by other development partners, including the EU member states. Since some respondents are not familiar with relevant programmes and projects in Nepal, 17% of respondents opted for “I do not know”. Overall, the respondents are positive for the coherence of the TIP with other programmes/projects.

**Summary of the Finding on Coherence (Finding 2):** *The mid-term evaluation has found that the TIP, the two components, two selected value chains (coffee and pashmina) and targeted activities are generally coherent and complementary with those projects and programmes funded by other development partners, including those of EU Member States. The EUD and MoICS play the leadership role in coordinating the AfT donor group meetings to share the information and promote the synergy and collaboration among the like-minded donors in the trade sector in Nepal.*

### 2.3. Efficiency

**EQ3 (Efficiency):** To what extent are various activities under the two components of the TIP transforming the available resources into the intended results in terms of quality, quantity and timeliness?

**Table 5: Summary of the Evaluation on Efficiency**

Judgement Criteria (JC)	Indicators (Ind)	Data Collection Methods	Robustness of Evidence	Evaluation Judgement
JC 3.1 – The two components of the TIP are implemented cost-effectively and present good value for money	3.1.1 – Actual expenditure against the original budget	Interview notes with ITC and GIZ teams, financial officers Interviews with EUD Task Manager	High	Positive
	3.1.2 – expenditure breakdowns to examine main expenditures on priority areas/activities	Ditto	High	Positive
	3.1.3 – remaining budget vs the remaining time for project implementation	Ditto	Moderate	ITC: on time GIZ: no-cost extension required
JC 3.2 – TIP implementation shows clear stakeholder coordination, timely activity implementation	3.2.1 – roles of key players in the ITC and GIZ project management	Interview notes with PSC, PTC, EUD, ITC and GIZ Survey results Document reviews	Moderate	Positive

and results-oriented management				
	3.2.2. – regularity and time management of the ITC and GIZ teams, taking into account the impact of COVID pandemic	Ditto	Moderate	ITC: on time GIZ: slow start; but improving
	3.2.3 – quality of TA provided by the ITC and GIZ teams	Ditto	High	Positive

The TIP consists of two interrelated components to address the needs and priorities of the GoN and the private sector in the areas of trade and investment. The Trade Component is also called “**EU-Nepal Trade-Related Assistance: Facilitating Increased Trade and Participation in Coffee and Pashmina Value Chains Project**”. This component has been implemented by International Trade Centre (ITC), primarily focusing on the coffee and pashmina value chains to increase trade capacity and export potential. The ITC signed a delegation agreement with EU for the 4-year programme (January 2020 - December 2023) with the financial value of €5 million. Under the delegation agreement, the ITC also agreed to contribute to additional €15,000 to the implementation of the component activities.

The Investment Component of the TIP is also called the **Investment Support Facility (ISF)**, which has been implemented by GIZ since March 2021 – more than one year later than the trade component because of the tendering process. It is a three-year programme from March 2021 to March 2024. The ISF is a service contract awarded to GIZ through competition. It aims to improve the overall investment climate in Nepal and to attract much-needed foreign direct investment (FDI) to the country. It is also envisaged to create better synergies between trade and investment policies and devise an integrated trade and investment strategy for Nepal. The total budget for the ISF was €2.8 million.

The two components have been implemented under two different modalities (delegation agreement versus service contract) which allow the EUD and the Nepalese beneficiaries to compare the operations of the ITC and GIZ teams under the two different modalities in terms of the results, quality and timeliness of their deliverables in the last 2-3 years.

ITC and GIZ have assembled two separate project teams housed in the premises of MoICS and DoI, respectively. The ITC team is headed by the International Coordinator, working closely with two local staff on the daily operation of the trade component. The ITC Project Manager and the Financial Officer are located in Geneva – the ITC Headquarters. The decision-making process is mainly centralized in Geneva. During the inception phase, HQ based team was more involved in daily decisions. Since the implementation phase, the local team has been started to get empowered. The ITC follows the UN rules in terms of travel, legal, procurement and financial management and the recruitment of consultants. The GIZ team is composed of the Team Leader, National Investment Coordinator and the office manager. The GIZ has primarily delegated the decision-making power to the local project team in Kathmandu.



Under the delegation agreement, the ITC is allowed by the EU to follow the UN rules and procedures in the implementation of the trade component activities. These rules include the procurement, accounting, and financial management. The Nepalese beneficiaries have indicated to the evaluation team that it took much longer time for the ITC HQ to make decisions (normally 21 days for financial approvals by the UN rules). Since the local conditions are changing very fast in Nepal, this long decision-making process may have caused an efficiency loss. EUD and MoICS have raised the issue to the ITC. The ITC management team in Geneva has responded to reduce the length in the approval process. It has recently designated a financial person in the local team with a petty cash account to respond quickly to the changing situation in Nepal for the implementation of the trade component activities. EUD and MoICS are considering it as an improvement of the ITC operation under the trade component.

Generally speaking, the ITC uses its in-house experts and outside consultants to design and deliver the component activities. As some of its inhouse experts (or management team members) are paid by the UN general budget, that means the TIP gets their services free of charge. If the ITC has to hire outside consultants/experts for the activities, their fee rates are normally lower than those EU fee rates under these service contracts. In addition, the ITC only charges its indirect eligible cost at about 7% of the total expenditure, while some European companies could charge 40-50% overheads on top of their experts' fees. Given the high quality of the research products and training services provided by the ITC, the evaluation team has the impression that the EU has got the good value for money from the ITC. In the last two-three years, despite the COVID-19 pandemic, the ITC team has managed to produce a lot of good-quality studies and training for the Nepalese beneficiaries. The evaluation team witnessed the launch of the coffee export guide, the market access map, and the Nepal Quality for Trade Platform during the field trip of the evaluation team in Kathmandu. All the three outputs produced by the ITC team are of high quality. Many participants in the QC, trade facilitation and other training activities have shared their views and opinions with the evaluation team about the high quality and usefulness of the ITC training activities.

The ITC has shared the total budget and expenditure of the component with the evaluation team. The total budget of the trade component was €5,015,000 (of which €5 million of EU's contribution and €15,000 of the ITC contribution). As of 31 May 2022, the total expenditure of the component stood at €2,214,190 (44.15% of the total). The ITC has also provided the breakdown of the expenditure by four components which look reasonable. The ITC team has indicated that given the improved COVID-19 situation around the globe, the ITC team will be able to accelerate the implementation of the component activities in the next 1.5 years. There will be no need for a no-cost time extension requested for the trade component.

The GIZ launched its investment component amid the COVID-19 pandemic in March 2021. The originally proposed Team Leader by GIZ in the tender document never made it to Kathmandu for the implementation. After his resignation, the GIZ recruited the second Team Leader for the component. Unfortunately, he caught the COVID-19 virus immediately after he arrived in Kathmandu in May 2021. He was very sick and hospitalized several times and finally he was sent back home when he was finally tested negative from the virus. As a result, the GIZ had to recruit the third Team Leader for the component. He just arrived in March 2022 – one year after the launch of the investment component. He has only been on the job for three months. In fact, there was no Team Leader on the component for the entire first year of the

implementation of the component. Key Expert 2 actually played an important role in the absence of the Team Leader during the first year. He worked with the GIZ HQ to draft the Inception Report and collaborate with other team members for the implementation of the component activities. On the one hand, the evaluation team has found that Key Expert 2 and local staff were quite self-motivated without the Team Leader. On the other hand, we have recognized that the high turnover of the Team Leader and no Team Leader for the entire first year has caused some efficiency loss for the component.

Now the third Team Leader has been recruited and the whole team is in place for the component implementation. It is expected that the implementation of the Component should be accelerated to meet the expectations of the Nepalese beneficiaries and EUD. It is reported that the GIZ team has now only used 8.6% of the total budget allocated to this component. The original budget of the component is €2.8 million. As of 31 May 2022, the total expenditure of the component was €239,443 (8.6%) and leave the remaining budget of €2,560,557 (91.4%) unspent. Given the accelerated approach to the component implementation and the relaxed travel restrictions, it is expected that the GIZ team will spend more money on the planned activities in the next two years. However, it is unlikely that the component budget will be fully utilised by the team and the expected results can be achieved by March 2024. Therefore, it is expected that the GIZ team may request for a no-cost time extension for about 9 months to one year.

Both ITC and GIZ teams are coordinating the implementation of the planned activities with the Nepalese stakeholders and beneficiaries very closely. Since both project teams are housed in the premises of the MoICS and DoI, they will be able to meet with the MoICS/DoI coordinators and focal points of their counterparts frequently. It appears that the two project teams are making good progress towards the expected results with the available financial and human resources of TIP. However, the progress reports prepared by the ITC and GIZ teams appear to be more activities-centred rather than results-oriented. The logframe and indicators have not been closely followed and used in the reporting process.

The TIP governance structure is characterised with the strong leadership of the EUD and the MoICS to provide the guidance to the two project teams. In particular, the TIP has a Project Steering Committee (PSC) which provides the guidance to the operation of the TIP. It meets twice a year to review the progress of the two components and give advice to the project teams. It also approves the TIP workplans and progress reports. In the meantime, the TIP also has a Project Technical Committee (PTC) which provides the technical advice on the selection of the component activities to ensure the design and selection of the TIP activities are demand-driven. As the result, the ownership of the TIP activities is quite high among the stakeholders in Nepal. Due to the strong leadership of EUD and MoICS and the active roles of the PSC and PTC, the efficiency of the TIP implementation has been gradually improved in the last two years.

The respondents of the survey rated the efficiency of the trade and investment components of TIP separately. Majority of the respondents rated the trade component as efficient – about 90% (highly efficient: 28%, efficient: 43%; and somewhat efficient: 19%). Since the investment component started later, and most of the respondents are from the trade sectors, 35% of respondents do not know the efficiency issue of the investment component. 55% of the

respondents still consider the investment component as efficient (highly efficient: 4%, efficient: 29% and somewhat efficient: 22%).

**Summary of the Findings on Efficiency (Finding 3):** *Due to the COVID-19 pandemic (beyond the project control), the two components have suffered some efficiency losses as they could not send their experts to Nepal to organize project activities on site. In particular, the Investment component got a slow start because of the high turnover of the Team Leader. The ITC has recently allowed the local project office to take more responsibilities for the decision-making and financial disbursement with the hope of improving the efficiency of the operation. The GIZ is now accelerating the implementation of the planned activities in order to catch up for the lost time. Both EUD and MoICS have been played a leadership role in the TIP implementation which has improved the overall efficiency of the project. Due to the strong leadership of EUD and MoICS and the active roles of the PSC and PTC, the efficiency of the TIP implementation has been gradually improved in the last two years.*



## 2.4. Effectiveness

**EQ4 (Effectiveness):** (1) To what extent have the two components of TIP contributed to the achievements of the overall and specific objectives of the project, including Nepal's sustainable economic development through trade-related capacity building; and women and youth participation in the value chain interventions? (2) To what extent is the TIP adapting successfully to the changes in the operating context – i.e., to remain fit for the purpose and to maintain a provision of high quality, meaningful and pertinent TA?

### 2.4.1 Effectiveness of the Trade Component of the TIP Managed by ITC

**Table 6: Summary of the Evaluation on Effectiveness for the Trade Component**

Judgement Criteria (JC)	Indicators (Ind)	Data Collection Methods	Robustness of Evidence	Evaluation Judgement
JC 4.1 – Trade capacity of MoICS and ETPC and other government agencies strengthened	4.1.1 – Number of trained officials with increased knowledge of trade policy, WTO/FTA negotiations and LDC graduation implications	Document review KIs FGDs	High	Positive
	4.1.2 – Number of WTO TFA measures assisted by the project	Ditto	High	Positive
	4.1.3 – More trade officials with enhanced skills to deal with trade policy & FTA negotiations	Ditto	Moderate	Positive
JC.4.2 – Export readiness and potential in the target sectors (coffee and pashmina)	4.2.1 – number of farmers that have introduced value addition measures in coffee and pashmina sectors with new strategies	Interviews with the stakeholders in the two sectors Field visits Case studies	High	Positive
	4.2.2. Number of toolboxes for TF created for and used by Nepalese beneficiaries	Ditto	High	Positive
	4.2.3. Number of participants trained for their capacity building	Ditto	High	Positive
	4.2.4. Number of women owned/ operated businesses reported their increased exports	Ditto	Moderate	Positive

Effectiveness is generally assessed by analysing the actual results (outputs and outcomes) in comparison with the expected results by using the indicators in the logframe. Looking at the trade component of the TIP from this perspective, the ITC team has produced impressive results in the four results areas of the component in the last two-three years. In the Result 1 area (*Enhanced capacities of the Ministry of Industry, Commerce and Supplies (MoICS) and the Trade and Export Promotion Center (TEPC) to formulate trade policies, negotiate trade agreements and effectively implement them*), the ITC team has conducted several key studies, including the draft COVID-19 impact on Nepal's international trade policy; policy research on

the impact of the LDC graduation and three concept notes on current and future trade initiatives relating to policy harmonization, trade capacity development of the MoICS officers, and the changes of the WTO obligations after the LDC graduation. The team has also integrated the ITC Market Access Map into the Nepal Trade Portal and provided some training on various trade policy, and export development to MoICS and TEPC staff, private sector organizations and the academia. These activities have already enhanced the capacity of MoICS and TEPC to some extent and are likely to further enhance their capacity during the remaining period of the project to formulate trade policies, to negotiate and implement trade agreements for the country.

In the Results 2 area (*Trade facilitation and export policies toolbox is developed*), the ITC has developed several trade facilitation and export policy toolboxes for Nepal. These included a roadmap on the strengthening of the National Trade Facilitation Committee and a benchmark study on NTFC's best practices, as well as concrete actions to elevate the legal, organizational and operational frameworks of the NTFC; many training activities on the WTO Trade Facilitation Agreement (TFA), including a training of trainer (ToT) training for 15 representatives of the national trade support institutions. The ITC team has also provided training on trade advocacy to the private sector and civil society organizations to encourage them to actively participate in trade facilitation policy making and trade negotiations. To assist the government and the private sector, the ITC team has also prepared two step-by-step coffee export guides targeting the EU and USA markets. These trade facilitation tools and export guides are very useful for exporters, researchers, as well as for policymakers, to gain an in-depth understanding of international trade as confirmed by those interviewees with the evaluation team.

In the Results 3 area relating to the support of the coffee value chain, the ITC has successfully trained 23 selected experts to become certified Quality Champions in the coffee sector. During the training, the Quality Compass, Quality Connect and Quality Success tools of the Nepal Quality for Trade Platform were introduced to the participants. The certified QAs informed the evaluation team that they have gained knowledge and skills to train others in the country. The ITC team has also provided a lot of training to the coffee processors and exporters in order to build their capacities. One of the complaints of the coffee value chain is that the ITC focused more on the forward linkage rather than the backward linkage. It should pay more attention to the coffee growers and producers in order to increase the production and productivity of the coffee sector through the backward linkage. ITC project team confirmed that activities focusing on backward linkages (such as, training of trainers for farmers on Good Agricultural practices, DNA sequencing etc.) are included in the workplan and were delayed due to Covid 19 – they will be implemented during the remaining period of the TIP implementation.

The Results 4 area is related to the support of the development of the pashmina value chain in Nepal which addresses both the backward and forward linkage issues. The ITC has developed the pashmina export strategy which was validated by the GoN. The Export Strategy has outlined the areas of interventions for next five years building on the initial successes that the TIP project has already achieved. In collaboration with the Mustang Chyangra Farmers Association, two reports were developed to assess the training requirements for the fibre value addition at the farm level and the capacity building requirements for the Chyangra goat sector development. More than 150 farmers were trained by the ITC expert on how to comb, sort and

grade the Chyangra fiber in Mustang and 36 trainers were also trained on fibre combing, and value addition through sorting and grading in Lomanthang. The project also facilitated the set-up of the Nepal Fibre Processing Company to prevent goat farmers from exporting illegally to raw materials to other countries. More specific data and examples are provided below.

It is reported that the increased revenue of supported farmers from their fibre production has generated NPR 15.75 million (eqv. to USD 130,700) of additional income as per the progress report of the project<sup>8</sup>. Our discussion with farmers revealed that the farmers directly received around NPR 10.5 million. Out of total amount paid by NPIA, around NPR 5.00 million went to intermediaries, some of which also farmers. Despite this, there is some additional income for farmers from the project intervention which is highly important to improve their livelihood. Because of the good relationship established between farmers and other value chain actors including the NPIA for improving the fibre harvesting technology and purchasing fibre at the pre-fixed price, this result is likely to be continued which is supportive to the contribution to sustainable economic development. The aspect was discussed with NPIA and the Fibre Processing Company during a visit to Mustang. Official NPIA Buyer contacts were made public, including the prices at which the Fibre Processing Company will buy the fibre when delivered to the collection centres in either Lomathang or Charang. Differentiated process will be provided for clean pashmina (Grade A) and lower grades that contain certain amount of contamination or are mixed with greasy guard hair.

Overall, the capacity of the public and private sector institutions and individuals has been increased through their participation in various training activities under the component, such as virtual training programme, voluntary standards/coffee certifications, fibre combing and value addition through sorting and grading, WTO Trade Facilitation Agreement (TFA), Train-the-Trainer (ToT), master trainer, advocacy and policy dialogue, access to international markets on how to use the embedded Market Access Map on Nepal Trade Portal website and analyse critical underlying market access issues. Participants said that they have gained knowledge and skills from these training and were useful to their professions.

Some trainees have effectively used their increased skills and knowledge in business. For example, some trainees who participated in a seven-day post-harvest training learnt different methods of coffee processing including wet and dry pulping, fermentation with different infusions, moisture content and like. After the training they used the learning in their profession. One participant has told the evaluation team that he used the wet and dry process and when comparing costs, he has found that dry processing required more hours of labour than the wet processing whereas the quality of parchment was the same. Another trainee used honey and cinnamon in fermentation for her coffee and is planning to get consumers' reaction to it. She mentioned that her coffee business has improved and there has been more export of her coffee to USA, Japan, Korea, and Norway. Another trainee while learning from the embedded trade map, Nepal trade information portal and market access map has developed a leaflet on export potential of agricultural product in Nepal. She shared the leaflet with the evaluators, and it contains the agricultural products like large cardamom, honey, ginger and turmeric and their market potentials. The leaflet also contains quantity of demand of these products, supply and gap. The leaflet is highly informative and can be useful for value chain

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<sup>8</sup> Actual Results Achieved Until 31 December 2021

actors of these products. Agriculture Information Centre of the MoALD is planning to disseminate it to the wider public. She is also lobbying her seniors to incorporate a trade component in the agriculture training course. The following is her testimony:

“From the market intelligence training provided by ITC, I learned about the ITC marketing tools, trade map, market access map and export potential map. From the Trade Map, I learned how to choose the right import-export business. From the Market Access Map, I learned about **tariff, rules of origin, trade remedies and regulatory aspect of the products and how to choose countries for exports**. From the Export Potential Map, I learned about discovering the new market for products. Overall, I learned about the practical applications of these tools - how to use them, where to use them and benefits of using these tools. I found these tools very informative and useful in planning for product development for exports including agricultural products. I found these to be very useful in my work area – agriculture Information and training. I am now advocating on the market intelligence for agricultural products. I have used my increased knowledge from the training to advocating for the use of these tools in the agriculture sector. I have designed a leaflet about the export potential of Nepal by using the market access map. I have also proposed a training module on Market Intelligence to be added to the course content of the Agriculture Training in MoALD.”

A testimony made by Ms. Bhawana Paudel  
Horticulture Development Officer  
Agriculture Information and Training Centre, MoALD

Similarly, the Quality Champion Programme is of high-quality training with a higher retaining rate where 23 out of 26 participants have completed the Quality Champions course curriculum and now the QC trainees have started using what they have learned in their professions. Some of them have modified the contents in their training and many others have used the learning in auditing in quality management, workplace management, in teaching and sharing with their colleagues.

Training delivery by the TOT trainees has improved well after undergoing the TOT training. A TOT participant informed the evaluation team that she has more effectively delivered the training in Biratnagar after she took the TOT. She also circulated training materials to 125 members of the Freight Forward Association and lobbied the government and FNCCI. Similarly, master trainers in the Mustang district have successfully delivered the training to Chyangra farmers. Some farmers have now practiced combing Chyangra goats with the TIP distributed combs, keeping fibre in dry place, selling fibre legally to NPIA instead of illegally selling to China, and grading fibre according to its fineness. However, there are many farmers who have not yet used learning from the training mainly because they have mixed farming system and have to do other activities. The newly distributed combs require more time as they are smaller with fewer teeth than the ones they are using now. Another result of the trade component was that the pashmina value chain strategy was developed and validated by the government of Nepal which is planned to officially launch in in Q4 2022.

There has been a market system change in Mustang. The Chyangra pashmina traders used to barter raw wool from Chyangra illegally to the Chinese businesspeople. With the introduction of modern combs, training and linking with the Nepal Pashmina Industries Association (NPIA) as well as the Nepal Fibre Processing Pvt. Ltd. and with the establishment of a collection centre, the Chyangra farmers started giving fibre to the collection centre and selling it to the NPIA. However, the farmers are getting much lower price from the collectors than the price the NPIA pays. Last time, the NPIA collected fibre at NPR 4500 whereas Chyangra farmers got between 2800 to 3200 as informed by Master trainers. The selling of the fibre to those middlemen, not to NPIA by some farmers, was mainly caused by very short

time left for the 2021 harvest to inform the farmers about the fibre collection centre and purchase of the fibre by the NPIA. This information gap is expected to be minimised as the project staff is planning to disseminate the market information to all farmers through the Master trainers and Rural/Municipalities.

The trade component progress is satisfactory while assessing progress based on logframe indicators. Though the indicators under the overall objective are expected to be achieved by the end of the project, one of the indicators has impressively achieved its target (Indicator of the overall objective). Regarding the specific objective (Increased trade and participation in regional and global value-chains) there are eight indicators, of which two indicators have already achieved the planned targets. The indicator “Number of Nepali goat farmers and pashmina MSMEs (of which women-owned/controlled) having transacted international business” has a target set at 10 whereas the achievement is 56 (Indicator b). The sex disaggregated data provided by ITC confirms that above one-fourth of the beneficiaries were women (28.27%). This demonstrates that there is women’s participation in Pashmina value chain. Another indicator that has achieved the targeted goal is indicator “Number of public and private stakeholders reporting greater awareness of trade and policy issues” (Indicator e). Its achievement is 90 against the target 75. For other indicators, related activities are being carried out and it is too early to report (Progress report 2022). Output-wise, out of the total of 24 indicators, two indicators are fully achieved, eight partially achieved and remaining 14 indicators are said too early to report. This level of achievement on the halfway of the project under the context of the COVID-19 pandemic should be considered satisfactory.

The above discussion provides ample ground that there has been a trade related capacity development within the government and the private sector under the value chains. Because of these results and the relationships between and among value chain actors, the likelihood of supporting to Nepal’s sustainable economic development through trade related capacity building is high.

However, the institutional capacities of public and private sectors are yet to be developed to create the enabling environment for the use of new knowledge/skills as reported by some participants of the training and workshop activities. It is too early to expect the full capacity development of the stakeholders at this mid-point of the project implementation which is also well recognised by the project team and reported in the progress reports accordingly. Nevertheless, Nepal needs more trade-related capacity building, particularly before and after the LDC graduation.

The respondents of the online survey provided mixed results with the majority saying the project was either highly effective (20%) or effective (38%) or partly effective (28%). The ones who informed the negative side of the effectiveness of trade component were around 4%, while 11% of the respondents indicated that they do not know about the effectiveness of the trade component of the TIP. The respondents provided remarks especially on Pashmina value chain and the remarks were largely positive. But there were concerns about reaching vulnerable groups including women, the poor and marginalised.

**Summary of the Findings on Effectiveness for the Trade Component of the TIP (Finding 4.1):** *The evaluation team found that the trade component of the TIP is effective in delivering*



*the expected results such as building the MoICS and TEPC capacities, generating additional income to farmers, assisting the private sector stakeholders in participating the coffee and pashmina value chains, developing more efficient tools and techniques, providing many training and capacity building initiatives and improving awareness of the stakeholders on trade related issues which are likely to contribute to Nepal’s sustainable economic development goals.*

## 2.4.2 Effectiveness of the Investment Component of the TIP Managed by GIZ

**Table 7: Summary of the Evaluation on Effectiveness for the Investment Component**

Judgement Criteria (JC)	Indicators (Ind)	Data Collection Methods	Robustness of Evidence	Evaluation Judgement
JC.4.3 – TIP work reduced obstacles to FDI and improved the investment climate to attract FDI to Nepal	4.3.1 – number of officials and private sector representatives trained on investment climate, including NTIS 2022	Interviews with DOI and private sector Survey results Document Review	High	Positive
	4.3.2. – number of procedural and regulatory obstacles on FDI reduced	Project progress reports Activity reports Satisfaction surveys	Moderate	Just started – too early to assess

Although the Investment Component started one year later and also encountered the problem of a high turnover of the Team Leader due to the Covid-19 and other factors, the GIZ team has made steady progress on some of the activities planned under the four results areas of the component. In particular, the GIZ team has taking the lead on the preparation of the Nepal Trade Integration Strategy (NTIS) 2022. The evaluation team has learned from the research team that the NTIS team is making good progress and it is expected that the team will be able to complete the study by August 2022 so that the Government of Nepal can validate the document and make it publicly available in September 2022. Many Nepalese stakeholders and development partners have high expectations of the NTIS 2022.

The NTIS 2022 is a comprehensive strategic document which covers key areas of trade competitiveness of the country. The research team has drafted a few main chapters of the NTIS 2022. It is expected that NTIS 2022 will analyse the current trade and investment situation amid COVID-19 and identify key priority sectors for trade and investment potential, including the agri-food, manufacturing and services. It will examine the bottlenecks of Nepal’s trade and investment competitiveness and describe the challenges in the areas of quality infrastructure, supply-side constraints and human capitals, etc. It will also predict the situation of Nepal’s LDC graduation and highlight the strategies and action plans for the next five years. There will be a separate chapter on foreign direct investment in NTIS 2022, which provides a reform agenda for FDI enabling environment for Nepal. More importantly, the evaluation team has learned from the interviews that the prescribed actions/programmes are associated with the budget allocations of the respective government ministries/agencies and potential donors. Therefore, the NTIS 2022 should be more implementable in comparison with the previous versions of NTIS 2016 and NTIS 2010.

In addition to NTIS 2022, the GIZ team has also started to prepare the investment profiles for seven provinces of Nepal in order to attract FDI to those provinces. The team has conducted two scoping missions to Gandaki and Madesh Provinces to assess the regulatory business

and investment climate in the key priority sectors for FDI in those provinces. The GIZ team has also designed a survey questionnaire to collect the investors' perceptions in Nepal in order to gather the needed data for the analysis of the FDI enabling environment. The findings of the survey will be presented to the GoN for necessary reforms and actions to attract FDI to Nepal in the future.

In order to simplify the review and approval procedures for FDI, the GoN/DoI has established a single-entry point for the prospective and existing investors in Nepal. Since it has been just created, many staff at the single-entry points are not well-trained to provide adequate services to foreign investors. The GIZ team has conducted the assessment of the single-entry point and developed the training modules on the FDI single-point operation. The GIZ team is also assisting the organization of the Aid-for-Trade (AfT) donor group meetings which is co-chaired by the EUD and MoICS. The last AfT meeting was held on 24 June 2022.

Overall, most of the activities of the investment component have just started. It is encouraging to see that several activities are making good progress. As indicated before, there is only one year and three months of the operation of the component since March 2021. During this period, there was no team leader for about a year. The third Team Leader has just started his job since March 2022. Therefore, it is difficult to assess the effectiveness of the component although some good progresses have been made, particularly the drafting of NTIS 2022. Now it is important for the component to accelerate the implementation of the planned activities in order to achieve the expected results. The new Team Leader should play an important leadership role in the effective implementation of the component activities during the remaining period of the implementation.

The respondents of the survey also gave the lower number of the “effectiveness” to the investment component in comparison to that to the trade component. The overall effectiveness rate is 62% for the investment component by the respondents (of which, highly effective: 6%; effective: 26% and somewhat effective: 30%). 30% of the respondents indicated that they did not know the performance of the investment component. This situation was caused primarily by the fact that 77% of the respondents are from the trade component and only 8% of the respondents are from the investment component and 15% covered both trade and investment components of the TIP.

***Summary of the Findings on Effectiveness for the Investment Component (Finding 4.2):***

*The evaluation team has found that the Investment Component has made some good progress, particularly on the drafting of NTIS 2022. Many trade and investment policy reform issues are covered by NTIS 2022. The evaluation team has learned that NTIS 2022 is more associated with actionable programmes and government budgets which could make it more effective in the implementation process in the next few years. The other activities planned under the component are also making some progress such as the preparation of the provincial investment profiles and the training of the single-entry point staff of DoI. The new Team Leader should work closely with his team to accelerate the implementation of the component activities in order to achieve the expected results of the component.*

## 2.5. Sustainability

**EQ5 (Sustainability):** (1) To what extent have the ITC and GIZ taken specific measures to ensure sustainability of the TIP results after the completion of project implementation?

**Table 8: Summary of the Evaluation on Sustainability**

Judgement Criteria (JC)	Indicators (Ind)	Data Collection Methods	Robustness of Evidence	Evaluation Judgement
JC 5.1. TIP strengthened the trade and investment coordination strategy and shared the information with stakeholders and development partners	5.1.1. – number of trade and investment coordination strategy formulated and implemented	Interviews with DOI, EUD and other partners and donors Survey results Document review Case studies	High	Positive
	5.1.2. – number of policy dialogue organized on trade and investment coordination strategy with key stakeholders/ development partners	Ditto	High	Positive
JC 5.2 – Institutional capacity built to sustain the results and benefits of the two components of TIP	5.2.1 – number of officials of the targeted institutions (MoICS, TEPC, DOI in particular) trained with knowledge and skills which can be sustained	Interview notes Focus group discussions Survey results Project progress reports Activity reports	High	Positive
	6.1.2. – number of measures taken by ITC and GIZ to sustain and scale up sustainability of the TIP	Ditto	High	Positive

### Sustainability Measures and Effects of the Trade Component

The ITC has made some efforts to sustain the results achieved so far. For example, the additional income received by the pashmina farmers will persist as there is a close connection between the Chyangra pashmina farmers and the NPIA. A relationship has been established between pashmina farmers, the fibre collection centre and the fibre processing unit which serve as a nexus for the entire Chyangra pashmina value chain. A good understanding is developed between the actors of the pashmina value chain. Farmers have increased their knowledge not only in producing fibre, but also in grading, sorting, drying, storing and marketing. The price is pre-fixed, and more farmers are notified of the fibre collection/purchase scheme of the NPIA and expected to reach to other farmers to take advantage of the scheme of the NPIA during the remaining period of the TIP implementation.

The project has also established linkage with local governments who are responsible for the development of Chyangra in terms of making treatment against diseases and pests. There are veterinarians who provide vaccines against insects/worms and diseases. This year almost all



Chyangra in the district are vaccinated as informed by a veterinarian and two farmers/master trainers. This service will continue as it is a regular programme of the government.

Quality champions' services are likely to continue as many of the trained Quality champions (QCs) are working either in the government or in private organisations where they have opportunities to use the learning from the courses provided by the ITC team. Many QCs, in a focus group meeting, informed that they can use and continue the learning from the training in their profession. At the end of the training of the QC, 52% of them reported that the likelihood of using their learning in the future was very high, while the remaining 48% considered it to be high<sup>9</sup>. However, it is important that the QCs should be institutionalised with a selected institution so that those trained and graduated QCs could be organised to provide continuous trainings to other Nepalese trainees later and their services could be continued after the completion of the TIP.

The participants in many training activities who have started using their learning in their professions are likely to continue as they said the training was useful to them. For example, a coffee value chain actor (producer, collector, pulper, bean maker, dust maker, domestic and international supplier) stated that she will continue using the learning in her business, especially in the forward linkages. Another participant is planning to include the trade aspects she has learned from the TIP in the training programme of the MoALD.

Purchasing of fibre from Chyangra pashmina by the NPIA is likely to continue as an agreement was reached between the two parties. Prices are already fixed for different grades of the fibre like NPR 5000/kg which has 90% white, NPR 4500/kg for mixed coloured and 3500/kg for black fibre.

Likelihood of continuing the achieved results is high as indicated by the online survey respondents. Majority of the respondents (65%) agreed either completely (29%) or somewhat (36%) that there are measures taken to continue the results. There were only 6% of the respondents who disagreed that the project has taken any measures to sustain the achieved results. Almost 15% of the respondents indicated that they did not know about the measures taken by the project for sustaining the results. Some of the respondents indicated that they cannot say much about the sustainability of the results at this mid-time of the TIP.

***Summary of the Findings on Sustainability for the Trade Component of the TIP (Finding 5.1):*** Close connection between coffee and pashmina value chain actors, project connection with various government agencies, capacity enhancement for the public and private sector stakeholders including quality champions and TOT are some of the measures that the ITC team has undertaken. These measures are likely to sustain the achieved results beyond the project life. As this being a mid-term evaluation, the sustainability of the trade sector results will be clearer in the remaining period of the TIP implementation.

## **Sustainability Measures and Effects of the Investment Component**

During the Inception Phase of the Investment Component, there was no Exist Strategy and Sustainability Plan prepared for the purpose in the absence of the Team Leader at that time. However, the GIZ team has indicated that the sustainability plan will be developed after the

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<sup>9</sup> Event Report, Quality Champion programme workshop 1

mid-term evaluation of the TIP. In close consultation with the DoI and EUD, the GIZ team is planning to summarise the results of the component and make specific recommendations on the way forward and actions to be continued after the completion of the component activities. Although there is no sustainability plan in place, the GIZ team and NKEs have taken some measures to make the component results possibly sustainable. The most important example is the built-in sustainability mechanism with the policies, programmes, budget and monitoring in NTIS 2022. The evaluation team has learned from the research team that the drafting of the NTIS 2022 has been led by the former Secretary of Finance in Nepal. As the team leader of the major study, he has adopted a different approach compared to the previous NTIS to link the strategies and policies in NTIS 2022 closely with specific actionable programmes and budget allocations of various government ministries/agencies so that those policies and programmes will be more implementable and sustainable. Several like-minded donors are also geared to support the implementation of NTIS 2022 when it is adopted and published. As a result, the NTIS 2022 tends to be sustainable as expected with such a built-in sustainability mechanism in place. However, the final actionable programmes and financial commitments need to be further confirmed once NTIS 2022 is validated and adopted by the GoN for full implementation. The GoN also needs to work with the like-minded donors to solicit their financial contributions to the implementation of NTIS 2022.

The GIZ team is also assisting the provinces in preparing the investment profiles to attract foreign direct investment. If the policies and measures proposed in the provincial investment profiles are adopted and implemented by the governments and the private sector, it can be assumed that the results of the activity can be sustainable. However, the provincial investment profiles are still in the process of drafting and the evaluation team cannot assume that the provinces will certainly adopt and implement those prescribed policies and measures. In particular, the implementation of certain policies and measures is linked with the programmes and budgets. Therefore, the sustainability will depend on whether those provinces will adopt those policies and measures and initiate certain programmes with adequate budget allocations for the implementation in order to attract foreign direct investment to those provinces.

The GIZ team is also providing training and skills development to those DoI staff who are working at the single-entry point to attract foreign direct investment. The GIZ team is now developing training modules for the FDI single-entry point operation. If this is done, it is considered as sustainable since the trained staff will be able to provide better services to those prospective foreign investors and the training modules and operational procedures could be reused by the staff and others in the future, provided that the trained staff are not transferred to other entities.

The GIZ team has also conducted initial institutional assessment of DoI and the Nepal Investment Board with the purpose of providing training and technical assistance to the targeted institutions in Nepal. Once the training and technical assistance are provided, DoI and the Nepal Investment Board will strengthen their institutional capacities which are considered sustainable.

Since the component has just started, it is still too early to assess sustainability of the component although the GIZ team has taken some measures to increase the likelihood of sustainability of the results of the component. It is hoped that the GIZ team will prepare a

sustainability plan to scale up the sustainability of the component after the mid-term evaluation of the TIP.

EU and those like-minded donors should also continue supporting the capacity building of Nepal in the areas of trade, investment and private sector development to ensure sustainability of TIP and other trade-related projects in Nepal. In particular, given the graduation of the LDC status of Nepal in 2026, Nepal needs more trade-related technical assistance to meeting the challenges that lie ahead.

The respondents of the survey of the mid-term evaluation of the TIP were asked whether they agreed that the ITC and GIZ teams had taken measures to ensure the sustainability of the results of their components after the completion of the TIP activities. Once again, many respondents did not know the answer to this question for the investment component (46%). Only 32% of respondents indicated that the GIZ team have taken measures to ensure the sustainability of the component.

**Summary of the Findings on Sustainability for the Investment Component (Finding 5.2):**

*The GIZ team is planning to prepare the exit strategy and sustainability plan after the mid-term evaluation. It is noted that a few activities have already included the measures to ensure the sustainability of the results of the activities such as the NTIS 2022 and the provincial investment profiles. The training and institutional capacities building, particularly on the single-entry point for FDI can be sustainable if those training modules are learned by the staff and there is little turnover or transfer of the trained staff later.*

**2.6. EU Added Value**

**EQ6 (EU Added Value):** (1) To what extent have the two components of the TIP demonstrated the EU added value in the design and implementation of various project activities?

**Table 9: Summary of the Evaluation on EU Added Value**

Judgement Criteria (JC)	Indicators (Ind)	Data Collection Methods	Robustness of Evidence	Evaluation Judgement
JC 6.1 – Exclusive rights and authority of EU on trade vis-a-vis the EU Member States	6. 1.1 – number of trade-related projects supported by EU vs by EU member states in Nepal	Interviews with EU, GIZ, and other MS that have trade projects in Nepal	High	Positive
	6.1.2 – coordination mechanism between EU and MS on trade-related technical assistance	Country strategy paper Websites of those EU Member States in Nepal	Moderate	Positive

The European Union is the authority with an exclusive right to handle trade matters on behalf of its 27 Member States. Since its creation, the EU has accumulated very rich trade-related experience and expertise which can be shared with others, particularly with developing and least developed countries. Through EU’s development cooperation programmes, EU has provided trade-related technical assistance and capacity building to most developing countries

and LDCs, including Nepal. Therefore, the TIP has reinforced the EU added value through the design and implementation of various TIP activities in the strategic and technical areas, such as the trade facilitation, technical barriers to trade, market access mapping, Nepal trade integration strategy update, coffee and pashmina value chains, and trade and investment promotion, etc.

As an LDC, Nepal benefits from EU's "Everything but Arms" (EBA) and enjoys the duty-free and quota-free market access to the EU market. Nepal is also in the process of graduating from the LDC status with the target of 2026. After the graduation from LDC, Nepal can also consider the Generalised System of Preference (GSP) + with the EU which will provide more preferential tariffs to Nepalese products to the EU market in comparison with the GSP which provides general tariff concessions to most developing countries in the world. In that case, Nepal will have to comply with certain labour and environmental conventions in order to be eligible for the GSP+. As a result, both EBA and GSP+ are unique EU schemes to provide preferential tariffs to Nepal and other LDCs before and after the LDC graduation. EBA and GSP+ have certainly demonstrated the EU added value in its trade relations with Nepal and other LDCs.

The ITC team has produced the coffee export guide to the EU market under the trade component. The Quality Champion training has also included the EU rules, regulations, standards and procedures which showed the EU added value. Nepalese participants are learning new skills and knowledge with the purpose of adopting EU and international standards which will increase the ability of Nepalese businesses to export to the EU and international markets. The outputs of the coffee and pashmina value chains provide many trainings and capacity building efforts to the Nepalese coffee growers and pashmina producers in order to explore the EU market potential.

The GIZ team has included the FDI assessment in NTIS 2022 to provide opportunities for investors and business from the EU Member States to explore investment potential in Nepal once the investment climate is improved. The provincial investment profiles will be good resources for European investors to explore possible investment opportunities in the targeted sectors in the specific provinces in Nepal. The support to the single-entry point for FDI will assist potential EU investors in simplifying and shortening the review and approval processes if they decide to invest in Nepal.

As illustrated above, both trade and investment components of TIP have demonstrated high added value from the EU. In addition, the EU is also coordinating the donors' group on aid-for-trade which includes EU, EU Member States and other development partners to share their trade-related technical assistance projects in Nepal on a regular basis. The TIP is supporting the GoN and EUD to coordinate the AfT group meetings.

Many respondents do not fully understand the concept and definition of the EU added value. For example, the survey results indicated that 30% of respondents do not know this about the trade component and 56% of them do not know this about the investment component. About 57% of the respondents indicated there were some evidence of the EU added value in the trade component and 36% of the respondents claimed there were some evidence of the EU added value in the investment component.

**Summary of the Finding on EU Added Value (Finding 6):** The TIP has demonstrated the EU added value through the design and implementation of various activities under the two components of the TIP. The EU is a global leader in providing trade-related technical assistance, particularly to LDCs. The EU is also the major donor in Nepal to support trade-related projects along with a few other EU Member States. The EUD is co-chairing the Donor AfT Committee meetings. All of these have shown the high EU added value through the TIP design and implementation.

## 2.7. Gender Equality and Other Cross-Cutting Issues

**EQ7 (Gender Equality and Other Cross-cutting Issues):** (1) To what extent have the two components of the TIP taken into account the gender equality and other cross-cutting issues in the design and implementation of their activities?

**Table 10: Summary of the Evaluation on Gender Equality and Other cross-cutting issues**

Judgement Criteria (JC)	Indicators (Ind)	Data Collection Methods	Robustness of Evidence	Evaluation Judgement
JC 7.1 – equal participation of men and women in project activities, management, and decision-making process	7.1.1 – number breakdown (or percentage) of gender in participation in project activities	Document reviews KIIs FGDs Survey	Moderate	Positive
	7.1.2 – percentage of women in project management and decision-making process	Ditto	Moderate	Positive
	7.1.3 – impact assessment of sectors (coffee and pashmina) and activities on women in Nepal (more jobs and income for women and girls?)	Ditto	Moderate	Positive
JC 7.2 – promotion of positive impact of trade on environment/ climate change and the mitigation of the negative impacts	7.2.1.- environmental impact implications of the selected sectors (coffee and pashmina)	Document review KIIs FGDs Survey	High	Positive
	7.2.2.- # of mitigating measures for negative environmental impact by the project	Ditto	Moderate	Positive
JC 7.3 – governance and human rights	7.3.1 – any positive or negative social implications for governance, human rights and other issues	Ditto	Moderate	Positive

### Gender Equality and Women Empowerment

Both components of the TIP have included gender equality related provisions in the design. The trade component has two gender specific indicators under the specific objective. These are (a) Number of Nepali coffee MSMEs/cooperatives (of which women-owned/controlled) having transacted international business and (b) Number of Nepali goat farmers or pashmina MSMEs (of which women-owned/controlled) having transacted international business. The



component's output 1 and output 2 each has one gender specific target. Output 1 has targeted one women business association out of four private-sector organizations reporting improved performance in policy advocacy, research and in participating in PPDs (Output 1.5). The output 2 has 15 women targeted out of 60 participants in private sector workshops (Output 2.5). Thus, the target for women participation is 25% in the trade component. However, the achievement in this area is around 19% while counting the male and female in 38 different activities, as per the event reports of the Trade Component. The trade component also falls short in achieving the target set for women's participation. The reasons for low participation of women were low access of internet by women compared to men while conducting training during Covid-19 affect in the beginning of the project, low capacity to use email to fill up the application for participation, less time available to hang on slow internet as the women have to perform the household chores, not meeting the minimum criteria set for participation in some cases, not given required attention by the project in the beginning. However, project realised the women's participation and started sending thereafter and improvement is noted in women participation. With improvement of the Covid-19 situation, in person activities were carried out and women's participation improved.

Activity-wise, out of 38 activities carried out by ITC for the trade component, there are eight activities where women participants are 25 % or above. These activities include training for enumerators for farmers profiling organized with NCPA, workshop on how to use the embedded market access map on Nepal trade portal website and critical underlying market access issues; introduction to basics of marketing and branding in the coffee sector in Kathmandu, training of farmers (by trained trainers) on combing and initial fibre value addition in Mustang, and validation workshop of the WTO trade facilitation agreement (TFA) roadmap. While the above six activities have good representation of women--more than what was targeted, there were also some activities wherein no woman was present. The activities where women's representation was nil included ASIC conference, ISO technical committee for coffee, position paper activity - virtual meeting with TSIs, and NTFC Global Forum 2022 organized by UNCTAD (virtual). The absence of women's participation in these highly important activities is not desirable and is against the spirit of the current Constitution of Nepal which provides strong directives for the proper representation of women and their empowerment in different arena of socio-political structures and activities. Other 28 activities have women's participation between 5% to 24%. The percentage of activities that met the set target of 25% women's participation is around 16%. The low percentage of women's participation in the component activities suggests that the project needs to pay special attention in the remaining period for the increased women's participation and their empowerment. ITC officers envisage the women participation in the project to increase through trainings directed to farmers and women entrepreneur's association which will start in Q3-Q4.

In the case of the investment component, there are two target areas where women's participation is sought. The result 1 has one indicator which is specific to participation of women in trade and investment policy dialogue. It has targeted at least 25% of women in provincial policy dialogue (PPD). Similarly, result 2 has aimed to include 25% of women officials in training programme on OSSC capacity development. It has three activities that are specific to gender. These are (1) Organising workshops for DOI/MOICS staff and other stakeholders to discuss and provide guidance on how to include aspects of gender

mainstreaming and social inclusion in the policy making process (2.1.6); (2) Study the current situation on investment in regard to improving the inclusion of youth, minority and gender groups (3.1.7). To ensure that gender issues are addressed, the investment component has provision for hiring a Gender Equality and Social Inclusion (GESI) expert to work with OSSC/DOI and MoICS especially in the area of gender responsive investment policy making process. For this, it has taken two approaches: (1) Mobilise experts, STEs, to identify areas for improving a more inclusive investment climate. (2) Organise workshops on gender and social inclusion in trade and investment policies whilst including women 's entrepreneur associations, etc. Despite the component design targeting 25% of women, there are only 11% women in the stakeholder list provided by ISF. This means that though there is representation of women in different groups, their representation is too small in the Investment component of the TIP.

The low representation of women in ISF activities conducted so far was due to implementation of intervention at the policy level where number of related women officials is low. Even in the training activities for building capacity of government staff, required number of women officials were not available due to their low representation in the related offices. Where possible, women were included. For example, GESI is an integral part of the policy making process in TIP supported activities. A chapter on GESI is included NTIS 2022 and the strategy is being reviewed from Gender and Social inclusion perspective. Likewise, ISF has been engaging FWEAN at Provincial chapters in provincial dialogues. However, due to the male domination in trade and industry sector, it was difficult for the project to ensure the targeted representation of women, especially in the remote provinces like Karnali, where very few women entrepreneurs are engaged in business having minimal policy influencers as informed by the project in the follow up interview. It is expected that the women's representation would increase once the project carries out its activities at the local level. Both the TIP teams should give more attention to gender equality and women empowerment in the remaining period of the project as this issue is strongly emphasised in the current Constitution of Nepal.

The online survey findings are also consistent with the above findings that 23% of the respondents indicated TIP very likely to make difference in gender equality whereas 48% thought that TIP is somewhat likely to do so. About 6% of the respondents have indicated that it is unlikely to make difference in gender equality whereas 12% of them are uncertain and 10% do not know if TIP is likely to make difference in gender equality.

### **Other Cross-Cutting Issues**

The TIP intends to have youth participation in its activities. It has one specific activity regarding the youth involvement. It has stated to conduct Chyangra Pashmina value chain analysis from farm to market and identify the competitiveness constraints, skills gaps, and opportunities for youth entrepreneurship (Sub activity 4.1.1 of the Trade component). Around 20% of beneficiaries are below 35 years old as shared in the full database of activities beneficiaries.

The TIP has selected the Coffee and Pashmina value chains for intervention. The interventions in these two value chains have to some degree promoted the environment and climate actions with inclusive green growth in the country. Coffee is predominantly grown in the mixed-crop, agro-forestry system which is strengthening the conservation and sustainable agriculture as Nepal coffee is primarily produced organically with a minimum use of pesticides and chemicals, thus reducing the strain on local water resources and soils. Coffee production in an agroforestry system under the shade of diverse canopy species has helped conservation which has also contributed to providing viable habitat, enhancing biodiversity, sustaining

biological control agents, such as birds and bats, and enhancing pollinators of the coffee itself. The ITC team is planning to further expand the training activities on organic coffee farming with special emphasis on agroforestry under TIP.

Similarly, pashmina is promoted by the ITC team to expand the knowledge about sustainable production and consumption techniques throughout the value chain from goat rearing, pasture management, animal friendly fibre harvesting to the environmentally friendly production of yarns, cloth and textiles. Furthermore, an arrangement has been made to pre-select SMEs that comply with social and environmental norms and standards. The above discussion suggests that both coffee and pashmina value chains have contributed and/or are likely to further contribute to the environment protection in Nepal. However, there are some technological changes required for the adaptation to climate change which the TIP needs to emphasize in the future within the backward linkages of these value chains, particularly for coffee.

Under the Investment Component, the GIZ team is currently assisting the GoN in updating the NTIS 2022. The objective of NTIS 2022 is to improve the overall trade and investment environment for inclusive growth and sustainable development. As indicated by the government officials and the research team, the NTIS 2022 implementation will be linked with the sustainable development goals, green economy, circular economy, and green finance. These are all related to environmental protection and climate change adaptation. The Investment Component is also planning to prepare the provincial investment profiles to attract foreign direct investment to those environment-resilient sectors. Given the vulnerable environmental situation of Nepal, the TIP team should pay more attention to the linkage of trade and investment activities with the environment and climate actions during the remaining period of the project implementation.

The evaluation team also found that the human rights were indirectly promoted by the TIP as there has been some additional income for poor farmers due to sale of Chyngra fibre which has contributed to poverty reduction which is one of the important human right issues in Nepal. Participation in a series of multi-stakeholder online consultations by involving participants from government and private sector and ultimate beneficiaries in TIP activities has contributed to the ownership of the TIP. The sharing and validation of reports of studies including survey report on Covid-19 affect, key competitiveness constraints affecting Chyangra rearing and pashmina fibre production report has promoted transparency in governance thus respecting the human rights issues. Similarly, a virtual training on WTO TFA was organized which covered the area of the governance mechanism and institutional set-up of the Nepal's National Trade Facilitation Committee (NTFC) as a national body to coordinate and monitor the implementation of the trade facilitation reform in the country.

Online survey results on other than gender equality cross-cutting issues are discussed below. Respondents rated positively on environment protection issues. Almost 24% of them said that the TIP is very likely to make difference in environment protection and 44% rating somewhat likely. Around 20% were uncertain and 8% of them said they did not know whether the TIP would make any difference in environment protection. There were only 4% of the respondents who said that the TIP is unlikely to make a difference in environment protection. Regarding the governance, about two-third of the respondents were positive about the TIP making



difference in governance issues while rating very likely by 21% and somewhat likely by 45%. About 15% said that they were uncertain, whereas 10 % of the respondents said that the TIP is either very unlikely (6%) or unlikely (4%) to make difference in governance, the remaining 9% said, they did not know whether the TIP is making any difference in this issue.

Respondents were also asked to rate TIP’s likelihood in making difference on social inclusion/leaving no one behind. Respondents rated positively in this variable like in other variables. About 23% of the respondents rated very likely and 42% likely that the TIP would make difference in social inclusion/leaving no one behind. About 20% of them indicated uncertainty while 5% rated negatively whereas round 10% of them said that they do not know if TIP is likely to make difference in this variable. The comments made by the online respondents were mixed in reaction. Some said that the programmes like TIP help to maintain gender equality, environment protection and good governance.

**Summary of Findings on gender equality and other cross-cutting Issues (Finding 7):** Both components of the TIP have planned to enrol 25% of women in the component activities, but neither have achieved the set target, though women are represented in almost all activities. The TIP has promoted human rights and environment protection to some degree. However, data on other cross-cutting issues are not available. The low achievement of the target in gender equality and lack of availability of data on other cross-cutting issues indicate that high priorities should be given to the cross-cutting issues during the remaining period of the TIP implementation.

## 2.8. EU Visibility

**EQ8 (EU Visibility):** To what extent have the two components of the TIP improved EU visibility through the design and implementation of various project activities?

**Table 11: Summary of the Evaluation on EU visibility**

Judgement Criteria (JC)	Indicators (Ind)	Data Collection Methods	Robustness of Evidence	Evaluation Judgement
JC 8.1 – adherence to the EU visibility guidelines	8.1.1 – existence of the EU visibility strategy and communication plan prepared by the project	Document reviews KIIs FGDs Survey	High	Positive
	8.1.2 – number of visibility activities/events (including social media) conducted with the increased awareness of the project outputs and results	Ditto	Moderate	Positive
	8.1.3. – number of stakeholders and participants who have received more project information	Ditto	Moderate	Positive

The TIP has a communication and visibility (CV) strategy with three objectives. These objectives are related to creating stronger relations with the stakeholders to ensure that the

project impact has improved the lives of the people through the advocacy and visibility of the project. The EUD, and the ITC and GIZ teams have disseminated the project's results to wider audience. Both components of TIP have appointed project staff responsible for the project communications to the target groups, specific communication activities, communication tools and channels, etc. The role of the EU has been highlighted in all communications and publications of TIP. Based on the strategy, the ITC and GIZ teams have planned some component-specific activities to achieve the EU visibility and communication objectives.

During the implementation of the TIP activities, the ITC has developed a project flyer in both English and Nepali languages. It has produced six project briefs related to trade policy, trade facilitation, trade and market intelligence, trade quality, coffee and pashmina. It has also produced a brochure with the role of the ITC project team, key experts and key public and private sector partners. The ITC has developed social media where two facebook groups (coffee and pashmina) have been *created*. The coffee Facebook page is "Nepali coffee for prosperity" which has 58 members. The pashmina Facebook page is named "Nepali pashmina for prosperity" which has 104 members. It has also conducted press release and media coverage where 21 articles, web-stories, and interviews about the TIP results were published. It has also carried out two video interviews and two press releases. The ITC has also created a project website within the ITC website.

ISF has a communication team hired by the GIZ team which decides the communication contents and materials. The team has started producing monthly and quarterly newsletters and weekly trade news. The Newsletters cover different trade-related themes including cross-cutting issues such as gender equality. The newsletters and weekly news are circulated to about 300 stakeholders mainly through emails as informed by the communication specialists of the project. ISF does not have its own website and has to depend on the MoICS website which has not yet included the TIP-ISF project under its list of the projects.

Both ITC and GIZ teams have been publishing their newsletters. Both of them are very specific to their own activities and do not even give information about the other component of the same project—TIP. The evaluation team found that both component team members and the EUD-Nepal were in favour of having only one newsletter covering both components of the project. If so done, the newsletter is likely to bring both component teams closer and create synergy.

In the online survey, higher percentage of the respondents think that trade components of the TIP have improved the EU visibility through its activities and communications than by the investment component. For the trade component, 77% of the respondents said that TIP has improved EU visibility (substantially 34%, moderately 27%, modestly 8%, and little 8%) whereas percentage of respondents saying the same is 56% (substantially 18%, moderately 20%, modestly 11%, and little 7%). Respondents saying negligible improvement in EU visibility is almost similar for both components 4% in trade and 5% in investment. Respondents not knowing about it is 18% in the trade component against 39% in the investment component.

***Summary of the Findings on EU Visibility (Finding 8): The Trade component is far ahead of the Investment component in showcasing the EU visibility through implementing various activities and means of communications of the project. This might be due to one year earlier start of the trade component than the investment component. Nevertheless, the investment***

*component also is planning to gear up the communications of the project which will contribute to disseminate project information including the EU visibility. The two components should team up together to publish newsletters and others to improve the EU visibility in the future. This requires leveraging the resources by avoiding duplication to achieve the common stated objectives of EU visibility and other targets.*

## **3. Conclusions, Lessons Learned & Recommendations**

### **3.1. Main Conclusions**

Based on the data collection and analysis from the document review, KIIs, FGDs and survey questionnaires, the evaluation team has made the following conclusions:

#### **Conclusion 1 (Relevance)**

The mid-term evaluation of TIP concludes positively that the TIP design, and the trade and investment components, the two targeted sectors for value chain developments, and the selected activities under the two components are relevant to the needs and priorities of the GoN and the private sector. The enhancement of the capacities of MoICS and TEPC to formulate trade policies and to negotiate trade agreements and effectively implement them is highly relevant given the country's current situation and trade-related capacity, particularly for the preparation of Nepal's graduation from the LDC status. The TIP is also highly relevant to assist Nepal in developing trade facilitation and export policy toolboxes, updating the trade integration strategy (NTIS 2022), improving the capacity of DoI to attract foreign direct investment through a single entry-point, and strengthening the information sharing and coordination mechanism for trade and investment programmes. The TIP, however, requires the improvement in setting up target for logframe indicators and adding some activities to address the backward linkage in the remaining period of TIP, particularly for the coffee value chain.

#### **Conclusion 2 (Coherence)**

The two components of the TIP, two selected value chains (coffee and pashmina) and targeted activities are generally coherent and complementary with those projects and programmes funded by other development partners, including those of the EU Member States. The EUD and MoICS have been playing the leadership role in coordinating the Aid for Trade (AfT) donor group meetings to share the information and promote the synergy and collaboration among the like-minded donors in the trade sector in Nepal. All of these have enhanced the coherence and complementarity of the TIP.

#### **Conclusion 3 (Efficiency)**

The two components of the TIP have suffered some efficiency losses due primarily to the COVID-19 pandemic (beyond the control of the ITC and GIZ teams), as they could not send their experts to Nepal to organize project activities on site. The application of UN rules by ITC was considered too rigid by some stakeholders that requested faster approval process. The ITC applied the UN rules with a slow review and approval process in Geneva which was considered less efficient. However, ITC has recently allowed the local project office to take more responsibilities for the decision-making and financial disbursement in order to improve the efficiency of the operation. The Investment component got a slow start because of the high turnover of the Team Leader. The GIZ is now accelerating the implementation of the planned activities to catch up for the lost time. Both EUD and MoICS have been playing a leadership role in the TIP implementation which has improved the overall efficiency of the TIP operation.

## **Conclusion 4 (Effectiveness)**

The TIP has been on the right track to achieve the overall and specific objectives of the TIP. Overall the two components are relatively effective in delivering the results such as generating additional income to coffee farmers and pashmina producers; enhancing the trade-related capacity of government and private sector stakeholders, using more efficient trade tools and techniques, and raising greater awareness of the stakeholders on trade related issues, drafting of NTIS 2022, preparing the provincial investment profile, and training the DoI staff at single entry point, etc, which are likely to contribute to the achievements of the overall and specific objectives of TIP. The TIP, nevertheless, requires more efforts to disseminate project information to all stakeholders including value chain actors, especially the coffee and pashmina/goat farmers. More efforts are also needed for institutional capacity building for both public and private sector stakeholders. To get good results, the new Team Leader of the Investment component needs to work closely with his team to accelerate the implementation of the component activities in order to achieve the expected results of the component.

## **Conclusion 5 (Sustainability)**

The ITC and GIZ teams have taken some measures to sustain the achieved results through the enhanced trade-related capacity and to build stronger relations between public and private sector actors. The trade component has built the closer connections of both coffee and pashmina value chain actors which are likely to continue after the completion of the TIP activities. The trade-related capacity building, the quality champions, export guidelines/toolboxes and TOT are some of the measures that the ITC team has undertaken to sustain the achieved results beyond the project life of the TIP. Similarly, the GIZ team is planning to prepare the exit strategy and sustainability plan after the mid-term evaluation. It is noted that a few activities have already included the measures to ensure the sustainability of the results of the activities such as the NTIS 2022 and the provincial investment profiles. The training and institutional capacities building, particularly on the single-entry point for FDI should be sustainable. However, some may require more funding from the government or the donor community to ensure the sustainability, particularly those relating to the LDC graduation, GSP+, QI, and the NTIS 2022 implementation.

## **Conclusion 6 (EU Added Value)**

The TIP has demonstrated the EU added value through the design and implementation of various activities under the two components. The EU is a global leader in providing trade-related technical assistance, particularly to LDCs. The EU is also the major donor to support the trade-related capacity building in Nepal along with a few other EU Member States. EU is providing the EBA scheme to the least developed countries and the and GSP+ to eligible developing and least developed countries. The EUD is also co-chairing the Donor AfT Committee meetings in Nepal. All of these have shown the high EU added value through the TIP design and implementation.

## **Conclusion 7 (Cross-Cutting Issues)**

The TIP has integrated to some degree the gender, environment and other cross-cutting issues into the design and implementation of the component activities. Both components have included activities for gender equality and social inclusion in the component design. Both components have targeted 25% of women in the participation in the project activities.



However, neither have reached the target. The TIP has also promoted the environmental protection to some degree, particularly through the organic coffee production. The data on other cross-cutting issues such as disadvantaged people, SDGs and leaving no-one behind are not collected by the two project teams. During the remaining period, the ITC and GIZ teams should pay more attention to the cross-cutting issues, particularly gender equality and environmental protection/climate change.

### Conclusion 8 (EU Visibility)

With the earlier start for more than a year, the trade component has a higher visibility in comparison with the investment component. The Investment component is now planning more activities to communicate the project results with key stakeholders to increase the EU visibility. It appears that some joint communication and visibility activities can be conducted by the two components together in order to minimize the costs and maximise the visibility by leveraging resources and reducing duplications.

### 3.2. Lessons Learned

From the analysis of the design and implementation of the TIP activities, the evaluation team has also summarized a few lessons learned as follows:

- 1. It could be more costly and complex to have two implementing agencies for the two components under two different modalities (i.e., delegation agreement versus service contract).** The TIP has two components which are implemented by two implementing agencies (i.e., ITC and GIZ). The two implementing agencies have assembled two project teams in Kathmandu in the premises of MoICS and DoI. The implementation of the trade component started more than a year earlier than the investment component. This has made the implementation and coordination of the two components even more complex. With this set-up, the TIP requires the two project teams to coordinate very closely. This is not an easy task. It could be much easier and less costly to have one project team manage the TIP either under a delegation agreement or under a service contract.
- 2. The backward linkage of the coffee value chain should have received an adequate support from the very beginning.** Overall, the design of the TIP and two components are demand driven. However, due to various reasons, the production side of the coffee value chain was not given adequate attention during the first three years of the TIP implementation as indicated by the Nepalese government and private sector stakeholders. Therefore, the production of high-quality coffee has become a bottleneck for Nepal's further export growth in the sector. The ITC team has recently moved to address the backward linkage of the coffee value chain. It is expected that more backward linkage activities will be designed and implemented for the coffee value chain in the next two years.
- 3. The ITC team should delegate more power to the local team and show more flexibility of the UN rules and procedures, as it took some time to empower the local team and adjust the UN rules and procedures taking into account local context.** Under the delegation agreement, ITC uses the UN rules and procedures to implement the trade component activities in the last three years. The application of UN rules by ITC was considered too rigid by some stakeholders that requested a faster

approval process. The decision-making process was centralized in the ITC headquarters (Geneva), and it took much longer to review and approve the activities and the associated expenditures. It is encouraging to note that the ITC has recently given more decision-making power to the local project team to make travel, logistical arrangements and some payments processes directly. This has indeed increased the efficiency of the operation of the trade component.

4. **The GIZ team should accelerate the implementation of the component activities under the new team leader.** Due to the high turnover of the team leader of the component, the implementation of the component activities is lagging behind. Under the leadership of the new team leader, the GIZ team is playing a catch-up game. Since it is a small and lean team, the Team Leader should work closely with and motivate his team to speed up the implementation of the component activities in order to achieve the expected results of the component.
5. **Both the ITC and GIZ should try to recruit local Nepalese experts to work on the project activities in a hope to build the national trade capacity in Nepal and to ensure the sustainability.** International experts may be required for some highly technical issues or for international experience sharing. In that case, local experts could team up with international experts to learn the technical issues and best international practice. With this team-up approach, the Nepalese experts can learn and build their capacity to ensure the sustainability after the completion of the TIP activities in the next two years.
6. **The ITC and GIZ teams should pay more attention to the gender equality, environmental protection and other cross-cutting issues during the remaining period of the TIP implementation. Relevant data on gender equality, environment and governance should be collected and made readily available for the key stakeholders.** For example, leaving “no one behind” principle requires collection, management, and use of disaggregated data to analyse the project benefits to different stakeholders, including the youth, elderly, women/girls, ethnic groups, and other vulnerable and marginalized groups. In the absence of the disaggregated data, the TIP cannot report the performance and progress on gender equality, social inclusion and other cross-cutting issues under the project adequately.

### 3.3. Key Recommendations

The evaluation team would also like to make some recommendations for the remaining period of the TIP implementation as well as for the post-TIP period.

#### 3.3.1. Recommendations for the Remaining Period of TIP

1. **Both ITC and GIZ team should review, revise and update the logframes of their respective components.** The ITC team may consider the update of two indicators for the logframe. For example, related to the overall objective (g), 20% in the target column should be modified as an absolute number as the baseline value is zero (zero x 20% still equals zero). The indicator of Output 1.2 still remains “tbd” at this moment. The GIZ team should work with the EUD and MoICS to revisit its logframe to review the overall and specific objectives and update the indicators. If necessary, a brainstorming

session or workshop with key stakeholders (GIZ, EUD and MoICS) may be useful to collectively revise and finalize the logframe for the Investment Component.

2. **Both ITC and GIZ teams should prioritise their activities in the remaining period of the TIP implementation.** The ITC team should focus on more backward linkage activities of coffee and pashmina value chains to increase the production and productivity and emphasize on those capacity building activities to increase sustainability of the interventions (for example, toolboxes, ToT, organic coffee, etc). The GIZ team should be more proactive under the leadership of the new Team Leader to accelerate the implementation of the planned activities (particularly NTIS 2022, provincial investment profiles, single entry-point, and DoI training and capacity building) in order to achieve the expected results of the investment component.
3. **The two teams should further work with the Nepalese beneficiaries to institutionalise some results and benefits of the project to ensure the sustainability of the TIP.** For example, the ITC has already collaborated with MoICS and TEPC to integrate the ITC market access map and other toolboxes into the TEPC website. The team should also try to institutionalise its quality champion (QC) training with a selected institution so that those trained and graduated QCs could be organised to provide continuous trainings to other Nepalese trainees later. The selected institution could be a government institution or a private business association through which the QC training could be continued after the completion of the TIP. Most of the training modules, training manuals, export guides, and guidelines could be uploaded to dedicated websites of Nepalese institutions for reuse or future reference.
4. **The two components should further strengthen their collaboration and coordination in the remaining period of the TIP implementation.** In the last 2-3 years, there was no real linkage between the two components, although the two teams are housed in the premises of the MoICS/DoI. For example, pashmina needs investment in fibre value addition but it is not addressed by the investment component at all. If the TIP targeted the coffee and pashmina value chains, the Investment Component could also focus on its investment attraction to these two sectors. The Investment Component could consider the support to the Special Economic Zones which will be particularly export oriented – similar to those in China and in other Asian countries. These will link trade and investment component very closely. The two components could conduct joint activities (training and research) to promote the trade and investment linkage in Nepal. The two teams could also develop joint newsletters, briefings and publications to promote the information flow and avoid duplication and increase the synergy of the two components.
5. **The ITC and GIZ teams should pay more attention to the gender equality, environmental protection, and other cross-cutting issues during the remaining period of the TIP implementation.** Gender equality is not only reflected in the participation of women/girls in the project activities (which was below the 25% target), but also the impact of the TIP activities on women, and the decision-making power of women in the project implementation. The TIP was trying to assist the women business associations to sell women-made products (coffee, pashmina and handcrafts). More efforts should be made to involve women in the production, processing, and marketing in coffee and pashmina value chains. Although there are some data collected on the

participation of women in the project activities, there is a scarcity of data regarding other cross-cutting issues, such as environment, social inclusion, governance, ethnic groups, SDGs, and “leave no-one behind” principles. It is suggested that both ITC and GIZ teams should make efforts to collect relevant data to further promote the cross-cutting issues under the TIP.

6. **The evaluation team would like to recommend the GIZ team to request for about a year of no cost extension for the Investment Component as the expenditure was less than 10% as of 31 May 2022. In the meantime, the EUD could also consider a short bridging phase with additional funding from EU to ITC for the Trade Component** in order to synchronize the completion of the implementation of the two components at more or less same time. In that case, a follow-up trade and investment project for Nepal from the European Commission should be formulated to continue trade-related support in Nepal in the next few years.

### 3.3.2. Recommendations for the Post-TIP Period

7. **The EUD should start to plan the follow-up trade project for Nepal as soon as possible since Nepal needs more trade-related capacity building, particularly before and after the LDC graduation.** If the formulation mission starts earlier, the new trade project could start immediately after the final completion of the two components of the TIP, (assuming the Investment Component gets a no-cost extension, and the Trade Component gets a short bridging phase). The new trade project could take a two-pronged approach to address the emerging needs of the government for the LDC graduation, supporting the government to lodge the GSP+ application from the EU, and FTA negotiations with key trading partners, and to address the challenges of the private sector for the supply-side constraints, customs and trade facilitation issues, quality improvement, and regional and international market penetration, coffee and pashmina value chains and pashmina export strategy implementation, trade and market intelligence, etc.
8. **The new trade project should emphasize on the role of the private sector business associations, particularly those women entrepreneur business associations.** Through the value chain approach, the new project should address the bottlenecks of the private sector to increase their production and productivity, improve the quality and marketability of their products and services and assist them in regional and international market penetration. If there are unfinished businesses for coffee and pashmina, the new trade project could continue its support of these two value chains, including the implementation of Pashmina Sector Export Strategy. Moreover, the value chains can be expanded to cover products such as tea, large cardamom and fresh vegetables in close consultations with the private sector, government (federal, provincial and local) and those like-minded development partners.
9. **The new trade project should follow the NTIS 2022 to plan specific activities to assist the GoN and the private sector in implementing the NTIS 2022 fully and faithfully.** The EU has some advantages and expertise in trade-related technical assistance capacity building. Therefore, the new project could pick up some key technical areas from the NTIS 2022 for assistance, such as trade in services, e-commerce, digital trade, trade facilitation, quality infrastructure, FDI and special economic zones, etc. The specific areas of trade-related technical assistance should be

closely consulted with the GoN, the private sector and other donors by following the Action Matrix of the NTIS 2022 implementation.

10. **The EUD may consider having the new trade project to be executed by one implementing agency or consortium under a single contract and one modality (whether a delegation agreement or a service contract) in order to be more efficient, less costly and better coordinated.** If the service contract is opted for the next trade project, the trade and investment components should be integrated into one single project through the tendering process. This would be a lot easier and less costly for EUD and the beneficiary organizations as well as for the implementing agency.



## **Annex 1: Terms of Reference**

### **SPECIFIC TERMS OF REFERENCE – PART A**

#### **Mid-term Evaluation of the EU-Nepal Trade and Investment Programme (TIP) FWC SIEA 2018 - LOT 2 “**

#### **Infrastructure, sustainable growth and jobs”**

**EuropeAid/138778/DH/SER/multi**

**OPSYS reference number:**

**SIEA-2018-5131 Contracting Authority:**

**The European Union Delegation to Nepal**

### **1 BACKGROUND**

#### **1.1 Relevant country / region / sector background**

At the time when the EU-Nepal Trade and Investment Programme (TIP) was designed in 2018, the main

Development objective of the Government of Nepal, as formulated in the 14th periodic plan 2016/2017-2019/2020 was to graduate from the group of least developed countries by 2022 and to a middle-income economy by 2030, as also laid out in the “Envisioning Nepal 2030” document of the Government. The 14th periodic plan emphasised export-led economic growth through trade sector development. To support its ambitions Nepal’s Trade Integration Strategy (NTIS) 2016, formulated in close complementarity with its Trade Policy 2015, aims at strengthening the country’s trade and export enabling environment; focusing on product development and strengthening supply capacity of priority products; strengthening institutional capacity, trade negotiation and inter-agency coordination; and building and enhancing trade- related infrastructures.

Since few years, Nepal has taken a series of initiatives in addressing the alarming trade deficit. Despite these the country does not take full advantage of the benefits from the EU’s Everything but Arms initiative and from its free access to the Indian and Chinese markets and transit arrangement to reduce trade costs between Nepal, India, and Bangladesh in the framework of BIMSTEC – whereas Nepal’s trade and transit arrangements is an opportunity for FDI investors. Nevertheless, and despite this favourable policy environment and pursued national efforts in implementing measures supportive of value chain development, trade mainstreaming and enhancement of export competitiveness, Nepal’s trade and investment performance has remained less than satisfactory.

The European Union has been supporting the government of Nepal to graduate from LDC status and for sustainable and equitable economic development and prosperity through trade and investment-led growth. Initially, a 2 million euro WTO accession programme was put in place to help Nepal tackle the issues of Sanitary and Phyto-sanitary Standards (SPS) and Technical Barriers to Trade (TBT), followed by the Trade and Private Sector Development Programme (TPSD) with 7.2 million euro.

The EU Delegation in partnership with Ministry of Industry, Commerce and Supplies implemented the EU Trade and Private Sector Development Programme-TPSD (2014-2019). The project strengthened the trade policy formulation and implementation capacity of stakeholders. Its interventions in the national quality infrastructure has made a marked

difference in the SPS (Sanitary and Phyto-sanitary) and TBT (Technical Barriers to Trade) practices of the beneficiary organizations. It also strengthened the WTO TBT and SPS enquiry points in Nepal to enable them keep up with international standards. Nepalese Conformity Assessment Bodies (CABs) are now a better position to serve the private sector than prior to the project. Mobilisation of Local Resource Persons/Extension Service Providers was found to be a sustainable approach for technology transfer in the coffee value chain. This approach did not only ensure sustainability but also create local employment for the service providers concerned. Some of the recommendation from the final evaluation of the TPSD project was to support the country to tap the huge potentials that exist in exporting priority products including coffee would help the country achieve a trade-led economic growth faster than just relying on traditional exports. Further support in expediting various policy and legal reforms, capacity building of actual investment promotion agencies, ensuring policy coherence and enabling environment for business to foster foreign direct investment in the Country.

Since 2017 onwards, the EU is the Enhanced Integrated Framework (EIF) Aid for Trade focal point in Nepal. The EU trade cooperation contributes with sectors that are expected to have trade losses upon LDC graduation to achieve sustainable and inclusive economic growth and poverty reduction. It also aims help Nepal to formulate policy measures to overcome impact of COVID 19, and preparing Nepal to avail GSP+ preferences, which would significantly limit losses in the EU markets arising from LDC graduation.

### 1.2 The Interventions to be evaluated<sup>1</sup>

Title of the Interventions to be evaluated	Mid-term Evaluation of EU-Nepal Trade and Investment Programme (TIP)
<b>Budgets of the Interventions to be evaluated</b>	<ul style="list-style-type: none"> <li>• EU-Nepal Trade-Related Assistance: Facilitating Increased Trade and Participation in Coffee and Pashmina Value Chains- EUR 5 million</li> <li>• Investment Support Facility (ISF) to the EU-Nepal Trade and Investment Programme- EUR 2.8 million</li> </ul>
<b>CRIS and / or OPSYS numbers of the Interventions to be evaluated</b>	<ul style="list-style-type: none"> <li>• 2019/411-600</li> <li>• 2020/414-138</li> <li>• Decision number: 040819</li> </ul>
<b>Dates of the Interventions to be evaluated</b>	<ul style="list-style-type: none"> <li>• Trade component- January 2020-May 2022</li> <li>• Investment component- March 2021- May 2022</li> </ul>

The EU-Nepal Trade and Investment Programme (TIP) was developed prior to COVID-19. The Financing Agreement with Government of Nepal was signed on 16th October 2019. The goal of this Programme is to contribute to Nepal’s sustainable and inclusive economic growth and poverty reduction through increased trade and participation in regional and global value-chains, improved investment climate for attracting Foreign Direct Investment and improved trade and investment coordination. The three specific objectives of the TIP are:

- Objective 1: Increased trade and participation in regional and global value-chains,
- Objective 2: Improved investment climate for attracting Foreign Direct Investment, and
- Objective 3: Improved trade and investment coordination strategy elaborated and

agreed upon between country partners and development partners.

The trade component is implemented by the International Trade Centre (ITC) with a duration of 4 years (January 2020-December 2023), and deals mainly with Objective 1. The investment component is implemented by GIZ with a duration of 3 years (March 2021-February 2024), and deals with objective 2 and 3.

**a. EU-Nepal Trade-Related Assistance: Facilitating Increased Trade and Participation in Coffee and Pashmina Value Chains**

This component is implemented by ITC that started in January 2020, aims at enhancing the capacities of the Ministry of Industry, Commerce and Supplies (MoICS) and the Trade and Export Promotion Centre (TEPC) to formulate trade policies, negotiate trade agreements and effectively implement them. A toolbox to facilitate trade and export policies is being developed. Furthermore, the project provides assistance to the sustainable and inclusive development of Nepal's coffee and pashmina value chains, with focus on export development.

The 4-year project comprises the following four Outputs:

- Enhanced capacities of the Ministry of Industry, Commerce and Supplies (MoICS) and the Trade and Export Promotion Center (TEPC) to formulate trade policies, negotiate trade agreements and effectively implement them.
- Trade facilitation and export policies toolbox is developed.
- Increased capacity throughout Nepal's coffee value chain.
- Increased capacity throughout Nepal's pashmina value chain.

These efforts build on the successfully completed Nepal Pashmina Enhancement and Trade Support (PETS) project, national coffee sector strategy, and the recommendations of the Nepal non-tariff measure survey, all three developed with ITC's assistance. The project also builds on the EU funded Trade and Private Sector Development Project 2014-2019, especially with regards to the coffee sector value chain development and trade capacity building. The project is also closely aligned with priorities of the Nepal's 15th Periodic plan and the Nepal Trade Integration Strategy (NTIS) 2016, and in line with the EU's Multiannual Indicative Programme (MIP) 2014-2020 for Nepal.

The component office is established and operated from Ministry premises. The governance of the Action is assumed by a Programme Steering Committee (PSC) formed under the chairpersonship of MoICS Secretary to provide strategic oversight to the Project and approve the Work plan. This close cooperation with and involvement of the public and private sector, and especially sector associations, in the project, including at the governance level, has been adopted as way to ensure a demand, dynamic and proactive-driven approach taking into account the immediate, medium and long term needs of beneficiaries and stakeholders and Outputs, Outcome and Impact-level expected results. Project implementation is expected to carry out in close cooperation and collaboration with the Investment component of the TIP.

**b. Investment Support Facility (ISF) to the EU-Nepal Trade and Investment Programme**

The investment component ISF is 3 years duration, implemented by GIZ which formally started from March 2021. The overall objective is to improve investment climate and help attract much needed foreign direct investment (FDI) in the country. It also envisioned to create better synergies between trade and investment policies and devise an integrated trade and investment strategy for Nepal. The ISF was conceptualized to achieve following four outputs through technical advice, capacity building, and policy advice and knowledge

management/outreach.

- Identify procedural and regulatory obstacles for foreign investment and propose solutions to address them.
- Improve GON/MOICS capacity to attract foreign investment through a single-entry point.
- Support drafting of trade, industry and investment related policies/strategies and promote coordination mechanisms among stakeholders including government agencies at different levels, federal, provincial and local, and the private sector. The policy making process will be done through dialogue that is inclusive and evidence based.
- Strengthen information and knowledge sharing and mechanisms in trade and investment by involving provincial and local governments in trade and investment.

The component office is based at Department of Industry under MoICS and aims to ensure synergies and close coordination with the trade component of the TIP, key experts and the team leader from the Facility are part of the Project Steering Committee chaired by MoICS secretary. Activities implemented by ITC and GIZ are supposed to be closely organized when and where possible and relevant to maximize complementarities and results.

*The above description of the Intervention Logic of the two components is based on the state of thinking at the time of their design and may not reflect in an appropriate way the needs that they should address and the developmental changes that are expected from the TIP. This is particularly true for the IL of the component 2 that -as it is formulated- is unsatisfactory in describing the result chain of this intervention. Framework Contractors are to be aware that the reconstruction of the Intervention Logic, to be done by evaluators during Inception as a preliminary step towards the definition of the methodology and the finalisation of the evaluation questions, will assume under this perspective a crucial character and that the quality of their work will be carefully scrutinised.*

### 1.3 Stakeholders of the Intervention

The main interlocutor is Ministry of Industry, Commerce and Supplies (MoICS). Below are the key stakeholders;

- **Trade and Export Promotion Centre** is a national trade promotion organization of the country that promotes foreign trade in general and export trade in particular. The TEPC manages trade portal and also the focal agency for EU REX (Registration of Exporters) system.
- **Department of Industry, Industrial and Investment Promotion Board (IIPB)** is responsible for approving smaller investments up to USD 100 million. The IIPB functions as a central agency for investment promotion and facilitation, and provides a 'one window' service for potential investors inside Nepal to help them navigate the requirements for investing in Nepal.
- **The Nepal Tea and Coffee Development Board (NTCDB)** is responsible for overall sectoral development of these commodities, from research support and promotion activities to production, processing and marketing.
- **The Nepal Pashmina Industries Association (NPIA)** is the representative body of all Nepali pashmina entrepreneurs. The NPIA is actively engaged in developing links between concerned stakeholders for the overall development of the Pashmina sector, by facilitating the sourcing of raw materials and market promotion of Nepali pashmina products. It is complemented by the Mustang Chyangra Farmers and

Pashmina Producers Association.

- **The Women Entrepreneurship Development Committee (WEDC-FNCCI) and the Federation of Women Entrepreneurs Association of Nepal (FWEAN)** are responsible for advocating women’s economic empowerment and enhancing the capacity of women entrepreneurs in Nepal. Women in the pashmina sector are mainly employed with knitting, weaving, designing and tailoring, whereas in the coffee sector, women mostly work in low-paid and repetitive labour-intensive tasks, especially harvesting and processing. Literacy rate, adult female (% of female ages 15 and above) is 48.83%% for women and 71.70% for men<sup>2</sup>, and this gender difference in literacy is more pronounced in rural areas. This lack of knowledge lowers self-confidence and affects other activities in the value chain in that women are unable to bargain for instance, for better quality inputs or practice professional farming or credit from financial institutions.
- **Other stakeholders and beneficiaries** in relation to the TIP include the Department of Customs, Ministry of Agriculture and Livestock Development, National Planning Commission, Provincial Ministries, cooperatives from coffee and pashmina producing districts, European Economic Chamber, Nepal Bureau of Standards and Metrology (NBSM), Department of Food Technology and Quality Control (DFTQC), Network for Quality, Productivity and Competitiveness Nepal (NQPCM), the private sector and civil society.

## 2 DESCRIPTION OF THE EVALUATION ASSIGNMENT

Type of evaluation	Mid Term
Coverage	Entire programme; decision along with all the contracts specified as per 1.2 (above)
Geographic scope	Kathmandu and few provinces
Period to be evaluated	Trade component- January 2020-May 2022 Investment component- March 2021-May 2022

### 2.1 Objectives of the evaluation

Systematic and timely evaluation of its programmes and activities is an established priority<sup>3</sup> of the European Commission<sup>4</sup>. The focus of evaluations is on the **assessment of achievements**, the **quality** and the **results**<sup>5</sup> of Interventions in the context of an evolving cooperation policy with an increasing emphasis on **result-oriented approaches and the contribution towards the implementation of the SDGs**.<sup>6</sup>

From this perspective, evaluations should **look for evidence of why, whether or how these results are linked to the EUD intervention** and seek to **identify the factors driving or hindering progress**.

Evaluations should provide an understanding of the **cause and effect links** among: inputs and activities, and outputs, outcomes and early signs of impacts. Evaluations should serve accountability, decision making, learning and management purposes.

The main objectives of this evaluation are to provide the relevant services of the European Union, the interested stakeholders and the wider public with:

- an overall independent assessment of the performance of the EU-Nepal Trade an Investment Programme (TIP), paying particular attention to its results measured against its expected objectives; and the reasons underpinning such results;



- key lessons learned, conclusions and related recommendations in order to improve current and future Interventions.
- 

In particular, this evaluation will serve to carry out the following;

- an assessment of the achievements of the TIP along its results' chain, measured against the performance indicators established in the log frame and against any further indicators that are suggested by evaluators;
- an analysis of the contributions of the governance structures of the facility to the achievement of its results (including the Steering Committee and Technical Committee's)
- an assessment of the major constraints faced in the implementation of the programme;
- an analysis of the capacity of the programme to mainstream cross cutting issues, with a specific focus on gender, climate change and environmental issues, in design and implementation.
- In light of the above, recommendations to improve the programme's implementation for the remaining time.

The main users of this evaluation will be the Government of Nepal, the implementing partners, the EU and the general public. Additionally, the evaluation will inform the planning and needs of the future areas of cooperation in trade in view of trade losses upon LDC graduation and preparing GSP+ status, which would significantly limit losses in the most affected markets.

## **2.2 Requested services**

### **2.2.1 Scope of the evaluation**

The evaluation will assess the Intervention using the six standard DAC evaluation criteria, namely: relevance, coherence, effectiveness, efficiency, sustainability. Being this a mid-term evaluation, the analysis of early signs of impact is not requested. In addition, the evaluation will assess one EU specific evaluation criterion, which is the EU added value (the extent to which the Intervention brings additional benefits to what would have resulted from other Development partners interventions only);

The definition of the 6 DAC + 1 EU evaluation criteria is contained for reference in the Annex VII.

The evaluation team shall furthermore consider whether gender, environment and climate change were mainstreamed; the relevant SDGs and their interlinkages were identified; the principle of Leave No-One Behind and the rights-based approach methodology was followed in the identification/formulation documents and the extent to which they have been reflected in the implementation of the Intervention, its governance and monitoring.

### **2.2.2 Indicative Evaluation Questions**

The specific Evaluation Questions (issues to be studied) as formulated below are indicative. Based on the latter and following initial consultations and document analysis, the evaluation team will discuss them with the Evaluation Manager<sup>7</sup> and propose in their Inception Report a complete and finalised set of Evaluation Questions with indication of specific Judgement Criteria and Indicators, as well as the relevant data collection sources and tools.

Once agreed through the approval of the Inception Report, the Evaluation Questions will become contractually binding.

An indicative list of Evaluation Questions is presented hereafter. The contractor is expected to critically reflect on them during the Inception phase, and propose a final version for approval in their Inception Report.

EQ 1: How efficiently are both components contributing to an overall and common objective of the EU- Nepal TIP?
EQ 2: To what extent is the TIP contributing to Nepal's sustainable economic development through capacity building? Is the quality of resources (personnel, products and services) provided by the projects and their outputs coherent with their objectives? How is gender equality taken into account?
EQ 3: To what extent are the various activities of the TIP transforming the available resources into the expected and intended results, in terms of quality, quantity and timeliness?
EQ4: To what extent are the objectives (intended outcomes) being achieved and are beneficial to its intended beneficiaries, in particular women and youth for the value chain interventions? More specifically, what are the major factors influencing achievement or non-achievement of TIP objectives?
EQ5: What challenges are being experienced in the implementation of the programme and what strategies are being used to address these challenges? Are gender and age-specific constraints taken into consideration and appropriately addressed when implementing the activities?
EQ6: What measures have been envisaged by implementers to ensure sustainability after the end of the intervention? Are these measures suitable to the scope and is their implementation timeline reasonable and respected? What are the most effective (or ineffective) interventions under each component of trade and investment? Are there activities that could be further up-scaled (i.e., without or with minimal external funding)?
EQ7: What lessons can be drawn from the implementation of the TIP programme to inform the ongoing Multi Annual Indicative Program (MIP 2021-2027) and LDC graduation process?
EQ8: To what extent is the TIP successful in mainstreaming gender and environmental concerns all along its lifecycle, from planning to delivery? What factors are particularly successful in this regard and what further factors created obstacles to its success?
EQ9: To what extent is the TIP adapting successfully to changes in the operating context - to remain fit for purpose and to maintain a provision of high quality, meaningful and pertinent TA?
EQ10: How and to what extent is the coherence / coordination with other donors' interventions being promoted and achieved?

### 2.3 Phases of the evaluation and required outputs

The evaluation process will be carried out in three phases:

- Inception and Desk
- Field
- Synthesis

The outputs of each phase are to be submitted at the end of the corresponding phases as specified in the synoptic table in section 2.3.1.

#### 2.3.1 Synoptic table

The following table presents an overview of the key activities to be conducted within each phase and lists the outputs to be produced by the team as well as the key meetings with the Contracting Authority and the Reference Group.

Phases of the evaluation	Key activities	Outputs and meetings
<p>Inception Phase and Desk Phase</p>	<ul style="list-style-type: none"> <li>• Initial document/data collection</li> <li>• Background analysis</li> <li>• Stakeholder analysis</li> <li>• Reconstruction (or as necessary, construction) of the Intervention Logic, and / or description of the Theory of Change (based upon available documentation and interviews)</li> <li>• Methodological design of the evaluation (Evaluation Questions with judgement criteria, indicators and methods of data collection and analysis) and evaluation matrix</li> <li>• Interviews with ITC &amp; GIZ and their Task Managers</li> <li>• Identification of information gaps and of hypotheses to be tested in the field phase</li> <li>• Methodological design of the Field phase</li> </ul>	<ul style="list-style-type: none"> <li>• Kick-off meeting with the EU Delegation (face to face in Kathmandu)</li> <li>• Inception report and slide presentation</li> <li>• Slide presentation of the key findings of the desk phase</li> </ul>

<p>Field Phase</p>	<ul style="list-style-type: none"> <li>• Gathering of primary evidence with the use of interviews, focus groups, surveys and/any other appropriate techniques</li> <li>• interaction with beneficiaries and stakeholders</li> <li>• Field Mission</li> <li>• Data collection and analysis</li> <li>• Organisation of the Pre- final presentation seminar</li> </ul>	<ul style="list-style-type: none"> <li>• Initial meetings at country level with with MoICS along with other relevant stakeholders, private sector associations, donors.</li> <li>• Intermediary Note</li> <li>• Slide Presentation of key findings of the field phase</li> <li>• Debriefing with the Reference Group (including with the EUD face to face)</li> </ul>
<p>Synthesis phase</p>	<ul style="list-style-type: none"> <li>• Final analysis of findings (with focus on the Evaluation Questions and remarks from pre-final presentation seminar)</li> <li>• Formulation of the overall assessment, conclusions and recommendations</li> <li>• Reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Draft Final Report</li> <li>• Executive Summary according to the standard template published in the EVAL module</li> <li>• Final Report</li> <li>• Slide presentation</li> <li>• Meeting with Reference Group (via remote conference)</li> </ul>

*Note: In light of evolving practical constraints imposed by the Covid-19 situation and possible travel restrictions to/from and within the Country, separate discussions will be held and some adjustments may be done if required to the chapters from 2.3.2 on.*

### **2.3.2 Inception and Desk Phase**

This phase aims at structuring the evaluation and clarifying the key issues to be addressed. The phase will start with an initial background study, to be conducted by the evaluators from home. It will then continue with a kick-off session in Kathmandu, Nepal. A meeting will take place with the Evaluation manager at EU Delegation followed by meetings with other member of reference group. Half-day presence of evaluator is required. The meeting aims at arriving at a clear and shared understanding of the scope of the evaluation, its limitations and feasibility. It also serves to clarify expectations regarding evaluation outputs, the methodology to be used and, where necessary, to pass on additional or latest relevant information.

In the Inception phase & Desk Phase, the relevant documents will be reviewed (see annex II). Further to a first desk review of the political, institutional and/or technical/cooperation framework of EU support to trade and investment, the evaluation team, in consultation with the Evaluation Manager, will reconstruct or as necessary construct, the Intervention Logic of the Action to be evaluated.

Furthermore, based on the Intervention Logic, the evaluators will develop a narrative explanation of the logic of the Action that describes how change is expected to happen within the Action, all along its results chain, i.e. Theory of Change. This explanation includes an assessment of the evidence underpinning this logic (especially between outputs and

outcomes, and between outcomes and early signs of impact), and articulates the assumptions that must hold for the Action to work, as well as identification of the factors most likely to inhibit the change from happening.

Based on the Intervention Logic and the Theory of Change the evaluators will finalise i) the Evaluation Questions with the definition of judgement criteria and indicators, the selection of data collection tools and sources, ii) the evaluation methodology, and iii) the planning of the following phases.

The methodological approach will be represented in an Evaluation Design Matrix<sup>8</sup>, which will be included in the Inception Report. The **methodology of the evaluation should be gender sensitive, contemplate the use of sex- and age- disaggregated data and demonstrate how actions have contributed to progress on gender equality.**

The limitations faced or to be faced during the evaluation exercise will be discussed and mitigation measures described in the Inception Report. Finally, the work plan for the overall evaluation process will be presented and agreed in this phase; this work plan shall be in line with that proposed in the present ToR. Any modifications shall be justified and agreed with the Evaluation Manager.

On the basis of the information collected, the evaluation team should prepare an Inception Report; its content is described in Chapter 5.

The desk phase aims at conducting most of the documental analysis needed for carrying out the evaluation. The analysis of the relevant documents shall be systematic and reflect the methodology developed and approved during the Inception Phase.

Selected interviews with the project management and key partners in Nepal may be conducted during this phase as to support the analysis of secondary sources.

The activities to be conducted during this phase should allow for the provision of preliminary responses to each evaluation question, stating the information already gathered and its limitations. They will also identify the issues still to be covered and the preliminary hypotheses to be tested.

During this phase the evaluation team shall fine-tune the evaluation tools to be used during the Field Phase and describe the preparatory steps already taken and those to be taken for its organisation, including the list of people to be interviewed, dates and itinerary of visits, and attribution of tasks within the team.

### **2.3.3 Field Phase**

The Field Phase starts after approval of the Desk and inception Note by the Evaluation Manager.

The Field Phase aims at validating / changing the preliminary answers formulated during the Desk phase and further completing information through primary research.

If any significant deviation from the agreed work plan or schedule is perceived as creating a risk for the quality of the evaluation or not respecting the end of the validity of the specific contract, these elements are to be immediately discussed with the Evaluation Manager and, regarding the validity of the contract, corrective measures undertaken.

In the first days of the field phase, the evaluation team shall hold a briefing meeting with the project / programme management, Delegation and relevant stakeholders.

During the field phase, the evaluation team shall ensure adequate contact and consultation with, and involvement of the different stakeholders; with the relevant government authorities and agencies. Throughout the mission the evaluation team will use the most reliable and appropriate sources of information, respect the rights of individuals to provide information in confidence, and be sensitive to the beliefs and customs of local social and cultural environments.

At the end of the field phase, the evaluation team will summarise its work, analyse the reliability and coverage of data collection, and present preliminary findings in a meeting with project management, the EU Delegation and the Reference Group.

At the end of the Field Phase an Intermediary Note will be prepared (its content is described in Chapter 5 and the final revised version of the preliminary findings (incorporating comments received from the reference group, project management and the EU delegation) will be presented by the evaluators through a half day seminar/event with the relevant stakeholders in Kathmandu; budget should be foreseen in the financial offer.

### **2.3.4 Synthesis Phase**

This phase is devoted to the preparation by the contractor of **two distinct documents**: the **Executive Summary** and the **Final Report**, whose structures are described in the Annex III; it entails the analysis of the data collected during the desk and field phases to answer the Evaluation Questions and preparation of the overall assessment, conclusions and recommendations of the evaluation.

The evaluation team will present, in a single Report with Annexes, their findings, conclusions and recommendations in accordance with the structure in Annex III; a separate Executive Summary will be produced as well, following the compulsory format given in the EVAL module (see Annex III).

The evaluation team will make sure that:

- Their assessments are objective and balanced, statements are accurate and evidence-based, and recommendations realistic and clearly targeted.
- When drafting the report, they will acknowledge clearly where changes in the desired direction are known to be already taking place.
- The wording, inclusive of the abbreviations used, takes into account the audience as identified in art. 2.1 above.

The evaluation team will deliver and then present in Kathmandu the **Draft Final Report** to the Reference Group to discuss the draft findings, conclusions and recommendations.

The Evaluation Manager consolidates the comments expressed by the Reference Group members and sends them to the evaluation team for the report revision, together with a first version of the Quality Assessment Grid (QAG) assessing the quality of the Draft Final Report. The content of the QAG will be discussed with the evaluation team to verify if further improvements are required, and the evaluation team will be invited to comment on the conclusions formulated in the QAG (through the EVAL Module).

The evaluation team will then finalise the **Final Report** and the **Executive Summary** by addressing the relevant comments. While potential quality issues, factual errors or methodological problems should be corrected, comments linked to diverging judgements may be either accepted or rejected. In the latter instance, the evaluation team must explain the reasons in writing. After approval of the final report, the QAG will be updated and sent to the evaluators via EVAL Module.



## **2.4 Specific Contract Organisation and Methodology (Technical offer)**

The invited Framework Contractors will submit their specific Contract Organisation and Methodology by using the standard SIEA template B-VII-d-i and its annexes 1 and 2 (B-VII-d-ii).

The evaluation methodology proposed to undertake the assignment will be described in the Chapter 3 (Strategy and timetable of work) of the template B-VII-d-i. Contractors will describe how their proposed methodology will address the cross-cutting issues mentioned in these Terms of Reference and notably gender equality and the empowerment of women. This will include (if applicable) the communication action messages, materials and management structures.

By derogation of what is specified in the standard SIEA B-VII-d-I, the maximum length of the specific Contract Organisation and Methodology is 10 pages, written in Times New Roman 12 or Arial size 11, single interline, excluding the framework contractor's own annexes (maximum length of such annexes: 3 pages), additional to the Annexes foreseen as part of the present Specific ToRs. The timetable is not accounted and may be presented on an A3 page

*At the time of writing, Nepal adopted partial restrictions to internal or international travel impacting on the feasibility of field missions. However, this situation may change at a short notice and the consultants may be obliged to redefine their methodology and to turn it into a remote evaluation. Should this be the case, they will submit for endorsement a new version of the methodology, specifying the methods of analysis they plan to use. Their Specific Contract Organisation and Methodology will include a section detailing the experience of the proposed team in conducting both presently and remote evaluations, and their preferred data gathering remote tools. Framework Contractors are encouraged to get inspired by the INTPA's initiative Evaluation in Crisis (<https://europa.eu/capacity4dev/devco-ess>). Evaluation in Crisis provides an annotated bibliography of useful resources and tools to adapt the evaluation processes and methodologies to the present global Covid-19 crisis and beyond, as well as original podcasts and blog posts on the same theme.*

## **2.5 Management and Steering of the evaluation**

### **2.5.1 At the EU level**

The evaluation is managed by the project manager Mr. Mim Hamal, in charge of TIP program at the EU Delegation in Nepal; the progress of the evaluation will be followed closely with the assistance of a Reference Group consisting of members of EU Services, MoICS, Finland Embassy, Swiss Embassy, and Private sector associations.

The main functions of the Reference Group are:

- To define and validate the Evaluation Questions.
- To facilitate contacts between the evaluation team and the EU services and external stakeholders.
- To ensure that the evaluation team has access to and has consulted all relevant information sources and documents related to the Action.
- To discuss and comment on notes and reports delivered by the evaluation team. Comments by individual group members are compiled into a single document by the Evaluation Manager and subsequently transmitted to the evaluation team.
- To assist in feedback on the findings, conclusions, lessons and recommendations from the evaluation.
- To support the development of a proper follow-up action plan after completion of the

evaluation.

### **2.5.2 At the Contractor level**

Further to the Requirements set in the art. 6 of the Global Terms of Reference and in the Global Organisation and Methodology, respectively annexes II and III of the Framework contract SIEA 2018, the contractor is responsible for the quality of: the process; the evaluation design; the inputs and the outputs of the evaluation. In particular, it will:

- Support the Team Leader in its role, mainly from a team management perspective. In this regard, the contractor should make sure that, for each evaluation phase, specific tasks and outputs for each team member are clearly defined and understood.
- Provide backstopping and quality control of the evaluation team's work throughout the assignment.
- Ensure that the evaluators are adequately resourced to perform all required tasks within the time framework of the contract.

## **3 LOGISTICS AND TIMING**

Please refer to Part B of the Terms of Reference.

### **3.1 Planning, including the period for notification for placement of the staff**

As part of the technical offer, the framework contractor must fill in the timetable in the Annex IV (to be finalised in the Inception Report). The 'Indicative dates' are not to be formulated as fixed dates but rather as days (or weeks, or months) from the beginning of the assignment (to be referenced as '0').

Sufficient forward planning is to be taken into account in order to ensure the active participation and consultation with government representatives, national / local or other stakeholders.

## **4 REQUIREMENTS**

Please refer to Part B of the Terms of Reference.

## **5 REPORTS**

For the list of reports, please refer to Part B of the Terms of Reference.

### **5.1 Use of the EVAL module by the evaluators**

It is strongly recommended that the **submission of deliverables** by the selected contractor **be performed through their uploading in the EVAL Module**, an evaluation process management tool and repository of the European Commission. The selected contractor will receive access to online and offline guidance in order to operate with the module during the related Specific contract validity.

### **5.2 Number of report copies**

Apart from their submission -preferably via the EVAL Module-, the approved version of the Final Report will be also provided in 3 paper copies and in electronic version both in Word

and PDF version at no extra cost.

### **5.3 Formatting of reports**

All reports will be produced using Font Arial or Times New Roman minimum letter size 11 and 12 respectively, single spacing, double sided. They will be sent in Word and PDF formats.

## **6 MONITORING AND EVALUATION**

### **6.1 Content of reporting**

The outputs must match quality standards. The text of the reports should be illustrated, as appropriate, with maps, graphs and tables; a map of the area(s) of Intervention is required (to be attached as Annex).

### **6.2 Comments on the outputs**

For each report, the Evaluation Manager will send to the Contractor consolidated comments received from the Reference Group or the approval of the report within 15 calendar days. The revised reports addressing the comments shall be submitted within 15 calendar days from the date of receipt of the comments. The evaluation team should provide a separate document explaining how and where comments have been integrated or the reason for not integrating certain comments, if this is the case.

### **6.3 Assessment of the quality of the Final Report and of the Executive Summary**

The quality of the draft versions of the Final Report and of the Executive Summary will be assessed by the Evaluation Manager using the online Quality Assessment Grid (QAG) in the EVAL Module (text provided in Annex V). The Contractor is given – through the EVAL module - the possibility to comment on the assessments formulated by the Evaluation Manager. The QAG will then be reviewed following the submission of the final version of the Final Report and of the Executive Summary.

The compilation of the QAG will support/inform the compilation by the Evaluation Manager of the FWC SIEA's Specific Contract Performance Evaluation.

## **7 PRACTICAL INFORMATION**

Please address any request for clarification and other communication to the following address(es): [REDACTED]

## Annex 3: List of Documents Reviewed

#	Document Title
1	EUD: Financing Agreement Between EU and Nepal, re. EU-Nepal Trade and Investment Programme
2	Action Document for EU - Nepal Trade and Investment Programme
3	Identification and Formulation of EU-Nepal Trade and Investment Programme
4	EU-Nepal Multi-annual Indicative Programme 2021-2027
5	EU-Nepal multi-annual indicative programme 2014-2020
6	EU Regional Multi-annual Indicative Programme 2021-2027
7	Agricultural Development Strategy (ADS) 2015-2035
8	National Development Plan – Subsector – Coffee 2018-2022
9	National Export Sector Strategy – Coffee 2017-2021
10	15 <sup>th</sup> National Development Plan of Nepal 2019-2024
11	Annex 1 to the EU Delegation Agreement – Description of the Action
12	Contribution Agreement and 6 Annexes
13	Communication Plan 2021
14	Nepal Trade-Related Assistance (B731)
15	Potential Areas of Technical Assistance to Nepal
16	Inception Report of the Trade Component, July 2020
17	Progress Report, 1 January – 31 December 2020
18	Weekly, bi-weekly or monthly reports, various issues
19	Activity reports, various issues
20	Public Private Dialogue on Impacts of Covid 19 on Nepal ‘s Trade and Industry Sector report
21	Benchmarking priority organizational effectiveness areas for the National Trade Facilitation Committee (NTFC) in Nepal
22	A diagnostic assessment of the capacity to advocate and participate in public-private dialogue in Nepal
23	Trade facilitation guide to export Nepal Coffee to EU
24	Training report on coffee branding
25	SCA Sensory Skills and Green Coffee – Intermediate Level
26	Pashmina market analysis
27	Pashmina strategy consultation in Pokhara 2021-3-25 report
28	A roadmap to implement Category B and C measures under the WTO TFA
29	NTFC benchmarking study and technical assistance coordination meeting report
30	Benefitting from the implementation of the TFA training materials
31	Updated Log frame for the ISF Component, 18 March 2022
32	Terms of Reference: Investment Support Facility (ISF) for EU-Nepal Trade and Investment Programme
33	Investment Support Facility: Inception Report, 1 March – 31 May 2021
34	Investment Support Facility Progress Report 1, 1 March 1- 31 Aug, 2021
35	Communication Strategy – ISF Nepal, updated Jan. 2022
36	Guidance for gender sensitive evaluations
37	Calendar and minutes of all the meetings of the Steering and Technical Committees of the TIP
38	Service Contract signed between EU and GIZ re. Investment Support Facility
39	Overall Workplan of ITC on the Trade Component of the TIP – Four Years
40	Annual Workplans of ITC, Year 1, 2, and 3
41	Overall Workplan of GIZ on ISF – for the entire period of the project
42	Annual Workplans of GIZ, Year 1, 2, and 3
43	Project Communication and Visibility Plan
44	Any reports on communications and visibility by ITC and GIZ
45	WTO: Trade Policy Review – Nepal, 2018
46	UNCTAD: Investment Guide to Nepal
47	UNCTAD: Investment Policy Review – Nepal
48	UNCTAD: Report on the Implementation of the Investment Policy Review
49	World Bank: From Evidence to Support Nepal
50	Nepal Rastra Bank: A survey report on FDI in Nepal, 2018
51	Nepal Trade Integration Strategy (NTIS) – 2010 and 2016
52	Nepal Trade Policy 2009 and 2015

## Annex 5: Final Evaluation Matrix

<b>EQ1:</b> (1) To what extent are the TIP design, and the components/activities selected (including coffee and pashmina sectors) relevant to address the needs and challenges of the Nepalese government and the private sector under the current economic and development conditions of the country?				
<b>Rational and coverage of the EQ</b>	One of the DAC evaluation criteria – linking the TIP design and component/sector selections with the needs and priorities of the Government of Nepal and the private sector, as well as with the EU country strategy for Nepal, the MIP (2021-2027) and Nepal’s graduation process from the LDC status			
<b>Evaluation criteria covered</b>	<b>Relevance</b>			
<b>Judgement criteria (JC)</b>	<b>Indicators</b>	<b>Data sources</b>		<b>Data Collection Methods/Tools</b>
		<b>Primary</b>	<b>Secondary</b>	
JC 1.1 – TIP responds to the needs and priorities of GoN identified in the “14 <sup>th</sup> Periodic Plan”, “Envisioning Nepal 2030” and NTIS 2016	1.1.1.- number of areas covered from those documents for assistance	Interview notes Survey data	NTIS 2016, Trade Policy 2015, Annual plans, progress reports; Action document 14 <sup>th</sup> periodic plan	Document review Survey questionnaire KIIs
	1.1.2 – number of Nepalese participants increased their knowledge and skills on trade and investment issues	Questionnaire data Interview notes	Progress reports, including the list of participants	Document review Survey questionnaire KIIs
	1.1.3 - number of trade and investment measures taken to increase exports and FDI	Interview notes Focus group discussions	Progress reports Case studies	Document review Survey questionnaire KIIs
JC 1.2 – TIP responds to the needs for support from the private sector on trade and investment, particularly the coffee and pashmina	1.2.1 – number of jobs created in the coffee and pashmina sectors due to the support of TIP	Survey data Interview notes from the coffee and pashmina sectors	Progress reports Sectoral reports – coffee and pashmina	Document review Survey questionnaire KIIs
	1.2.2 – number of private sector institutions (both trade and investment) supported	Interview notes with private sector, including businesswomen	Document review Case studies	Document review Survey questionnaire KIIs and case studies
<b>EQ2:</b> To what extent are the activities and outputs/outcomes of the TIP coherent and complementary with similar interventions of other development partners, including those of EU Member States?				
<b>Rational and coverage of the EQ</b>	One of the DAC evaluation criteria – examining the coherence, consistency and compatibility of the TIP with the interventions of other like-minded development partners in Nepal, including EU, EU Member States and other key donors			
<b>Evaluation criteria covered</b>	<b>Cohérence</b>			
<b>Judgement criteria (JC)</b>	<b>Indicators</b>	<b>Data sources</b>		<b>Methods / tools</b>
		<b>Primary</b>	<b>Secondary</b>	



JC 2.1 – The effects of the TIP and the effects of the interventions of other like-minded development partners are likely to reinforce each other.	2.1.1. – positive synergy between the expected effects of TIP and those projects funded by other development partners, including the EU Member States	Interview notes with EUD and other active development partners in the trade and investment areas in Nepal Interview notes with the ITC and GIZ project teams	Donor matrix compiled and updated for the analysis of the coherence and complementarity of those interventions	Desk review, web search KIIs
	2.1.2 – number of the projects funded by other donors in the targeted sectors and areas in Nepal	Interviews with EUD and other development partners in Nepal	Donor matrix, document review, website search	Interviews, desk research
<b>EQ3:</b> To what extent are various activities under the two components of the TIP transforming the available resources into the intended results in terms of quality, quantity and timeliness?				
<b>Rational and coverage of the EQ</b>	One of the DAC evaluation criteria – examining the value for money, the roles of key players. and time management from a cost-effective perspective			
<b>Evaluation criteria covered</b>	<b>Efficiency</b>			
Judgement criteria (JC)	Indicators	Data sources		Methods / tools
		Primary	Secondary	
JC 3.1 – The two components of the TIP are implemented cost-effectively and present good value for money	3.1.1 – Actual expenditure against the original budget	Interview notes with ITC and GIZ teams, financial officers Interviews with EUD Task Manager and the Contract Financial Officer	Progress reports, workplans Budget and expenditure figures calculations	Document review KIIs
	3.1.2 – expenditure breakdowns to examine main expenditures on priority areas/activities	Ditto	Ditto	Ditto
	3.1.3 – remaining budget vs the remaining time for project implementation	Ditto	Ditto	Ditto
JC 3.2 – TIP implementation shows clear stakeholder coordination, timely activity implementation and results-oriented management	3.2.1 – roles of key players in the ITC and GIZ project management	Interview notes, PSC, PTC, EUD, ITC and GIZ Survey results	Various documents	Document review KIIs and FGDs Questionnaire
	3.2.2. – regularity and time management of the ITC and GIZ teams, taking into account the impact of COVID pandemic	Ditto	Ditto	Ditto
	3.2.3 – quality of TA provided by the ITC and GIZ teams	Ditto	Ditto	Ditto

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<b>EQ4: To what extent have the two components of TIP contributed to the achievements of the overall and specific objectives of the project, including Nepal's sustainable economic development through trade-related capacity building; and women and youth participation in the value chain interventions?</b>				
<b>Rational and coverage of the EQ</b>	One DAC evaluation criteria – Assessing the actual results (outputs and outcomes) against the original expected results of the TIP. This should be the most important part of the mid-term evaluation of the TIP			
<b>Evaluation criteria covered</b>	<b>Effectiveness</b>			
<b>Judgement criteria (JC)</b>	<b>Indicators (Ind)</b>	<b>Data sources</b>		<b>Methods / tools</b>
		<b>Primary</b>	<b>Secondary</b>	
JC 4.1 – Trade capacity of MoICS and TEPC and other government agencies strengthened	4.1.1 – Number of trained officials with increased knowledge of trade policy, WTO/FTA negotiations and LDC graduation implications	Interview notes FGD notes Survey results	Progress reports, Activity reports, government reports, etc	Document review Case studies KIs FGDs
	4.1.2 – Number of WTO FTA measures assisted by the project	Ditto	Ditto	Ditto
	4.1.3 – More trade officials with enhanced skills to deal with trade policy & FTA negotiations	Ditto	Ditto	Ditto
JC.4.2 – Export readiness and potential in the target sectors (coffee and pashmina)	4.2.1 – increased exports in coffee and pashmina sectors (value or %)	Interviews with exporters and business associations FGDs	Government statistics Business association statistics Document review	Ditto
	4.2.2 – number of farmers that have introduced value addition measures in coffee and pashmina sectors with new strategies	Ditto	Ditto	Ditto
	4.2.3. Number of toolboxes for TF created for and used by Nepalese beneficiaries	Interviews with ITC and MoICS Completed questionnaires	WTO TF website Progress reports Document review	Ditto
	4.2.4. Number of participants trained for their capacity building			
	4.2.5 – number of women owned/ operated businesses reported their increased exports	Interviews with woman business associations and women entrepreneurs	Ditto	Ditto
JC.4.3 – TIP work reduced obstacles to FDI and improved the investment climate to attract FDI to Nepal	4.3.1 – number of officials and private sector representatives trained on investment climate, including NTIS	Survey results Interview notes	Project progress reports Activity reports Satisfaction surveys by project Case studies	Ditto
	4.3.2. – number of procedural and regulatory obstacles on FDI reduced	Interviews with DOI and private sector Survey results	Project document review Case studies	

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	4.3.3. – quality and usefulness of the single-entry point created for FDI attraction	Interview notes Survey results	Project progress reports Case studies	Ditto
	4.3.4. – number or value of FDI attracted to Nepal due to the project	Interviews with DOI Foreign invested companies Survey results	Progress reports Activity reports	Ditto
EQ5: To what extent is the TIP adapting successfully to the changes in the operating context – i.e. to remain fit for the purpose and to maintain a provision of high quality, meaningful and pertinent TA?				
Evaluation Criterion Covered		Effectiveness		
Judgement Criteria (JC)	Indicators (Ind)	Primary	Secondary	Methods/tools
JC 5.1. TIP strengthened the trade and investment coordination strategy and shared the information with stakeholders and development partners	5.1.1. – number of trade and investment coordination strategy formulated and implemented	Interviews with DOI, EUD and other partners and donors Survey results	Project document review, case studies, etc	Document review, KIIs
	5.1.2. – number of policy dialogue organized on trade and investment coordination strategy with key stakeholders/development partners	Ditto	Ditto	Ditto
EQ6: (1) To what extent have the ITC and GIZ taken specific measures to ensure sustainability of the TIP results after the completion of project implementation?				
<b>Rational and coverage of the EQ</b>	One of the DAC evaluation criteria – assessing whether the results and benefits of TIP can be sustained after the completion of the activities of the two components of TIP			
<b>Evaluation criteria covered</b>	<b>Sustainability</b>			
<b>Judgement criteria (JC)</b>	<b>Indicators (Ind)</b>	<b>Data sources</b>		<b>Methods / tools</b>
		<b>Primary</b>	<b>Secondary</b>	
JC 6.1 – Institutional capacity built to sustain the results and benefits of the two components of TIP	6.1.1 – number of officials of the targeted institutions (MoICS, TEPC, DOI in particular) trained with knowledge and skills which can be sustained	Interview notes Focus group discussions Survey results	Project progress reports Activity reports	Document reviews KIIs FGDs
	6.1.2. – number of measures taken by ITC and GIZ to sustain and scale up sustainability of the TIP	Ditto	Progress reports Activity reports	Ditto
EQ7: To what extent have the two components of the TIP demonstrated the EU added value in the design and implementation of various project activities?				
<b>Rational and coverage of the EQ</b>	One evaluation criterion required for EU-funded projects – measuring the added value and/or benefits of the project funded by EU to what could have been delivered by interventions funded by EU Member States			

Evaluation criteria covered	EU Value Added			
Judgement criteria (JC)	Indicators (Ind)	Data sources		Methods / tools
		Primary	Secondary	
JC 7.1 – Exclusive rights and authority of EU on trade vis-a-vis the EU Member States	7. 1.1 – number of trade-related projects supported by EU vs by EU member states in Nepal	Interviews with EU, GIZ, and other MS that have trade projects in Nepal	Country strategy paper Websites of those EU Member States in Nepal	Document review KIIs
	7.1.2 – coordination mechanism between EU and MS on trade-related technical assistance	Ditto	Ditto	Ditto
<b>EQ8: (1) To what extent have the two components of the TIP taken into account the gender equality and age-specific constraints in the design and implementation of their activities?</b>				
<b>Rational and coverage of the EQ</b>	Gender equality is one of the important cross-cutting issues for EU and the Government of Nepal.			
<b>Evaluation criteria covered</b>	<b>Gender Equality and Other Cross-Cutting Issues</b>			
Judgement criteria (JC)	Indicators (Ind)	Data sources		Methods / tools
		Primary	Secondary	
JC 8.1 – equal participation of men and women in project activities, management, and decision-making process	8.1.1 – number breakdown (or percentage) of gender in participation in project activities	Interviews and FGDs with women participants Survey results	Project progress reports List of participants from activities Other document reviews	Document reviews KIIs FGDs Survey
	8.1.2 – percentage of women in project management and decision-making process	Ditto	Ditto	Ditto
	8.1.3 – impact assessment of sectors (coffee and pashmina) and activities on women in Nepal (more jobs and income for women and girls?)	Interviews, particularly with women exporters in the targeted sectors FGDs from women perspectives	Sectoral impact studies Sex-disaggregated data	Ditto
<b>EQ9: To what extent have the two components of the TIP improved EU visibility through the design and implementation of various project activities?</b>				
<b>Rational and coverage of the EQ</b>	EU attaches great importance to the EU visibility which is mandated for all EU-funded projects during the implementation process. This will assess whether the TIP results have been communicated to the stakeholders and they have increased the awareness of the EU-funded projects and their results in the country. This EU visibility was not originally included in the ToRs. The evaluation team has suggested to include it.			
<b>Evaluation criteria covered</b>	<b>EU Visibility</b>			
Judgement criteria (JC)	Indicators (Ind)	Data sources		Methods / tools
		Primary	Secondary	
JC 9.1 – adherence to the EU visibility guidelines	9.1.1 – existence of the EU visibility strategy and	Interview notes Focus group discussions	Project visibility strategy and communication plan	Document review KIIs

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	communication plan prepared by the project		Project progress reports Visibility data and statistics	FGDs
	9.1.2 – number of visibility activities/events (including social media) conducted with the increased awareness of the project outputs and results	Ditto	Ditto	Ditto
	9.1.3. – number of stakeholders and participants who have received more project information,	Ditto	Ditto	Ditto





## **Annex 6: Summary Results of the Completed Questionnaires**