

# CHAPTER I

## INTRODUCTION

### **1.1. Background**

Aid is the transformation of capital, technology, commodities and money from funding country to receiving country. On the other hand foreign aid is cooperated with foreign state or an autonomous political unit in furthering its economic growth and social development. The international aid system was born out of ruins of Second World War when the United States used their aid to help rebuild Europe. Foreign aid emerged in planned away after the postwar period. Nature and objectives of foreign aid has been changed from time to time.

Transformation of commodities and resources from one country to another country for the humanitarian, economic, political reason is also foreign aid. Mainly the motives of donors are to support emergency needs solidarity support on development goal. Self interest, historical relationship, security, environment, promotion of human rights, cultural influence, dignity, commercial interest are the priorities given by donors. A major objective of external aid to least developed countries is poverty alleviation. External aid is also expected to bridge the domestic saving and investment gap to accelerate economic growth. Purpose of aid to every developing country is to accelerate their economic development to a point where as the required rate of economic growth can be achieved on a self sustaining base. Important motives for providing external aid to least developing country have been effective for poverty alleviation, meeting minimum basic needs, providing emergency relief and intended to contribute to long term economic growth. Purpose of foreign aid is humanitarian rather than investment. The function of aid for development program is not only to raise the standard of living. In developing countries domestic resources are inadequate to meet the financial requirement of economic development. Income saving and investment of these countries are very low. Deficit finance is also discarded because of its inflammatory impact

on economy. Capital formation is low and any sustainable increase in saving is not possible. Public borrowing and taxation have got their own limitation. Foreign aid is the only one alternative factor to pull the economy from vicious circle. Utilization is a measure to see whether the financial aid, human resources have been used as fruitfully as possible to allow result to be achieved in a cost-effective manner. Achievement of aid is the reducing gap between the commitment and disbursement. Economic development depends on utilization of available resource. The higher utilization is the major indicator of higher effective developmental achievements. The light of the significant potential impact of improved aid utilization is obvious need for acceleration growth in least developing countries. Planning, coordination, management and monitoring of external aid, improved aid are ways of utilization of aid. Small market, poor infrastructure, inadequate human resource and weak institution and capacity are the constraint for achievements of aid.

Priorities and Achievements depend on the intervention and its effectiveness. Effectiveness is a measure of the extent to which the interventions intended outputs and outcomes have been achieved. If intended results are not fully achieved, effectiveness asks the question why not? Did program contribute to country? To what degree, how and what respect has program supported to country? Effectiveness is the relation between the intervention and output. Meaning of effectiveness usually benefits for a particular targeted group of right holders. Intervention is considered effective when the output produces the desired outcomes.

Aid is efficient when it uses resources appropriately and economically to produce desired output. Achievements depend on design and management when there is valid reliability of the aid etc. Poorly defined objectives, unrealistic objectives, lack of target or lack of measure of success are causes of ineffectiveness. Planning and institutionalization, decentralization, monitoring and evaluating, aid coordination framework, management of result and management for result increase priorities setting and achievement of aid.

Attention towards the policy support, choice of technology, environmental matter, socio cultural aspects, increase relevancy for utilization and effective achievement of aid. Denmark, is the member of European Union, is a Scandinavian country in Northern Europe bordering the Baltic and North Sea. The government system is conventional monarchy. Price of goods and services are determined in the free price system. Denmark is industrialized market. Economy depends on import of raw materials and foreign trade. Within the European Union Denmark advocates liberal trade policy. Denmark contributes 0.91% of gross national income to developing countries which is more than the UN goal of 0.7% of GNI. Per capital income is \$42,086 (2012 AD). Population is 5,590,478 (2012 AD). Global competitive rank is 15 out of 148. Area of Denmark is 43,094 sq. km.

Nepal is a land locked country wedged between two neighboring economic powers India and China. Nepal has covered 0.03% (1,47,181sq km) land of world. Its location is 26° 22' to 30° 27' north latitude and longitude 80° 4' to 88° 12' east. Nepal is renowned for highest peak of world and Lord Gautam Buddha. Nepal has multicultural society and multi diversified environment. There are more than 125 different ethnic groups and more than 123 languages. Nepal is in the initial stage of development. Physical infrastructures are in initial stage. Geographical diversity, pattern of population, attitude of society, cultural problems are hindrances of economic problem. Nepalese economy at present is passing through the critical phase of low level of internal mass poverty, stagnation of growth, policy failure. Nepalese economy has a wide gap between supply and demand, resource and resource mobilization, input of resource and productivity of resource. Marginal propensity of saving is very low. Nepalese economy is the victim of vicious cycle of poverty. Being one of the poorest countries in the world Nepal is not in a position to pursue economic activities without foreign aid. Nepal receives much aid from outside and one of the major donors is Denmark. In 1994 the position of Denmark was second among foreign donors to Nepal. Denmark has provided development assistance since 1973 with a loan assistance of Denmark Kroner 20 million for the development schemes and establishment of slaughter house in country. In 1989

Nepal was included in Denmark's program country. Main objective of Danish aid is Right to a better life. Denmark concern issues are human right, women right, peace process, poverty reduction etc.

## **1.2. Statement of the Problem**

Gap between the rich and the poor has become inevitable and the most tragic and urgent problem of modern world. In the relation of developing countries with developed countries, developed countries are giving aid and poor countries (majority of countries) are getting bilateral, multilateral aid for short term, midterm and long term aid in the forms of loan and grant but the condition of poor countries still worse. Foreign aid is becoming necessary evil for developing country. The politician and economist are divided into two groups for and against the aid. They are claiming and giving argument from different empirical event. In the context of liberalization and globalization aid is neither good nor bad. The main problem of foreign aid is how to find the priorities and effective utilization of aid for achievements. Giving catalytic role to aid for reducing poverty, increasing G.D.P ,filling resource gap, filling deficit gap, increasing saving investment ratio, are the main problems of politician, economist, donors and recipient country. So finding priorities of aid and effective utilization for achievement of aid is the major problem of world. Positive solution of it can develop country in economic domain of humanity and world brotherhood to achieve the priorities of aid. Nepal's prime challenge is how to integrate the national economy with regional as well as global economy and maximum benefits from globalization, liberalization and privatization by enhancing competitive in the area of competitive advantage and reduce absolute poverty through mobilizing domestic capital, technology, raw materials and entrepreneurship in collaboration with bilateral and multilateral aid. Over calculation of donor, inefficient monitoring system, inefficient to administration, non available of suitable contractors, under developed infrastructure, adverse geographical structure, political instability , lack of proper education and traditional farming are also problem on achievement of aid in Nepal. Another problem is that the large amount of foreign aid flows back to donors in the form of compensation to export

consultant and import of equipment instead of large portion of aid siphoned by bureaucrats, project and political leader before it reaches to target group. So priorities and achievements have to realized

Nepal has been getting foreign aid as short term midterm and long term aid in the form of grant and loan from multilateral and bilateral donors since 1951. Still Nepal is wearing the logo of the least underdeveloped countries. Foreign aid can play crucial role for economic growth of Nepal. But economic growth and development are not as expected.

There is huge gap between commitment and disbursement so the main problem of foreign aid is utilization of resources assigning priorities and achievement. Without solving this problem the donors' donation and the money received by recipient country are in vain. Danish aid to Nepal is based on the participation of Nepal in accordance with priority. Denmark has been providing huge amount of aid under competitive priorities basis and international law convention on the major sectors such as humanitarian, peace process, human right, good governance and education. So priorities and achievements of Danish aid to Nepal is the representative problem on foreign aid of Nepal as well as Denmark. Major enquiry of study can be shown as: -

- What are the trend and patterns of Danish aid to Nepal?
- What are the priority sectors of Danish aid to Nepal?
- Where and how the priorities be utilized effectively?
- What are the major issues on it?
- What are the achievements and impacts of Danish aid on Nepalese economy?

### **1.3. Objectives of Study**

The main objective of this study is to analyze the priorities and achievement of Danish aid to Nepal. Special emphasis will be given on:

- The study of the trend and patterns of Danish aid to Nepal.
- The analysis utilization of aid for priorities and its effective achievement.
- The study of the area of Danish aid to Nepal

#### **1.4. Significance of the Study**

Nepal is rich in land labour, resources but poor in capital, technology and production. There is a huge gap between the potentiality of resource and its utilization for example: Nepal is rich in water resource but people are in load shedding.

In a circular flow of factors of production, income, distribution, consumption, saving and investment, there is gap in factors of production mainly in capital and its formation to the society. This gap may be fulfilled by selecting priorities and expecting to achieve effective result. From this flow chart we can assure that when production increases. It promotes the income distribution consumption, saving and investment respectively. The circular flow of this cart runs properly and its achievement for priorities area will certainly accelerate the income, saving and investment. When saving and investment increases then it's effect falls on education, poverty reduction, human right, equality of gender, unity and dignity of people etc. Effective utilization of foreign aid on the basis of priorities helps to meet the millennium development goals. In context of Nepal, there is huge deficiency in resource mobilization due to low saving, budget deficit gap, resource mobilization gap, trade deficit can be minimize by proper utilization of foreign aid in priorities sectors which can multiply the income and accelerate the investment. Multiplication of income and acceleration of investment can uplift the quality of education, living standard of people, solve the problem of unemployment, break the vicious cycle of poverty, help stability in politics, peace in society etc.

If foreign aid is not used in priorities and productive sectors for achievements then bad attitude of aid can get the place to play. Unnecessary, haphazard, unmanaged, unplanned, conditional aid can't be effective which creates economic dependency instead of achievements. It loses our decision level. Dependency creates foreign aid as necessary evil (Sharma N.K 2065:455). This evil makes Nepal poor. So the study of priorities area and achievement has significant role in the foreign aid to Nepal

Denmark is the one of the donors of Nepal and has been providing assistance to Nepal. Denmark is supporting in sectors of education, peace process, renewal energy human right and other important sectors. So it is the best sample in the study of utilization and effectiveness of foreign aid in Nepal. Study of priorities and achievement of Danish aid to Nepal helps to:-

- Build good relation with international world.
- Rebuild, reconstruction, the national and international issue and scenario.
- Find the area which needs foreign aid.
- Give knowledge of past, work schedule of present and planning of future development.
- Analyze the process, problem and prospect for maximum achievements.
- Utilize foreign aid effectively
- Understand the role of foreign aid in the economy.
- Improve the national capacity to identify, evaluate and adopt technology to accelerate the production.
- Create environment for attracting foreign investment.
- Give information about the coming economic challenge like climate change and terrorism.
- Give ways of increasing resource for poverty alleviation and social mobilization.

Denmark is continually engaging in formulating the EU policy formation to Nepal. In this way study of priorities and achievements of foreign aid to Nepal helps in development with good foreign relation. In the present context foreign aid has strong, long lasting, deep rooted, sensitive, positive cyclic and negative cyclic effect. In the context of globalization, liberalization and preset economic situation of Nepal aid is necessary to utilize. Aid is sensitive and major issues of Nepal for prosperity of country. So priorities and achievement of aid is development related problem. The positive solution of main problem is most significant. Priorities and achievements of Danish aid to Nepal is significant for

Nepal government, Danish government, Nepalese people, INGOs, NGOs and all donor, poor and developing countries of the world.

### **1.5. Limitation of the Study**

Due to budget and time this study has the following constraints:-

- In this study only secondary data are collected.
- It covers the period from 1992 to 2013 AD.
- It is limited to resource transformation from Denmark to Nepal
- The assistance from foreign private and military investors is excluded.
- Only official development assistance has been considered.
- The error in data collection may also limit the significance of the study.

### **1.6. Organization of the Study**

This thesis contains five chapters. Chapter one is introduction which deals with background, Statement of problem, objectives of study, significance of study, limitation of study and organization of study. Chapter two presents literature review containing theoretical review literature review and research gap. Literature review has contained national and international context on priorities and achievements of foreign aid. Chapter three is devoted to research methodology. Likewise chapter four deals with trend and pattern of Danish aid, areas of Danish aid, mechanism of Danish aid and findings of study. Summary, conclusion and recommendations have been given in chapter five. Bibliography and appendices are given at the end of thesis



## **CHAPTER II**

### **LITERATURE REVIEW**

Literature review gives relevant information what a researcher want to research in order to get real findings. So it is necessary to review the authentic books, booklets, journals websites, discussion paper, dissertation and article written by Nepalese as well as foreign writers in the context of utilization of priorities and effective achievement from foreign aid. Taking this fact into account the researcher studies here details on some relevant issues currently in the arena of the foreign aid sector of Nepal. Therefore from the point of birds' eye view the presumption and proposition of different writers are reviewed. Thus the presumption and proposition of different writers are reviewed. Thus findings of writers are summarized in systematic manner.

#### **2.1 Theoretical Review**

Poverty and Human exploitation are black sport of human civilization. Earth is a dwelling place of all living thing of present and future. So saving and making the earth peaceful, using and promoting natural resources are the main challenges and responsibilities of human beings. Leaders and scholars are trying to struggle for immediate and long term challenges. Foreign assistance is the attempt for that aim. Hundreds of billions of dollars of aid is used each year for poverty eradication with food crises, energy crises, and unemployment increasing gap between the poor and the rich country. But poorest is hitting with hardest. Current global finance world leader try to eliminate change on global immediate and long term challenges. So there is an even greater need for this aid to work. Hence priorities and effective utilization of aid for achievement are major research objects for whole world to make healthy, peaceful, equal ownership, equal benefit from diversity of resource for present and future generation of living things. It is the crucial time for the international

community to make sure those development activities actually results in better lives and promotion of equality and human right including women rights. Better aid is useful for better world so utilization of resource in priorities area with help of foreign aid for effective and sustainable achievement is the way of better aid to unlock the better world.

There are two types of arguments about priorities and achievements of aid. Those evaluators who are against the foreign aid claims that foreign aid encourage aid dependency eroding national self reliance, wastage of resource, breeding corruption, leading to inequality, intoxicating people with short term myopic idea. They are worried in a sense that if foreign assistance is suspended or stopped in on or another reason it creates difficulties and uncertainty. In this way, aid becomes unavoidable. They believe that foreign aid is a wrong perception because foreign donors can't be responsible and donors are unable to uplift the recipient country. Scholars who are against the foreign aid claim when aid is easily available the recipient countries don't make effort to promote export and substitutes the import. It creates saving investment gap which makes nation dependent and poor. Donors are focusing on modern technology and area which creates gap between the rich and poor. Foreign aid has also perpetuated economic and social dualism. Recipient country has various sorts of political prevail in formulation and implementation of development plan.

Evaluators and scholars who are in favor of foreign aid argue that transform of knowledge and technology is a facility in order to accelerate production. They also add that foreign aid is the supplements of national resource which give comparative advantages. They believe that foreign aid is the humanitarian, world brotherhood thinking and foreign aid is sharing of world technology and resource mobilization. Nowadays giving aid either in the form of grant or loan has been considered as the responsibility of international community. Denmark is a major donor of Nepal. Denmark is consciously engaging in formulating the EU policies towards Nepal so priorities and achievements of Danish aid to Nepal helps to increase the effective utilization of the EU aid. Denmark is actively engage in a dialogue with government of Nepal, political parties and

civil society on the challenge and opportunities. Denmark has been providing financial technical as well as commodity assistance to Nepal so priorities and achievements of Danish aid can be evaluated in form or component. Components of evaluations are:- relevancy, efficiency, impact, sustainability, predictability, attitude, reliability, validity, ownership, harmonization, alignment, appropriateness, coverage, coherence, modality of aid, accountability and responsibility. Auditing system, management, corruption control, procedure and process of policy formation and implementation has increased the rate achievement of aid. The capacity of access to affected area, finding working tools, program designing, and formation of legal document also accelerate the achievements. Performing an action, way of behaving Nepal, engaging in activity assessment for present and future, Denmark's research for priorities and effective utilization of aid for achievement, Denmark's evaluating system and our experience with Denmark etc also help to setting priorities and achieving goal.

### **2.1.1 Cause of Aid Flow in Nepal**

Nepal has begun receiving foreign aid since 1951 after the throw of 104 years Rana regime. The democratic system opened the economy to outside world. In the decade of 1950's the world economy was also developed. So developed countries multilateral agencies started showing interest in helping the developing countries in their economic and social development. The volume of aid flow increase in a significant way was after 1956; however aid started to flow to Nepal only after 1951. The important factors responsible for remarkable increase in the aid receipts of Nepal seem to be:

- Nepal's expanding international relations.
- Resources required for development plan.
- The bonus effect of cold war and feeling of competition among some donor countries.

### **2.1.2 History of Foreign Aid in Nepal**

The system of helping one country by another in whatever form is as old as the human civilization. United Kingdom used to provide economic assistance to its colonies in the period of colonization. The international aid system was born out of the ruins of the Second World War when the United States used its aid funds to help rebuild Europe. During cold war era from 1960 to 1980's foreign aid was often used to support client states in the developing world. At that time funds were generally better used in countries that were well governed. After the end of cold war, aid began to move towards the alleviation of poverty promotion of development and human right. There are four high conferences on aid effectiveness. Nepal's first experience in foreign aid is started from British technical assistance on operation of the Sundarijal and Pharping hydropower project during the time of Rana prime ministers. India for the first time offered aid in the construction of small Gaucharan airport (Now Tribhuvan International Air Port) this program was taken up in 1951 in Kathmandu to establish link between the Kathmandu and Patna of India. Nepal has been the recipient of foreign assistance since 1952 when it joined the Colombo plan for cooperative economic and social development in Asia and pacific. During 1952's many Nepalese received scholarship through the Colombo plan to go to different countries for studies in technical and professional areas. During that time all other aid was in the form of grant. The amount of assistance was directed towards developing agriculture, transportation, and infrastructure and power generation. Other areas targeted for assistance were communication industry, education and health. India and United States are the first donors of Nepal. They were responsible for more than one third of grants. Both countries established aid mission to Nepal. Other major donors during the 1950's were China. The Soviet Union, Britain, Switzerland, Australia, Japan, New Zealand. Nepal Aid Group (NAG) was established in 1976. The group includes most of the major bilateral as well as multilateral aid donors operating in Nepal. This group meets in every two years to discuss overall development issue concerning Nepal such as aid flow,

priority programmes and aid co-ordination. Nepal has received multilateral aid since 1954 when WHO provided aid in social sectors while multilateral aid began to exceed bilateral source since 1982. The major multilateral agencies who provide aid to Nepal are UNICEF, ADB, UNDP, WB, UNFPA, IMF, OPE.

Denmark is one of the members of European Union and one of the leading donors of Nepal. It provides assistance to twenty programmed countries that are chosen based on their level of economic and social development as well as their specific needs and absorptive capacity. Especially through EU Nordic country, Denmark, played an active role and made a difference in those international contexts that are of particular importance for the developing countries. Danish development co-operation program is based on the strategy of Denmark's development policy adopted in 1994. The countries receiving assistance from Denmark are Nepal, Bangladesh, Bhutan and Vietnam.

The diplomatic relationship between Nepal and Denmark was established on 15<sup>th</sup> December 1967. The period of 1967 to 1971 passed without keen interest in Nepal economic developments. Then Denmark has been providing development assistance to Nepal since 1973 starting with loan assistance of Danish Kroner 20 million for the dairy development schemes and establishment of the slaughter house in the country. In 1980 the Danish Government converted all outstanding loan amounts into grant (20 million Danish Kroner). Technical cooperation agreement between the two countries was signed in July 1988. This agreement expired in October 1995. Another development cooperation agreement between government of Nepal and the government of Denmark was signed in October 1995. Nepal is included in the list of its 15 aid receiving countries. Denmark opened its residential embassy in Kathmandu in April 1991 at the level of charge affairs.

Denmark has been constantly showing keen interest in Nepalese economic development

## 2.2 Review of the literature

Pant Y.P (1974), in his book “Problem of Development of small Country: A study in problem and prospects of development process” States that external assistance in the form of grant loan and technical assistance will support to fill capacity shortage in the initial stage of development plans. He further adds that rapid capital formation for accelerating the growth of LDCS is not be possible without foreign aid even if domestic resources are mobilized efficiently.

In 1989, the foreign policy committee of Denmark parliament established a check list of seven criteria to guide the selection of so-called program country to receive bilateral aid which are given as follows:

- The economic and social level of development and developmental need and plans.
- The level of aid from other bilateral and multilateral and ability to absorb and make use of aid.
- The possibilities for promoting sustainable development through policy dialogue.
- The possibilities for further human right in accordance with internationally agreed standards.
- Possibility for addressing gender imbalance.
- Previous experience of Danida from bilateral aid collaboration with country in questions.
- The possibility for further the improvement of Danish business and employment

P. Bone (1995), Centre of Economic Performance London school of Economic and Political Science Houghton Street, in his article entitle “Politics and Effectiveness of Foreign aid” has claimed that poverty of country is caused by the government failure. Stylized political economical regimes, labeled egalitarian, laissez fair would use foreign aid properly. Democracies may allocate, influence more evenly across the population. Utilization and effectiveness of aid depend on attributes of people, ability to mobilize and

support of education health, skill and ability to form coalitions. Utilization and effectiveness of aid is the alternative theories of development. 20% of the rich country' populations earn 50% of income in development country. If capital is not mobilized properly, poor country may have a set of profitable investment and project that are not undertaken due to shortage of domestic saving. Political elite are benefited from aid flows. Due to lack of opportunities, lack of domestic saving, ego of political elite, and the aid is consumed before it reaches to its domain. Military aid, imposed aid, conditional aid tied aid are ineffective. Developed countries give aid for humanitarian purpose, military purpose, trade purpose, to make strong self league.

Jhingan (1997) says foreign capital can enter a country in the form of private capital or public capital. Public capital is more important for accelerating economic development than private foreign capital. The financial needs of LDCs are so great that private foreign investment can only solve the problem of financing. According to him foreign aid has failed to improve the income earning capacity of LDCs and they are saddle with large external public debate foreign aid frequently influences policies into inappropriate direction

Finn Jarn, Christian F Buch, Henrik Hanson, Soren Bausquard (1998) in their discussion organized by Department of Economics University of Copenhagen on "Danish Aid: Policy theory and Empirical Evidence" have agreed that the motives of individual donors, their procedures and criteria for allocating given aid budgets among different country and sector are the factors of effective achievements. A more profound understanding of impact of aid on development cannot be achieved without clarifying aid allocation issue such as how much aid is given to whom? How is it channeled and composed? Physical infrastructure and modern agriculture were the main area identified for Danish bilateral support. It was not until 1971 that law on development co-operation was put in place in which the official goals of Danish aid were formalized:-

- Economic growth
- Social progress

- Political progress
- Promotion of intercultural understanding and solidarity are overriding aim of Danish aid
- Fundamental principal of UN are to be respected in the development process.
- Bilateral aid not concern only on poor country but also poorer group.
- Social development and sustainable growth paying more attention on human right.
- Supporting private sectors balance between role of state and private development.

Their study has claimed that aid is effective when the economic policies of recipient country are sound. Priorities and achievements rely on index of inflation, government budget, index of economy, overall index of sound policy where it is derived on the basis. For selection of program country Denmark is focusing on following indicators:

- Aid dependent
- Conflict
- Environment
- Gender equality
- Previous experience
- Danish business interest

Their studies try to explain the allocation of aid to the importance of political, strategic, commercial and humanitarian motives. The core of their studies has given Multiple regression models as:-

$$A_i = \alpha + \beta_1 D_i + \beta_2 P_i + \beta_3 C_i + E_i$$

$A_i$  measures of donors aid to country I,  $D_i$ =a vector variable representing developmental requirements.

$P_i$ = a vectors of variable representing political and strategically importance to donors.



$C_i$  = a vectors of variable representing the country's commercial or economic importance to donors.

$E_i$  = is a random error term.

Nepal aid policy (2002) has given priorities for globally agreed principles convention policies and frameworks. It has shown its commitment to UN targets for poverty reduction. It has tried to integrate the country's development policies and priorities for effectiveness and efficiency. It has given priorities for need base approach for short term and midterm by increasing quality and quantity but for long term it has aimed to enhance domestic resource mobilization. It has focused on linkages with civil society organization and private sectors and also establishing policies and utilizing foreign aid more effectively to address issues such as governance, gender, environment. For short term it has given priorities for need base approach. For long term it has given priorities for infrastructure development(energy, transport, tourism science and technology ,agriculture irrigation) and forestry including the environment human resource and social development education health population and special activities focusing on poverty alleviation economic growth as well as capacity building. It has encouraged aid in form of grant ,local talent and expertise. It has discourse loan for technical assistance

Monterrey financing for development conference( 2002) has made agreement for financing target to achieve MDGS, calls for more effective way of giving aid to ensure these resource have maximum possible on development.

Rom High level forum on harmonization (2003) has increased Donors' agreement to improve in country coordination to reduce transaction cost for aid recipients. It has highlighted the need for increased co-ordination and streamlining of activities of different aid agencies as well as more co-ordination between donors and government with regard to common arrangement for planning, managing and delivering aid, gradual simplification of procedures and sharing of information.

Paris HLF<sub>2</sub> and declaration on aid effectiveness, (2005) has made agreement between donors and developing countries on 56 actions oriented commitments 12 indications to improve the quality of aid commitments. Ownership Alignment, Harmonization, Managing for Results, Mutual Accountability is taken as the guiding principle for achievements. It has suggested using reliable national fiduciary system or reform program for achievement, clear priorities for development, donors' alignment with receive country for effective achievements. It has also suggested to donors to use fiduciary and procurement systems that already exist in recipient countries, country structures rather than parallel structures create by donor's. For harmonization it has recommended that joint field mission, analytical work together with recipient countries, released aid according to agreed schedules with untied service. It has focused on transparent, measureable assessment framework to measure progress and assess the results. It has given priorities for Mutual Accountability and regular revisions assess progress in implementing aid commitments.

Poudel Narayan Prasad (2006) did the thesis on the topic "Role of foreign aid in Nepal with special reference to agriculture sectors". He has tried to examine the role of foreign aid in development process of Nepal. He has claimed that the aid absorptive capacity of Nepal is unpredictable. The volatile characteristics of absorptive capacity, complicated procedure in finalizing things difficulty on time procurement of equipment and components finding suitable contractors, internal disturbance and administrative inefficiency are the major hurdles in completing projects.

Dhungel Durga Prasad (2006) did a thesis on the topic "Trend and pattern of Japanese aid". The major objective of this study was to analysis the contribution of Japanese aid in the economic development of Nepal. This descriptive type of thesis has focused on trend, magnitude, and structure impact and role of Japanese aid. According to him aid plays an important role in development endeavor for development by providing the necessary modern technology. Both donors and GON are responsible for achievement. He has

recommended having an effective autonomous monitoring and evaluation system.

Thapa Narendra (2008) did thesis on the topic “A sectoral analysis of American aid in Nepal”. The major objective of study was to analyze the sectoral allocation of American aid in Nepal. This descriptive desktop research has concluded that under developed infrastructures, lack of good governance, political instability lack of proper technical education are the major hurdles in economic development. Foreign aid further increases the economic dualism. He has recommended to improve in our absorptive capacity and Nepalese technicians as well as labour should be use in order to reduce the large amount of expenditure on foreign aid.

Accra HLF<sub>3</sub> and Accra Agenda for Action (AAA) 2008 has made agreement among all development actors, development assistance committee (DAC) and non DAC donors developing countries civil society organization, parliaments and global partnerships on action need to accelerate achievement of Paris declaration. Enhancing country ownership, building more effective and inclusive partnership, achieving development results and being accountable for them are Commitments made by AAA for improvement and implementation of Paris declarations’ five aid effectiveness principle to accelerate achievements process.

Foreign aid policy (2008), a working Draft of the Revised Foreign aid policy 2002 which was published by Ministry of Finance Government of Nepal Kathmandu, has given priorities for globally agreed principle, convention policies, framework and capacity building. It has aimed to help the mission to make Nepal a prosperous modern and just Nepal. It has accepted the rights base approach to development and community ownership. It has focused on poverty reduction through enabling higher rates of economic growth with distributional equity. It has aimed to linkage between private sector and civil society. It has given priority for need base approach with the objective of avoiding over-programming and ensuring rationalization of development programmers and

activities. Long term priorities of policy is to build a prosperous modern and just Nepal. It has accepted poverty elimination as its overarching long term objectives. To transform this vision into reality it has given priorities for building a good number of long term sector plans and policies.

Dahal M.K (2008), conducted the study on “Foreign Aid in Nepal: The Changing Context”. This study states that there is no debate on whether Nepal needs foreign aid or not. The prime concern is of raising its productivity through effective utilization of foreign aid. Engagement of national exports, ownership of donor driven projects in recipient countries, the public expenditure reform, tax reform, public enterprise reform, facilitation private sector development, financial sector reform, decentralization, civil service reforms and sector specific reforms, employment generation are the structural reforms under implementation. According to him, Nepal’s prime challenge is how to integrate the national economy with regional as well as global economy and maximizing the benefits from globalization liberalization and privatization by competitiveness in the area of comparative advantages and absolute poverty to zero by 2025 through mobilizing domestic capital technology raw materials and entrepreneurship in collaboration with bilateral and multilateral cooperation. At the back drop of theoretical under pinning foreign aid essential not only sustaining development activities and poverty reduction improving efficiency to enhance, competitiveness of both government and private sector which would be instrumental in maximizing benefit from globalization and liberalization.

Adhikari R. (2011) did research on the topic “Evaluating Aid for Trade on the Ground- Lesson from Nepal”. He has defined aid effectiveness as - measuring effectiveness entails assessing output and outcomes following indicator in projects long frame and comparing expected and real results and indentifying lesson that can be replicated in other project. Counterfactual evidence and contribution of project particular outcome are difficulties on measuring effectiveness of aid.

Danida's framework for Managing for Development Results(2011-2014)published in July 2011has stated that achieving and demonstrating results are integrated part of securing value for money and aid effectiveness. It has set priorities “ freedom from poverty- freedom to change”. It has accepted managing for development result ,aligning programming, monitoring and evaluation with results ,using result, information for learning and decision making to achieve agreeing on targets and reevaluating, Denmark has tried to learn from past experience for achievements for future from completion report contains thematic review, lesson learned exercise evaluation, performance review ,management review. It had also focused on RBM approaches which includes formulating objective, indentifying indicators, setting targets ,monitoring results, reviewing and reporting result, integrating evaluation and using performance information

Tripathi Binod Prasad (2011) did the thesis on topic “foreign aid in Nepal with special reference to US aid”. This secondary data base descriptive analytical and explanatory thesis has objective of analysis impact, trend and pattern of foreign aid with special reference to US aid. He has concluded that foreign aid help to narrow the resource gap and boost up the Nepali economic resource. He has recommended giving priority for grant then loan and management of projects.

DANIDA's experience of Results 2011 has claimed that inputs and activities are control area. Outputs reach direct beneficiaries. It has also added that impact outcomes are affected by external factors for achieving results. It has made five phase for selecting priorities and achieving result they are preparation, formulation and appraisal phase, financing decision, implementation and completion phase. It has find out that preparation phase is purported by analytic work and strategic choice.

Right to Better Life Strategy published in August 2012 by DANIDA has claimed that Denmark has been giving priorities for principles of non discrimination participation, transparency and accountability in all phase of

development cooperation. Denmark wants to promote economic, social cultural, civil and political equal access to decision making. Denmark has given priorities and interest on supporting countries in fighting poverty and creating sustainable development through green growth, increased earning more jobs especially for the youth. For results and efficiency Denmark also has given priorities for principles of ownership harmonization, alignment managing for results and mutual accountability.

Busan HLF<sub>4</sub> (2011) has given priorities on Ownership of development priorities by developing countries, focus on result, inclusive development partnership, transparency and accountability to each other. It has found that Development is driven by strong sustainable and inclusive growth. Governments own revenues play a greater role in financing their development needs in turn. Governments are more accountable to their citizens for the development results they achieve. Effective state and non-state institution design and implement their own reforms and hold each other to account. Developing country integrates both regionally and globally, creating economies of scale that will help them better compete in global economy. Busan HLF has integrated tentatively two agendas – development co-operation and climate change and set out plans to build a new global partnership for development effectiveness. It has covered area such as untied aid transparency mutual accountability, role of private sectors women empowerment. Busan has established agenda of global partnership for effective development co-operation, ownership and leadership for development.

Strategic framework for priority area: growth and employment (2011-2015) published in March 2011 by DANIDA has states that welfare is not created by the mere redistribution of existing resource. So it has emphasis the promotion of market based economic growth. It had also accepted MDGs as the benchmarks for Danish development cooperation and high economic growth as a prerequisite for fighting poverty efficiently. Trade is the prerequisite for growth. Local framework must support economic Priorities.

Danish Development Cooperation( 2014-2017)published in 2013 August has reflected the strategy “The Right to Better life”. It has given priorities for democracy ,green growth ,social progress and stability and protection. Economic growth is necessary in fight for poverty reduction. It has focused on security, law and order and youth participation for security and poverty reduction.

An approach paper to the thirteen plan (FY2013/14-2015/1) published by Government of Nepal , National planning Commission Kathmandu Nepal in July has set the ambitious vision of upgrading Nepal from its current status as a least-developed country to that of a developing nation by 2022 and begins the movement in that direction. It has tried to incorporate the goals of eradicating economic poverty and human deprivation prevalent in the country and improving living standards. In meeting these goals, the APTP has aimed to ensure that Nepal achieves its millennium and the SAARC development goals and addresses the issues of sustainable development, human rights, climate change and other matters. it committed to at the regional and international levels. The APTP also has tried to promote green economy. The APTP has made goals for lowering the percentage of people living below the poverty line from the current 23.8 percent to 18 percent, increasing the annual average economic growth rate to 6.0 percent, maintaining the population growth rate at 1.35 percent and raising the life expectancy to 71 years It has given priority to hydropower and energy, agriculture, basic education, health, drinking water, physical infrastructure, good governance, tourism, trade, and environment among other sectors and to increasing the contributions of the private, government and cooperative sectors in these efforts. To meet the objectives and goals of the APTP, stakeholders has attempted to employ a variety of strategies, including promoting broad-based, inclusive and sustainable economic growth; developing physical infrastructure; increasing people’s access to social services as well as the utility and quality of those services; enhancing good governance in public and private sectors; empowering people socially and economically; and conducting development programmes designed

to boost resilience and adaptation to climate change. The APTP has accepted the crucial role of foreign aid in development of nation

### **2.3 Research gap**

This era is the era of globalization and technology. The main responsibility of government is all round development of country and good governance with public private participation. Country's self resource and technology may not be sufficient so foreign aid is needed. Nepal has been getting foreign aid since 1951. In this study, researcher tries to analyze the priorities of Danish aid to Nepal its utilization for effective achievement in the context of Danish aid to Nepal. There are several research works conducted on the foreign aid and few research works on Danish aid to Nepal. They have not provided any information analysis about the priorities and achievement of Danish aid to Nepal. Other research has provided impact and general introduction of aid, comparison of aid. But this research has tried to fulfill this research gap of priorities and achievement of Danish aid to Nepal. Researcher wants to element research gap what exists in the past and explores in the depth information which could be fruitful for better setting and choosing priorities and its utilization for effective achievement. So this study would be fruitful for those interested person, parties, students, teachers, civil society , government officials academically and policy perspectives.



## **CHAPTER III**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Design**

Research design is a plan and systematic guidance for conducting research. As foreign aid involve complex issues of economics, society and politics. This thesis has the purpose of finding trend and pattern, utilization and effective achievements of Danish aid to Nepal. So it is descriptive and explanatory research design which has used analysis of chronological aspect based on secondary data.

#### **3.2 Study Period**

The data cover the information on Danish aid from 1992 to 2013, regarding grants and loans in a chronological order.

#### **3.3 Sources of Data**

The data are collected from published materials of various sections such as embassy of Denmark in Nepal, National planning commission (NPC) World Bank (WB), Nepal Rastra Bank (NRB) Central Bureau of statistics (CBS), Ministry of Finance (MOF) Embassy of Denmark etc. Similarly updated information's are also collected from different articles journals, news papers and books.

#### **3.4 Presentation and Analysis of Data**

After collecting the data from different sources these are arranged in systematic order and tabulated according to the need of research context. The table, graphs, diagrams, pie charts etc are used where necessary. The analysis is based on percentage, ratio, average etc.

### **3.5 Tools of Analysis**

The presented data are analyzed by using simple mathematical and statistical methods. Most of the data are analyzed by using percentages and trend lines. The data are expressed in bar diagrams, pie charts, and graphs by using the Excel program.

## **CHAPTER IV**

### **PRESENTATION AND ANALYSIS OF DATA**

Achievements are journey from input to sustainable result. It is affected by many things and factors such as Model of aid allocation like recipient need models, recipient need and donors interest models, hybrid model, bias model, administrative / incremental model. Priorities and achievements are guided by donors Interest such as Humanitarian interest, political interest, and economical interest. Priorities and achievements are affected by population of the country, Country need, consistent with donor policy, usefulness, agreed objectives, valid objectives, local priorities, area accorded high priority by affected parties. Efficiency is the ratio of output to inputs. Efficiency is affected by designing, management, implementation, time duration of input and output. Priorities and achievement depend on Sustainability of concern factors. Sustainability is the continue receiving the result after completing the project. Policy support measure, priorities and specific commitment of recipient supporting the changes of success, Choice and adoption of technology drive the sustainability. Exploitation, management and development of resource, protection of environment, environment policy, Socio-cultural integration, and impact on various groups gender ethnic group and religious groups etc have significant role on selection of priorities and anticipated achievement of results. Institutional and organizational capacity, distribution of responsibility between existing bodies, experience from past are also parts of priorities and achievements. Level of desire for development, openness, trust each other, level of poverty, level of support of public and other donors give direction to the assignment of priorities. Economic and financial aspect, Economical viability and financial sustainability, External factors such as Political stability, economic crisis, shocks, overall level of development, balance of payment, status and national disasters hamper the priorities assigned and achievement

anticipated. Absorptive Capacity of Human resource, systematic procedural knowledge and qualification, capacity of project and implementation play pivoted role on it. Management of result, focus on result at all phases of development process, aligned programming, monitoring and evaluation with result, keep measurement and reporting simple use of result information for learning and decision making, be output as well as outcome level have measurable effect on the priorities setting and utilization of foreign aid to achieve effective result.

Priorities and Achievements of aid are the multidimensional complex causality chain, linking external factor. Many scholars and evaluators are against the foreign aid others are favor of aid so in the field of utilization and effectiveness following issues are raised;

- Absorptive capacity of Nepal
- Good governance and corruption control
- consistency of donation
- Setting goal and priorities with effective mechanism of aid for achievements.
- Measurement of efficiencies, effectiveness and achievements.
- Designing a new framework of development for Nepal
- Architecture for effective utilization of Danish aid to Nepal
- Building institutions for expected achievements.
- Foster higher technical efficiency
- Improved harmonization of aid modality
- New audience and developing and training human resource
- For better tomorrow to all Nepalese
- Global partnership with global agreed principle
- Convention, policies and framework
- Reducing systematic weakness in aid
- Reducing administrative burden
- Capacity building in ongoing and new area

- Global partnership under global norms, value, institution, leadership monitor, supervision
- Addressing and combating for MDGs
- Ownership, leadership, accountability of GON.
- Sharing of information, and learning by each other
- Forming effective policy and procedure on aid
- Reduce conditionality, improving predictability
- Explore area for future
- Project identification, formulation, implementation, management and evaluation
- Model of aid allocation, procedure of aid disbursement
- Continuous dialogue and interaction.
- Prioritization on policy, practice, procedure.
- Risk management
- Fulfilling donors and recipients interest
- Main streamlining gender equally, right of children and indigenous people, remote people for inclusive and sustainable growth

. Management is the process of giving position role and duties for resource. It is also suitable combination of resource which gives maximum benefits on minimum cost. Organization is official place from where all program are management and monitoring so for effectiveness and utilization the rational legal institution must be effective. Priorities on management increase the quality and quantity of achievements. Priorities on Strategic management helps to achieve result through providing direction for result, cooperation on result, focus on thematic priority, and country focus on result. Priorities on operational management helps to achieve result through resource allocation, decision linking aid management's performance, performance oriented programming. Priorities on Relation management accelerate the achievement through supporting national plan, adjusting procured, using country system, harmonization procedure. Priorities on Knowledge management such as

evaluating external result, presenting performance information disseminating, and lesson learned drive the foreign aid from priorities to achievement

Risks and results are inter connected. We do not achieve our ambition and goal without innovative thinking. Some risks are: experimenting with new approaches, war, national disasters, fraud and corruption either developing assistance or funding. Denmark is willing to for creation long term progress. Working minimizes the risk. It is impossible to avoid mistake and setback weak institution. Monitoring is the efforts to implementation according to strategy, working guideline planning. It creates harmonization and direction for result. Evaluation is key instrument to enhance effectiveness. Working and evaluation in partnership with various stakeholders also increase understanding and learning. Monitoring and evaluation helps to increase effective management. Effective management is the key of the utilization of foreign aid for effective achievement.

#### **4.1. Objectives of Danish Assistance**

Since beginning of assistance to the developing country, donors have been providing assistance for various humanitarian, Political strategy and economic objectives. The objective of donors varies from country to country, donors to donors, time to time. Aid is narrowly strategic broadly political, basically humanitarian, certainly economic. Danish official development assistance (ODA) is provided in accordance with the strategy for Denmark's development policy partnership Poverty reduction is the overriding objectives of Danish development policy. Denmark has contributed to reduce poverty in the world through long term and binding partnership with enveloping countries. The main objective of their partnerships is to strengthen the ability of developing country to create sustainable development processes that will benefit the poor

Objective of Denmark international assistance development cooperation has its focus on following things

- 1) Combat poverty and promote human right democracy sustainable development peace and stability in conformity with the united nation convention on human right.
- 2) Danish development cooperation shall contribute to advancing Denmark's interest in a peaceful stable and equal world. Denmark' development policy is thus a central and integral element in Danish foreign policy where it is recognized that developing countries are not merely affected by development policy initiative but also by measures in policy area
- 3) The objective referred to in this section pursued through partnerships with developing countries and within the framework of internationally recognized principle and goals for development operation as well as principles for humanitarians aid.

Contribute to the development of a strong, independent and diversified civil society in developing countries is the long-term overarching objective of Denmark. Goals of the Danish Civil Society Strategy Nepal are:

- 1:** Contribute to the promotion of a vibrant and open debate both nationally and internationally.
- 2:** Contribute to a representative, legitimate and locally based civil society.
- 3:** Support capacity development, advocacy work and networking opportunities.
- 4:** Strengthen the cooperation with CSOs focusing on human rights.
- 5:** Promote CSO support to fragile states and situations.
- 6:** Promote CSO support in bilateral and multilateral assistance.
- 7:** Promote CSO support through Danish civil society.
- 8:** Support collaboration between CSOs and other stakeholders such as business community, research institutions, media and political parties.
- 9:** Strengthen results orientation of CSO activities.

Source: Evaluation of Danish Support to Civil Society of Nepal

The partnership policy for 2013-2017 takes its point of departure in the post conflict context of Nepal. The overall objectives for Denmark’s partnership with Nepal are twofold.

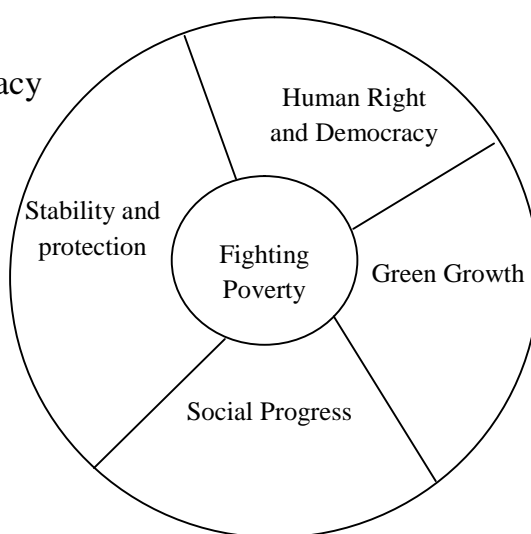
1. Contribute to the consideration of peace and to strengthen respect for human right and deepen democracy.
2. Contribute to reduce poverty.

The objectives will be achieved by reaching tangible result with two strategic focus areas.

- a. Peace building, human right and democracy e.g. through support to relevant peace trust funds, relevant national actors working for promoting and strengthening respect for human right and to local government and democratic instituting.
- b. Green and inclusive economic growth e.g. through support to the development of agricultural value. Chains rural infrastructure to imposing access to renewable energy in rural area etc.

The overall message from new strategy for Denmark’s development cooperation “The right to better life (2012)” is that poverty must be fought with human rights and economic growth. Four strategic priority areas will be given specific attention.

- i. Human right and democracy
- ii. Green growth
- iii. Social progress
- iv. Stability and protection





Priorities of Danish aid to Nepal also include:

- reducing poverty through inclusive, responsive and accountable local governance
- Participatory community-led development
- Enhancing access to justice for the poor and marginalized
- Strengthening public dialogue for democratic change
- Addressing impunity and human rights
- Building peace
- Enhancing public security.

Objectives of Danish aid are relevant for Nepal. Strategy of green growth is effective to reduce hunger which is a MDGs and goal of Nepal government to create employments reducing economic inequality. Green and inclusive growth is to utilize in context of our agricultural country. So green and inclusive economic growth can be sustainable, reliable, valid and most of people feel ownership of it. It may create recent and long term impact for Nepal. Farmers are directly benefited and industrial sector indirectly. It promotes private sectors. Benefit of the program can give the realization of change. Most of Nepalese are semi-skilled, untrained. So, in this context Nepalese resources can be utilized in agriculture immediately. It is effective objective because it helps to reduce poverty and global warming. They are common issue of world. Green growth should be understood as integral parts of sustainable growth which promotes general economic growth and develop environment in a manner that the environment of presents and future. The development of environment delivers the natural resource for today and tomorrow on which our welfare depend. Green growth should catalyze investments innovation in job creation. Green growth not only sustains continued growth but also give new economic opportunities. Inclusive green growth promotes environmental sustainability social development and economic growth so aid in the sector of green growth is attempt to save our common earth.

## 4.2 Trends of Danish Aid to Nepal

Nepal has been receiving foreign aid from various countries. Because of the friendly relationship between Denmark and Nepal, Denmark has been one of the major donors to Nepal from Denmark. Danish aid started in Nepal in 1973 with the loan assistance of Danish Kroner 20 million for dairy development schemes and establishment of the slaughter house in the country beginning with the meager sum in 1973. The quantum of Danish aid expanded steadily after FY 1992/93. Trend of Danish aid to Nepal is given in the following table:

**Table 4.1 : Trend and pattern of Danish aid to Nepal**

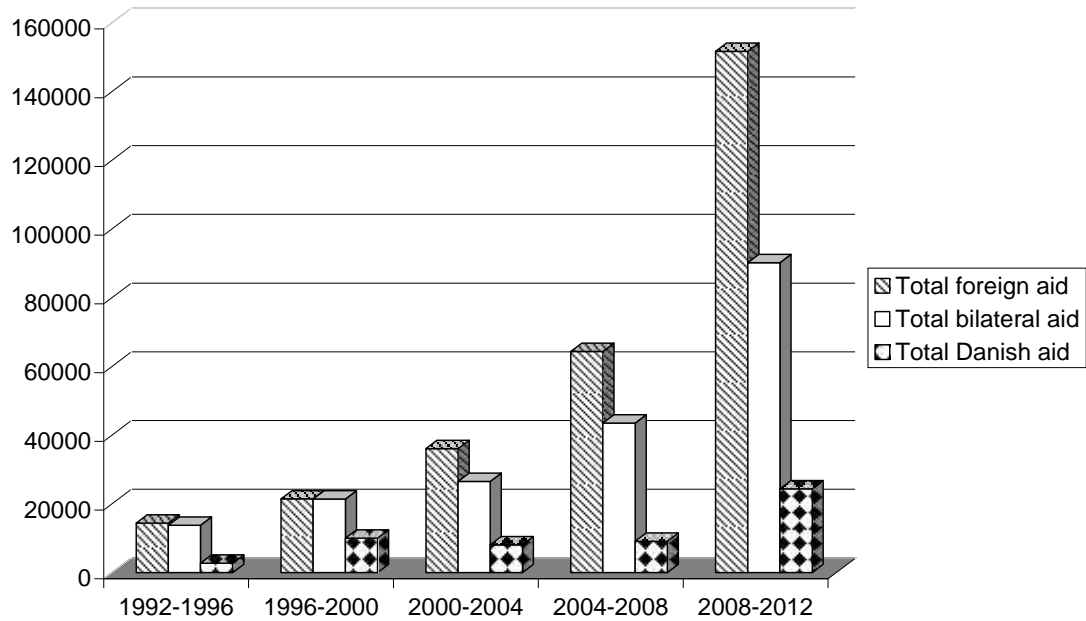
F Y	Total foreign aid		Total bilateral aid		Total Danish aid	
	Amount	Increased%	Amount	Increased%	Amount	Increased%
1992-1996	14394.2	-	13787.6	-	2760.85	-
1996-2000	21439.2	48.94%	21407.1	55.26%	10037.43	20.02%
2000-2004	36062.1	68.20%	26504.1	23.80%	8047	46.88
2004-2008	64340.2	78.41%	43503.6	64.13%	9131.6	-30.36%
2008-2012	151661.3	135.71	90172.7	107.23%	24372.2	21.00%
Total	287897		195375.1		54349.08	

Sources: Adopted and calculated from Appendix 3

The study period is divided into five intervals of 4 years. It has focused that total foreign aid is increasing than in previous intervals of year. Rate of increasing is slow in the period 2004 to 2008. The rate of increasing was highest in the period of 2008 to 2012. The rate of change of bilateral aid is also increasing. It was lowest in the 2000 to 2004 and highest in 2008 to 2012. The rate of change of Danish aid was negative in the period of 2000 to 2004 but total foreign aid bilateral aid was increasing. The rate of change of Danish aid is highest in the period 2008 to 2012 which is greater than bilateral but less than total foreign aid. Share of Danish and in bilateral ranges from 0.36% to 96.79% and share of Danish and on bilateral and has most repeated percentage is 10% to 40%. In average 27.82% of bilateral aid is shared by Danish aid which is more than one fifth. It shows Denmark is the one of the main donors

of Nepal. During the study period 18% of total aid is shared by Danish aid 67.86% of total aid is shared by bilateral aid. For further analysis it is shown in following bar diagram.

**Figure 4.1 : Trend and pattern of Danish aid to Nepal**



The increase of the GDP is the one of the indicator of development of country. Involvements of poor people in economic activities and shares of GDP by poor people help to reduce the poverty. Share of the Danish aid in GDP of Nepal is shown in the following table for the study of priorities and achievement of Danish aid.

**Table 4.2 : Total Danish Aid and GDP of Nepal**

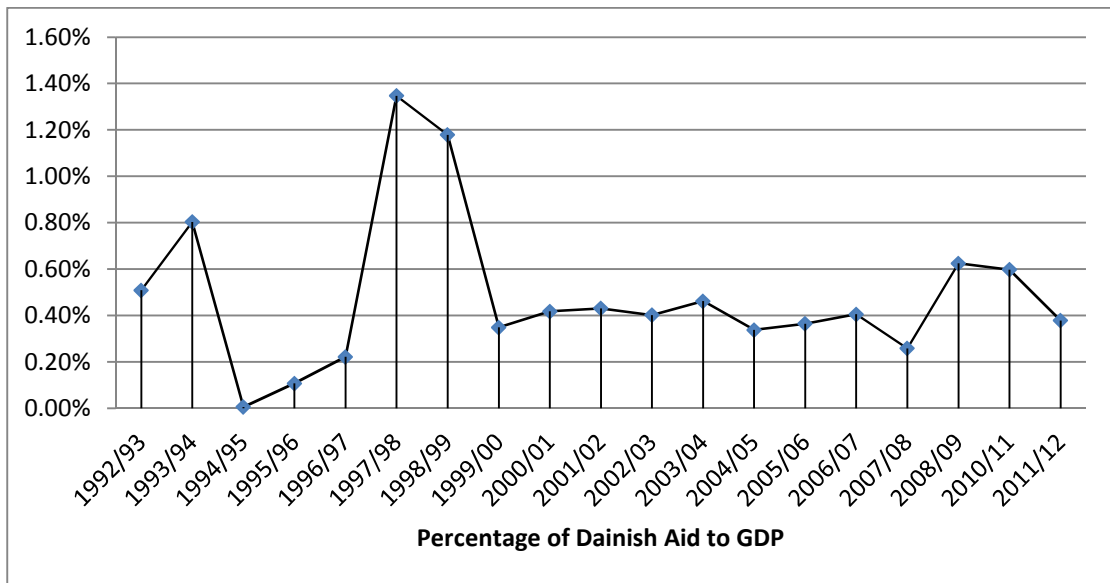
<b>Fiscal Year</b>	<b>GDP in Rs. Million (x)</b>	<b>Danish Aid (Y)</b>	<b>%Danish aid to GDP of Nepal</b>
1992/93	171474	873.95	0.509%
1993/94	199272	1603.31	0.804%
1994/95	219175	14.29	0.006%
1995/96	248913	269.30	0.108%
1996/97	280513	623.10	0.222%
1997/98	300845	4053.1	1.347%
1998/99	342036	4033.77	1.179%
1999/00	379488	1327.56	0.349%
2000/01	413428	1731.8	0.418%
2001/02	430396	1855.5	0.431%
2002/03	492230	1979.2	0.402%
2003/04	536710	2480.5	0.462%
2004/05	589410	1996.5	0.338%
2005/06	654080	2059.4	0.365%
2006/07	727830	2959.4	0.406%
2007/08	815660	2114.5	0.259%
2008/09	988050	6178	0.625%
2010/11	1346810	5111.2	0.598%
2011/12	1536000	5111.2	0.379%
Total	$\Sigma X= 11844220$	$\Sigma Y=54349.18$	0.45%

Sources 1. Various issues of Economic Survey, OF/GON

2. [www.ambkathamandu.um.dk](http://www.ambkathamandu.um.dk), Danish Embassy

During the fiscal year 1992/93 to 2011/12, Denmark has contributed 54349.18 million which is 0.45% in average share of GDP of Nepal. In every year GDP of Nepal is increasing but Danish aid is not always increasing. Share of Danish aid is highest in 1997/98 and lowest in 1994/95. In average the share of share of Danish aid in GDP of Nepal is 0.45% which is small. Danish aid has crossed 1% share of GDP only two times in the fiscal year 1997/98 and 1998/99. During the period of 1992/93 to 2011/12 mode of the percentage is 0.3% to 0.5%.

**Figure 4.2 : Share of Danish aid to GDP of Nepal**



Trend lines show that slope of growth of Danish aid is very slow between 2000 to 2008. In average 27.82% of bilateral aid is shared by Danish aid. In average 0.45% of GDP is shared by Danish aid

#### **4.2.1 Foreign aid commitment and disbursement**

Aid commitment shows the expression of the donor to provide financial support of the specified amount under agreed terms and condition for specific purpose to the recipient country where as disbursement shows the time lag. Aid for many projects are committed in one year and committed aid disbursed in subsequent year. The commitment and disbursement of total foreign aid bilateral and Danish aid is given in following table.

**Table 4.3 : Foreign aid commitment and disbursement**

FY	Total Foreign Aid in Million		Bilateral Aid in Million		Danish Aid in Thousand	
	Commitment	Disbursement	Commitment	Disbursement	Commitment	Disbursement
2006/07	37022.9	25854.3	17706.1	16406.4	2592789.65	127190.01
2007/08	49186.2	29300.6	13106.4	10207.7	272527.28	564489.77
2008/09	47975.2	36351.7	27196.5	9333.1	2118784.81	884778.86
2009/10	96609	49769.4	36900	22901.5	3872465.64	3537047.14
2010/11	106100.7	57997.8	31820	25850.4	932860.02	1489856.13
2011/12	98178.7	51893.4	52913	32087.7	2017035.32	2476392.17

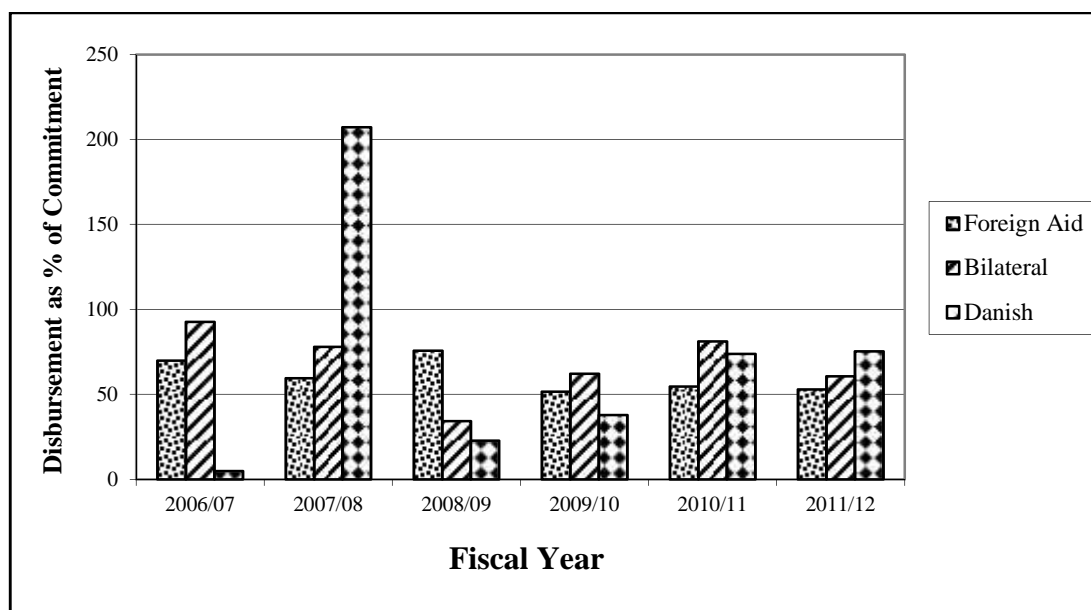
Table 4.3 shows that Commitment and disbursements of total foreign aid are increasing every year between 2006 to 2012. Commitment of bilateral aid is decrease in 2008 and 2010 comparing previous fiscal year and bilateral commitment is decreased in 2007 comparing to previous fiscal year. Danish commitment is decreased in 2007 and 2010 in comparison to previous year. Danish disbursement is decreased in 2010 comparing is done with previous fiscal years. Disbursement as percentage of commitment of foreign aid is shown in following tables

**Table 4.4 : Disbursement as a percentage of commitments**

FY	Total foreign aid	Total bilateral aid	Total Danish aid	Highest%
2006/07	69.83%	92.65%	04.90%	Bilateral
2007/08	59.57%	77.88%	207.13%	Danish
2008/09	75.77%	34.31%	22.84%	Foreign
2009/10	51.51%	62.06%	37.91%	Bilateral
2010/11	54.66%	81.23%	73.86%	Bilateral
2011/12	52.85%	60.64%	75.32%	Danish
Average	57.72%	65.01%	76.90%	Danish

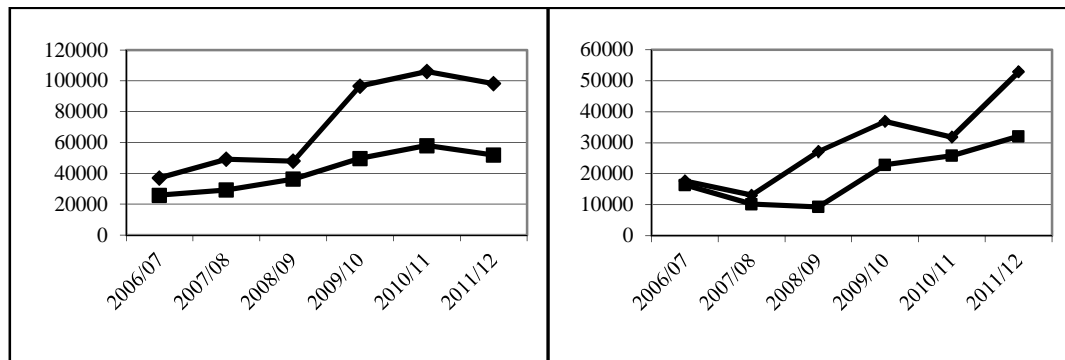
Table 4.4 shows that in between the fiscal year 2006 to 2012, total foreign aid has highest percent of disbursement in 2008. This table shows that 50 to 75 percent of commitment of total foreign aid is disbursed. In average 60.65% commitments of total foreign aid is disbursed. Commitment and disbursement are increasing but not on the always in increasing rate. Bilateral disbursement as percent of commitment has more fluctuation then total. Range of percentage bilateral aid is 92 to 34 percentages. In average 68.12 percentages of bilateral commitment is disbursed from 2006 to 2012. Danish disbursement a percentage of commitment is more fluctuated then total and bilateral. It range from 207 to 4 percentage. In average 57.72% of total foreign aid is disburse 65% of bilateral aid is disburse and 76% of Danish aid is disburse. The comparison of disbursement as a percentage of commitment among total bilateral and Danish aid in following bar diagram.

**Figure 4.3 : Percentage of disbursement as a commitment**

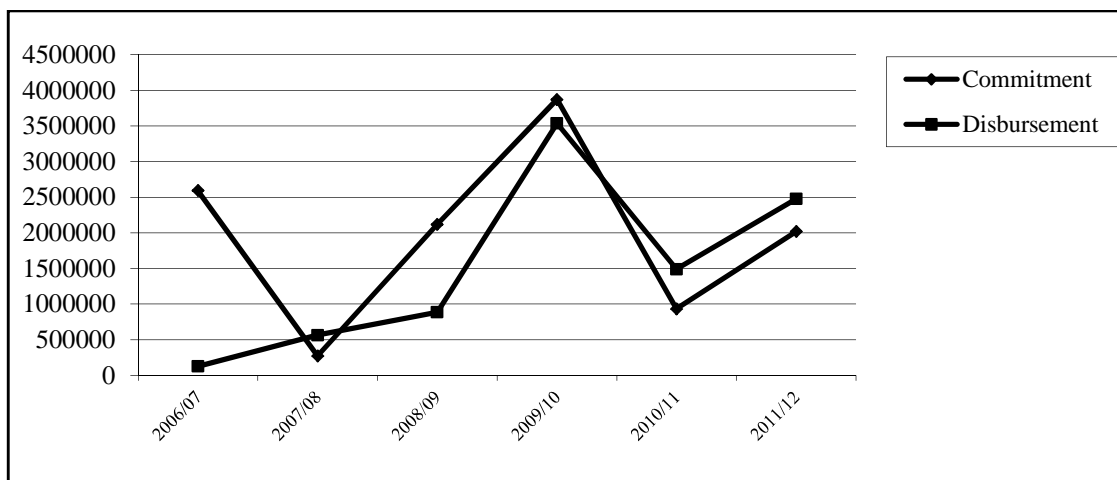


Above figure shows that in comparing total foreign aid, bilateral aid and Danish aid the predictability and rate of change of disbursement total foreign aid and total bilateral aid is nearly same but Danish aid is less predictability then others two. For further analysis of aid comparisons among the trend line of commitment aid disbursement are shown in following figure.

**Figure 4.4 :Trend of foreign disbursement and commitment of aid**



Total foreign aid    Total bilateral aid



Total Danish Aid

Above figure shows that in comparing among foreign aid bilateral aid and Danish aid the predictability and rate of change of disbursement, total foreign aid and total bilateral aid is nearly same but Danish aid is less predictability then others two.

After the establishment of the diplomatic relationship between Denmark and Nepal, Denmark has been supporting Nepal with different model and project. The major sector between 200 to 2013 and its amount is given below.



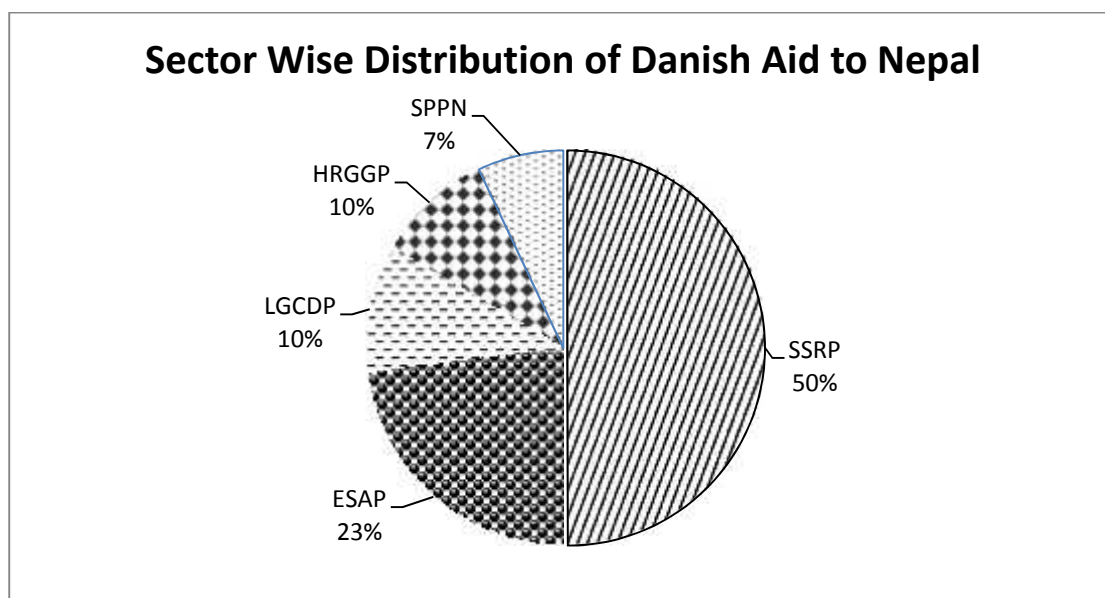
**Table 4.5 : Distribution of Danish Aid to Nepal by Major Sector**

Danish Top Project [2000 - 2013]	NPR	Percent of project
SSRP(school sector reform program)	4294783.61	50%
ESAP(energy sector assistance programme)	1973971.26	23%
LGCDP(local government and community development Programme)	896355.63	10%
HRGGP(human right and good governance programme)	826344.2	10%
SPPN	605418.18	7%

Source:- [www.mof.gov.np](http://www.mof.gov.np)

Denmark has given high priority to education; 50% of aid is focusing on education and second priority is in energy and third is given for local government and community development Programme more visualization it is given in the following pie chart.

**Figure 4.5 : Sector Wise Distribution of Danish Aid to Nepal**

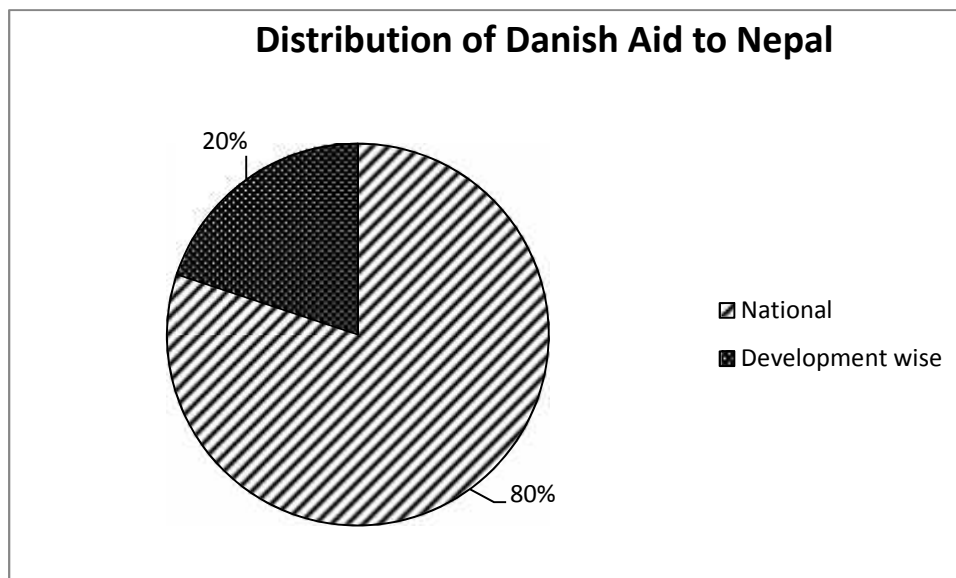


For the increments of literacy rate Denmark has the significant role. Denmark has spend 23%of aid in energy sectors which also significance for improvement of energy crisis of Nepal.

Denmark has been focusing in two ways. They are national and development region wise. In between the fiscal year 2000-2013 Denmark has distributed

amount NPR 129689.82 development wise and 5222778.29NPR for national wise which is shown in following pie chart

**Figure 4.6 : Distribution of Danish aid to Nepal**



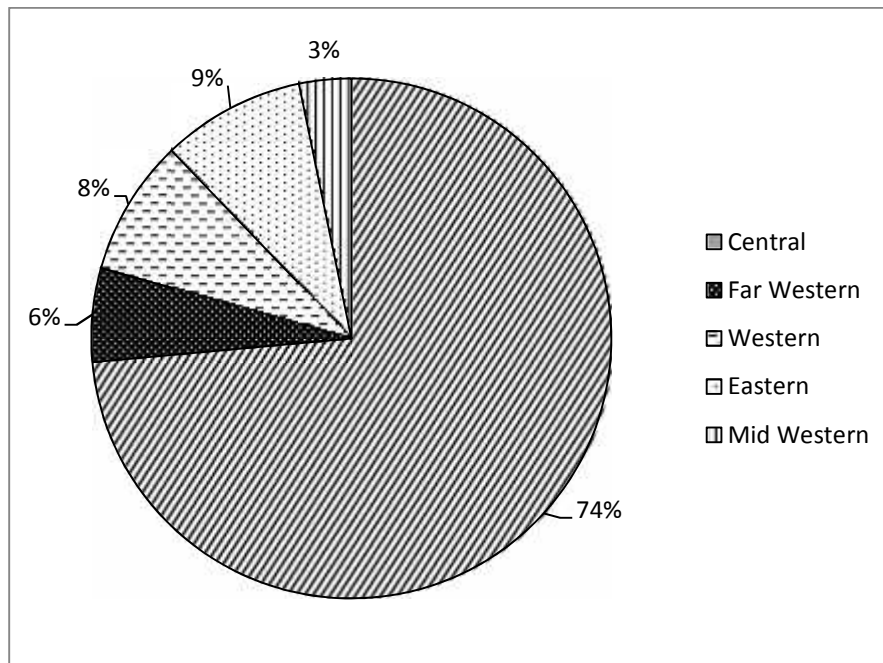
Above pie chart shows that Denmark spends 80% of its aid in project which is nearly 4 out of 5 part. It means Denmark has focusing whole Nepal. Amount percentage and rank of development region wise distribution of Danish aid from fiscal year 2000 to 2013 is shown in the following table.

**Table 4.6 : Region wise distribution of Danish aid to Nepal**

Region wise Aid [2000 – 2013]	NPR	Percent	Rank
Central	953074.09	74%	First
Far Western	75522.84	6%	Fourth
Western	109878.9	8%	Third
Eastern	115564.9	9%	Second
Mid Western	4952.09	3%	Fifth

Above table shows that central development region is the first position obtaining 74% of aid and eastern development region is in the second position obtaining 9% of aid and mid western development region is the last one. For more clarification it is shown in following pie chart.

**Figure 4.7: Region wise Distribution of Danish Aid to Nepal**



Above figure and table of distribution of Danish aid in Nepal shows that 50% Danish aid is concentrate on SSRP and ESAP is the second obtaining 23% of aid. Most of the organizations are focusing on social sector and than in peace and reconstruction. Central development region has been getting 74% which is first position.

### **4.3. Composition of Danish aid to Nepal**

Nepal has been receiving foreign and from various countries as well as agencies. The pattern of foreign aid varies from project to projects; various forms can be grouped into the three heading: grant assistance, loan assistance and technical assistance.

#### **4.3.1 Grant Assistance**

A grant is the fund given by a donor that does not require reimbursement from the recipient government.

Since 1951 Nepal has began to get the foreign grant from U.S.A until 1960/61 all foreign aid was completely in form of grant. The composition of foreign aid

has been heavily in favor of grants up to 1983/84. The grant aid played the dominant role in the beginning years but it has reduced subsequent years.

Denmark has been giving aid grant assistance since 1980. In the fiscal year 1980/81 Denmark converted its entire outstanding loan into grant. According to the available data Danish assistance was not found during the period of 1980 to 1988. Since 1989 all Danish development assistance has on grants. Since 1993 mixed credit has been extended on exports to developing countries since 1995 Denmark cancelled outstanding ODA funded debts with developing countries.

#### **4.3.2 Loan Assistance**

The key definition of loan is Provision of resource, excluding food and other bulk commodities for relief of development purpose, including important procurement programmes which must be repaid according to conditions established at the time of the loan agreement or as subsequently agreed. In other words loan means the financial help of donor which must be repaid according to the terms and condition.

Nepal has been starting to take aid since 1951/52 where as loan assistance enters into Nepal ten years late, which was 0.5 percent of the total aid of that year. This rate of percentage is gradually moving forwards and reached to 40.4% in 1991/92. Donors have interest to give loan assistance instead of grant at present because of miss utilization in the case of grant as compared to loan. If it is believed that grant is not effectively because it is received free, while loan is effectively used because it entails payment of interest and principal.

The history of Danish loan assistance to Nepal not long even through Nepal-Denmark economic cooperation was started with loan assistance Danish aid first landed in Nepal in 1973 a loan assistance of Danish Kroner 20 million for the dairy development scheme. In 1980 Danish government converted this outstanding loan amount into grant.

### **4.3.3. Technical Assistance**

Government of Nepal received foreign aid only in terms of grant assistance and loan assistance. However donor countries cooperation to Nepal informs of ideas values technology technical machinery instrument and advisory services as a foreign assistance. Technical assistance is very important to the national development management to carry out more efficient plan and project. Technical assistance is technically capable of a positive part in national task of economic and social development. Technical assistance is an essential element for mobilization of resource within country.

Denmark's technical assistance was started in July 1988 when two countries (Nepal-Denmark) had signed in technical co-operation agreement. This agreement was expired in October 1995 but Danish government has been providing technical assistance till now. Denmark has provided technical assistance in various sectors. DANIDA has support to the Nepalese parliament through various sectors DANIDA has supported to the Nepalese parliament through an institutional cooperation arrangement with Danish parliament in area such as personnel policy and training, computerization and equipment trainers training materials equipments are proved by Danish government to judiciary sectors to the commission for investigation of abuse of authority to the Nepal police, election commission. Nepalese press and human right sectors of Nepal.

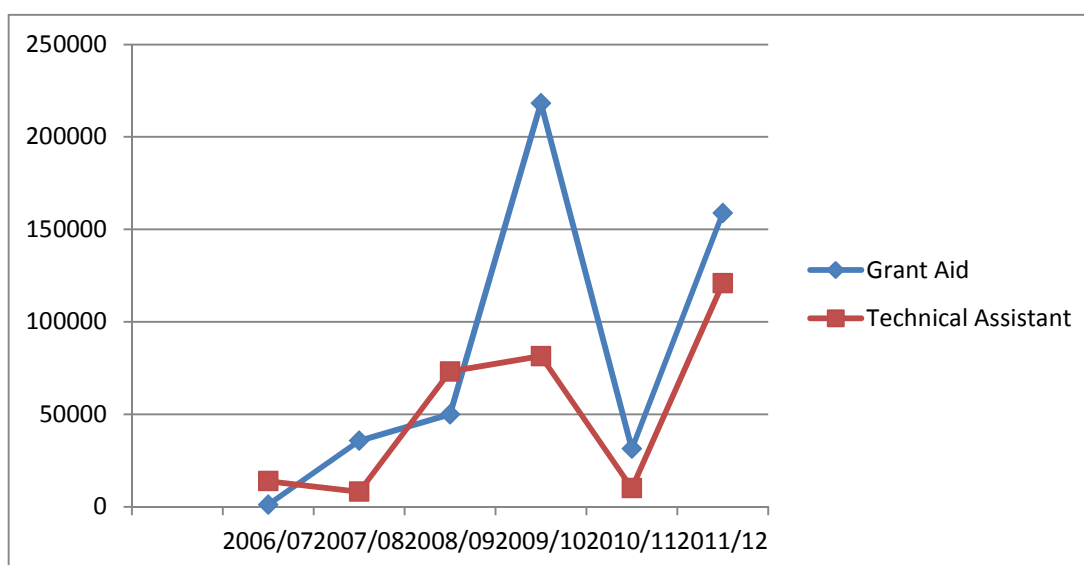
Danish aid has only Grant aid and Technical assistance. Amount of Grant and Technical assistance 2006 to2012 is given below.

**Table 4.7 : Share of Grant and Technical assistance of Danish aid**

<b>FY</b>	<b>Grant Aid</b>	<b>Technical Assistant</b>
2006/07	1129.35	13875
2007/08	35601.76	8110
2008/09	49940.39	73082.82
2009/10	218213.49	81409.4
2010/11	31336.46	10044.04
2011/12	158795.24	120810.28
<b>Total</b>	<b>495016.69</b>	<b>307331.54</b>

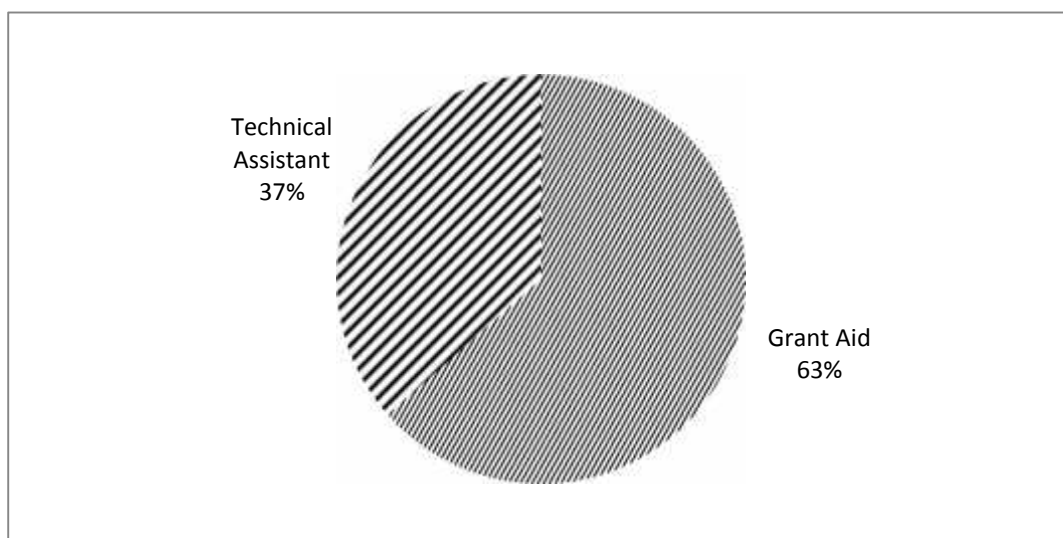
Above table shows that during the fiscal year 2006 to 2012 technical assistance is decrease in 2007/08 and 2010/12 then previous year. Grant is decrease in 2010/11 than in previous year. In between the fiscal year 2006 to 2012, Denmark has given priority for technical assistance in 2006/07 and 2008/09. In others years Denmark is giving priority for Grant. For further analysis it is shown in following trend line.

**Figure 4.8 : Trend line of danish Grant and Technical assistant**



Above trend line shows that in most of the cases Denmark is giving priority to grant than technical assistance. Total priority between 2006 to2012 is given in the following pie chart.

**Figure4.9 : Share of Grant and Technical assistance**



Above pie chart shows that share of grant is 63%and technical assistance is 37% in between the fiscal year 2006 to2012.It means Denmark is giving priority to grant then technical assistance.

#### **4.4 Areas of Danish Aid**

Denmark is a major donor country of Nepal and its contribution to various sectors of Nepalese economy is significant. It is the most important friend as a donor for Nepal since six years after the establishment of diplomatic relation between two nations in 1967; Denmark has been providing significant amount of economic assistance in important sectors such as education, energy, natural resource management, human right and good governance, poverty reduction etc. Amount of Danish aid in priority area in million DKK is given below.

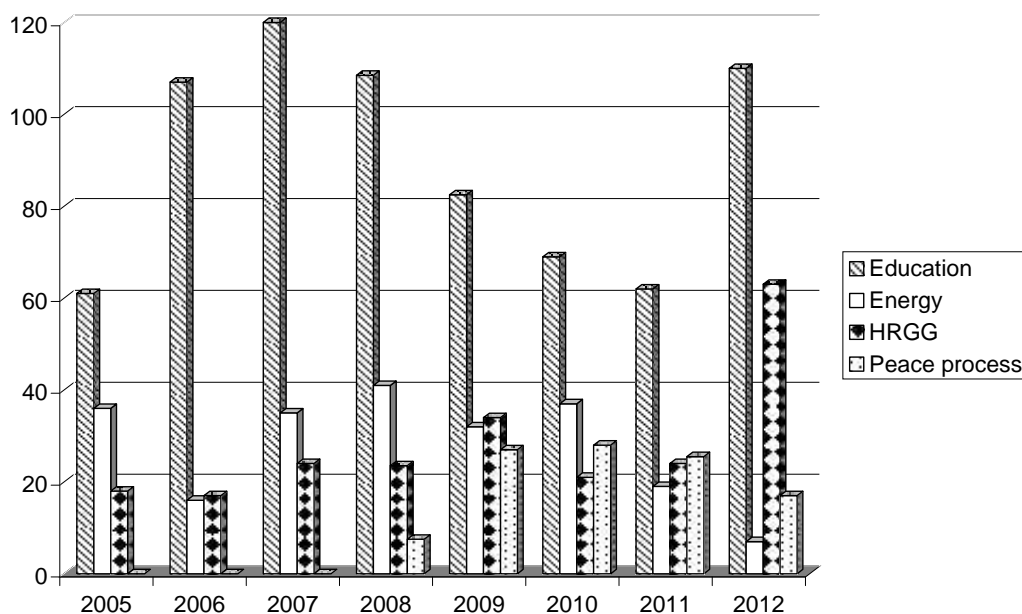
**Table 4.8 : Priority area of Danish aid**

<b>FY</b>	<b>Education</b>	<b>Energy</b>	<b>Peace process</b>	<b>HRGG</b>	<b>Rank I</b>	<b>Rank II</b>
2005	61	36	-	18	Education	Energy
2006	107	16	-	17	Education	HRGG
2007	120	35	-	24	Education	Energy
2008	108.5	41	7.5	23.5	Education	Energy
2009	82.5	32	27	34	Education	HRGG
2010	69	37	28	21	Education	Energy
2011	62	19	25.5	24	Education	HRGG
2012	110	7	17	63	Education	Energy

Source: Danish Embassy Kathamandu

Above table shows that from the fiscal year 2005 to 2012 education is the leading sector. So education is the most prioritized sector. Energy is holding second position except 2006, 2008 and 2011. In fiscal year 2006, 2008 and 2011 HRGG is getting second position. For more simplification it is shown in the following bar diagram.

**Figure 4.10 : Priority area of Danish aid**



Above table and figure give the comparisons of area of Danish top priorities area.



#### **4.4.1 Education**

Education is tool of all round development. Learning is necessary (i) to know (ii) to do (iii) to live together (iv) to be. These four pillars of Education help to access to better life. Capacities to know, capacity to do, capacity to live together & capacity to be are the basic constituents of progressing on priority area (i.e. Human right and democracy, green growth, social progress and stability and protection)

Education program of Denmark to Nepal are:

- Education and Training
- Basic and Primary Education Program
- Secondary Education Support Program

Partners of Education Support Program are GON, MOE, and Education program support office. These programs are addressing and the affected area. So Denmark aid is in utilization process. It is the capacity development process which develops the ownership. Capacity development also has positive impact and sustainable result. The priorities assistance to government of Nepal are:

- Improving all children access to education
- Enhancing the quality of public school education.
- Increased equitable access to an improved learning environment, especially for disadvantaged groups, ethnic minorities and girls
- An improved, more relevant curriculum, technically improved assessment and accessible instructional materials
- An integrated system supporting teacher education, development and management
- Improved institutional capacity in the school sector
- To improve the quality and relevance of public secondary schooling
- To improve access to public secondary schooling with a particular emphasis on girls, disadvantaged groups and districts
- To develop the institutional capacity and management of central and district education institutions and public secondary schools

- Expand quality secondary education suitable for the need of national development as expressed in the aims for lower secondary and secondary

Achievement of education program are given

- Full scholarships of NRP 1,700 annually, benefiting 31,070 students from Marginalized communities
- Support for 120 students from ethnic minority groups
- Grants for schools to support 11,000 Dalit and marginalized students
- Grants for support to 558 students with disability.
- Five thousand of the full scholarships were earmarked for the ten PIDs, equivalent to 16 per cent. The numbers of the full scholarships were subsequently revised upwards by the 2006 mid-term review to 60,000 annually, two thirds of which were for girls.
- According to DoE, 6,819 of the scholarships were provided to the PIDs, which make up 11 per cent of the total quota.

Similarly, regarding the Dalit scholarships out of the total quotas of 119,686, the ten PIDs received 12,756, which again is 11 per cent of the total quota. SESP's scholarship programme focus was thus considerably expanded from 2006/07,

Ninety percent of Danish assistance is channeled to governments School Sector Reform Plan (SSRP). The remaining parts of Danish support is allocated to capacity development technical assistance and monitoring interest and need. Result in education is slightly changed and positively oriented. But there are many things to be done for high degree of effectiveness and utilization.

#### **4.4.2 Danish Support to Energy and Environment Sector**

Danish development assistance has been trying to improve the government effort. Energy sector assistance program is the continuation of Re-establishment of forest coverage and soil conservation. Energy sector assistance program (ESAP) has been supporting Nepal family by providing

electricity and sustainable renewable energy solution to millions of rural poor. It is also helping by stabilizing policies to protect and enrich precious environmental resource. The program is in third phase.

First Phase - 1999 – 2006 [DKK 191.3 million]

Second Phase - 2007 – 2012 [DKK 150.3 million]

Third Phase - 2013 – 2017 [DKK 205 million]

The development objective of NRREP is to improve the living standard of rural women and men, increase employment of women and men as well as productivity, reduce dependency on traditional energy and attain sustainable development through integrating the alternative energy with the socioeconomic activities of women and men in rural communities.

The immediate priorities the Central Renewable Energy Fund Component is to institute the CREF as the core financial institution responsible for the effective delivery of subsidies and credit support to the renewable energy sector.

The immediate objective of the Technical Support Component is to accelerate renewable energy service delivery with better quality, comprising various technologies, to remote rural households, enterprises and communities, to benefit men and women from all social groups, leading to more equitable economic growth.

The immediate objective of the Business Development for Renewable Energy and Productive Energy Use Component is to contribute to an increase in income and employment generation potential for micro, small and medium sized enterprises in rural areas, particularly for men and women belonging to socially and economically disadvantaged groups. To support implementation of the Technical Support Component, international and national advisers will be contracted for the 5 years programmed period. implementation of NRREP priorities with in energy sectors are: (i) Biogas, (ii) Improved cooking stove( ICS), (iii) Solar, (iv) Community Electrification and Improved Water Mills,

(v)institutional support, (vi)Gender and social inclusion( GESI), (vii) Carbon and (viii) Monitoring

Focus area of program is rural districts in Nepal Denmark is co-coordinating with alternative energy promotion centre. Funding partners are Denmark, Norway, and GON. Objectives of EASP are to improve the living standard, sustainable development for rural women and men in Nepal. Large section of Nepali population is deprived of electricity coverage. Energy is the basic need for day to day life and industrialization. The fighting poverty by energizing rural Nepal is good strategy and instrument. It is also good diagnosis and decision for betterment of Nepali citizens. Clear focus on the general and social inclusion across its intervention is a correct target to reach more than one million household with renewable energy. Energy promotion centre has developed a decentralized structure and strong participation with NGO, local authority and private sector.

Expected Result of Third Phase are:-

- Mini and Micro hydro power 25 MW
- 150,000 households benefiting from community electrification
- Solar home system 600,000
- Improved cooking stoves: 475,000 stoves
- Biogas 130,000 households

Mini and Micro hydropower, solar home system, improved cooking stove and biogas are reliable, affordable and usable means of renewal energy. Program is suitable, usable contextually fit and relevant. It helps to feel ownership through change of feeling and sense of getting. EASP is the environment friendly development. It is the effort to save our common earth. It helps to promote inclusive development. It can be the foundations green and lighted Nepal.

#### **4.4.3 Human Rights and Good Governance Program**

Since 1990, Denmark has been supporting the promotion of human rights and the development of an inclusive accountable and democratic political system in

Nepal. Human Right and Good Governance program has given priorities to contribute towards poverty reduction through inclusive, responsive and accountable local governance and participatory community-led development that will ensure increased involvement of women, Dalits, Adibasi Janajatis, Muslims, Madhesis, disadvantaged groups in the local governance process. It has completed three phases and running in fourth phase in supporting the above stated sectors.

- a. 1998-2002 Human Rights Good Governance and Decentralization Program
- b. 2003 – 2008 Human Rights and Good Governance
- c. 2009 – 2013 Human Rights and Good Governance
- d. 2014 – 2018 Peace, Rights and Governance program

Danish support towards Human Right, and Good Governance is a long and continuous support to Nepal which is the proof of predictability and reliability of aid and alignment in ownership. Components of programs are:-

- a. Inclusive democracy
- b. Human Right and Justice
- c. Local Governance

Social inclusion, conflict transformation and accountability are over achieving themes of Denmark that enhance internal coherence of program and provides strategic direction. Clear cut idea and specific area of its component increase the rate of utilization to create realization of change. That type of action promotes utilization and effectiveness. Equal access to the justice for all Nepali develops the feeling of protection.

If inclusive, responsive, participatory, community lead governance is promoted; it creates social feeling of protection, ownership leadership and participation in development. In this way society becomes peace and stable. Peaceful and active civil society can fight against poverty to get social progress.

Principles of Human Right of Denmark are:-

- Non discrimination
- Participation
- Inclusive transparency
- Inclusive Accountability

Strategic Priority for Humanitarian Assistance are:-

- Humanitarian Principle and Their Advocacy
- Quality and Efficiency
- Prevention and Sustainability

Mainly Human Right programmers are seen that they are designed to support initiative by government and state institutions as well as civil society organization in order to deepen democracy. They are also contributing on realization of human right and effective social inclusion and local self governance. Their attempt is seen towards the promotion of synergies among government, state and non-state as well as civil society. It shows that Danish aid in sectors of Human Right is catalyst to promote synergy among all Nepali. Denmark has been implementing Human rights program in a nationwide concept since early days Denmark has been co-operating with national human right commission, election commission ministry of federal affairs and local development and civil society organization. Participation of Denmark in field of Human right and Good governance help to achieve the following result.

1. Culture and practice in political parties and sister organizations more democratic, inclusive and transparent
2. Danish Support Legal frameworks for elections and political parties and voter registration system improve
3. Critical dialogues on political issues in Nepal, including questions of identity, diversity and social cohesion facilitated Capacity of young and emerging leaders, female and male, to participate in and influence democratic process
4. Marginalised groups assert their voices in political processes, including constitution-making enhanced

5. Improved human rights environment through independent and coordinated human rights protection and promotion by NHRC and civil society
6. Equitable land ownership, security of tenure and land rights of landless and land-poor women and men enhanced through actions by state and non-state actors.
7. Increased access to legal services for poor and marginalized women and men
8. Effective advocacy and legal action undertaken to address impunity and promote transitional justice.
9. Communities and community organizations participate actively in local governance processes.
10. Increased capacity of citizens, communities and marginalized groups to assert their rights and hold local governments accountable.
11. Policy framework for decentralization promotes a more enabling environment for effective, transparent and accountable local governance.
12. Capacity of central government and national non government institutions strengthened to provide appropriate support to local governance.
13. Appropriate capacity building services passed on to all levels of the local government service delivery system.
14. Source: Human right and good governance program page(46 -62)
15. Anyway Human right, social inclusion, governance is the highly sensitive sector from where political interference can be inter in our country. Government should always be up to date, beware, highly alert to save country from civil conflict and international interference.

#### **4.4.4 Denmark support to Peace process**

Denmark's peace support managed by the Danish embassy in Kathmandu and conform priority sets out in Denmark's interim strategy for development assistance to Nepal. The strategy has set the following strategies in order to implement the program:

- Promote a democratic political environment with respect for human rights and rule of law and peaceful resolution of conflict.
- Contribute to poverty reduction in a peace and conflict sensitive manner.
- Support to government of Nepal peace trust fund.
- Support to the multi donors trust fund
- Support to Nepal police under the ministry of home affairs to increase its effectiveness in criminal investigation and its relation with the community.
- Support to civil society activities strengthening the demand and supply of security provision.
- Strengthening of peace building initiative at local level.

Main channels used in the process of peace management are GON trust funds, civil society organization. Main partners are GON United Nation local and international NGOs.

Overall objective of peace support program is to contribute to building a peaceful democratic socially just prosperous Nepal through peace process. Denmark is giving priorities for working with youth, enhancing community sincerity, community mediation for peace process because Denmark believe that sustainable peace is possible only with social justice and economic security.

It is designed for the need of Nepal. It has two strands implementation of peace accord and strengthening the public security progress in key inability aspect of wider peace progress. Nepal has success in peace process. Denmark's contribution is helpful for setting peace process. Now Denmark has joined peace process with human right and good governance. Do no harm approach, takes context as starting point also helping for peace building. Still Nepal has unsolved issues and threats on peace building. Working with youth enhancing economic security community mediation, respecting and monitoring human



rights are the efforts to contribute to building a peaceful, democratic just prosperous Nepal.

#### **4.7.5 Small-scale Activities and Projects**

Large programmers and projects are approved by the authorities in Denmark. The Danish embassy has a local grant authority with which smaller scale activities and projects can be supported. The local grant authority (LGA) provides a flexible, non bureaucratic instrument for the Danish embassy to provide grants to local Nepal organization for specific projects that are in line with the overall objectives of Danish assistance to Nepal. LGA has focused on

- That project for improve the lives of women, children and youth. Prevent the spread of HIV/AIDS. Promote cross-cultural understanding and appreciation of cultural diversity in Nepal.

#### **4.4.6 UNNATI- Inclusive Growth Program in Nepal**

It is the continuous of growth and employment program in Nepal. It is started at first January 2014 and end in 31 December 2018. So it is 5 years program with budget supported DKK40 million. The design of UNNATI is done in accordance with Danish development policy and strategy and in support of Nepalese objective and strategy for inclusive growth, employment creation and poverty reduction. It is based on the strategy. The right to a better life strategic framework for priority area growth and employment 2011-2015. State poverty cannot be fought human right, cannot be fulfilled without solid foundation. So this program is valid real relevant effective strategy policy is formulate on the real ground of practice to implication accessing to affected area, priority area of program are growth and employment. Development objective of program is promotion of sustainable inclusive growth reducing poverty and raise of living standard. Hence it shows that it is midterm partnership program. Program can give feasible solution under Nepal constraints. Objectives are highly relevant to Nepal. Priorities in the core of program are;

Sustainable improvement of rural infrastructure intervention

Sustainable support to improving enabling environment

Priorities group of program are; women youth marginalized groups. Addressing rural infrastructure ,environment rate of marginalized group and youth have a chance of high rate of marginal product because. They are driving factor development. Main partners of program are ministry of agricultural development department of local infrastructure and agricultural and road of ministry of federal Affairs rand local development. Area of program are 7 district of EDR. It shows that to fulfill the objective Denmark has selected suitable channel to reach to the affected area.

UNNATI represents a new intervention Nepal with significant investment from the Danish supporting the agenda of making prosperous peaceful and just Nepal with a two decade period. Given time frame ,ways of monitoring, constitute with budgeting specific indicator are also increasing chance of better utilization to produce effective result. EDR is very near to the china India and Bangladesh. EDR is the productive region of orthodox tea, ginger and dairy so the it has high potentiality of producing effective result. Denmark has accepted following as risk factors for achievements:-

- Fragile political situation
- Hesitation on private sector to invest due to unproductively of private sector policy
- High level of corruption
- Usability of private se local government
- Poor labor relation.
- Acute shortage of labor due to foreign and urban migration.

Key assumption of the program is that government will continue to see the private sector as the engine of economic and inclusive growth. This assumption and risk factor show Denmark's perception about Nepal so we have to create program implementation friendly environment. Our another's responsibility is to convinces the donors in diplomatic way. Different work shop are organized

for program identification formulation. It also increased the ownership harmonization expectation and condition of stakeholder for better utilization. There are different committee with specific mandate and members. They have their own working procedure and ethics. Program has tried to form a practical monitoring and management If result measurement system. So these things are uplifting the program to access goal and share the result..But this program is not sufficient to produce the visible and measurable change in the macro indicator.

#### **.4.4.7 Danida Business Partnership**

The objective of business partnership is

- to improve the competitiveness of Nepalese companies
- to generate economics growth
- To reduce poverty

This is provide through long term committed partnership between Nepalese and Danish companies realizing common commercial business idea with increased focus on agro-base industries, health tourism, handicraft and waste management support. The Danida business partnership Program can be support the establishment and realization of partnership through grants for:

- Study visit
- Preparatory analysis testing of products /procurers
- Matchmaking of companies
- Transform of know-how and technology
- Training and export promotion
- Improvement of external environment

This program is effective from 17 may 2013.denmark'member of 'EU' boats a modern market economy. The price of goods and service are determined in free price system. Denmark is industrialized market. Economy depends on import raw materials and foreign trade within European Union. Denmark advocate liberal trade policy. Global competitiveness is 15 out of 148. So in the context of

globalization, liberalization, Denmark hoes in business sector will help to develop our competiveness between economic giant. Attempt to increase in employment and poverty reduction. So Danida business partnership is giving priorities for capacity building, social capital building, and social inclusion. Denmark business partnership is increasing us to sustain in global market.

#### **4.4.8 Danish Support of Bhutanese Refugee**

Denmark has played an active role in negotiating long term durable solution for more than 100,000 refugee camps in Nepal for nearly 20 years. By the mid 2005 more than 100,000 refugees from Bhutan were living in seven camps in eastern Nepal. As refugees they are not legally able to work outside of camps to own land, making them completely dependent upon considerable humanitarian assistance. Each year to meet their basic need for food shelter, clothing and education Denmark is working with seven country in order to courage a comprehensive solution to the protracted refugee issue. Denmark has received more than 600 refugees to date and more in coming years.

#### **4.4.9 Corruption Control and Transparency**

. Corruption Control is the misuse of power and resource, Danida has define corruption clear form. They are bribery fraud, embezzlement or extortion Danida believes that providing service to gain advantage such as favorable treatment special protection extra service or quicker case processing are also corruption. Danida action plan to fight corruption:

- Prevention corruption within the Danish aid delivery system
- Preventing corruption in the use of development aid provided by Denmark.
- Helping to combat corruption in the countries receiving Danish development aid

Measures to prevent from corruption are improvement in rules and, basic guidelines for working. Procedures to enhance capacity and to enforce anti

corruption measure, management structure and monitoring framework are outline to fight corruption. Institution reforms, clarification, simplification of rules and procedure communication to citizen and political commitment also increasing transparency and reducing the corruption.

Transparency is the light through which we can see the ways of policy formulation management style procedure and process of program, practicable, constraint, level of implementation working tools for utilization. This utilization developed and improves relevancy, efficiency predictability, attitude, reliability, validity, harmonization, alignment. Joint publication of evaluation ,report and planning document ,action plan are increasing transparency audit by national international certified auditor ,clear time frame clear objectives' and strategy, clear mandate are also increasing transparency. Reporting and sharing report among taxpayers and stakeholders also increasing transparency.

Drafting approve implement a code of professions ethics for all staff of both country can reduce corruption increase transparency. Training for staff and awareness of civil society also increase transparency and reduce corruption free access to media press civil engagement open data and open government also increase transparency and reduce corruption. Denmark has been doing on reducing corruption and increasing transparency

Context as starting point also help for peace building. Still Nepal has unsolved issues and threats on peace building. Working with youth enhancing economic security community mediation, respecting and monitoring human rights are the efforts to contribute to building a peaceful, democratic just prosperous Nepal. Free access to media press civil engagement open data and open government also increase transparency and reduce corruption. Denmark has been doing on reducing corruption and increasing transparency.

Policy formulation management style, procedure and process of program, practicable constraints level of implementation and working experience are

tools for setting priorities and getting expected achievements. This utilization develops and improves relevancy, efficiency predictability, attitude, reliability, validity, harmonization, alignment. Joint publication of evaluation ,report and planning document ,action plan are increasing transparency audit by national international certified auditor ,clear time frame clear objectives’ and strategy, clear mandate are also increasing transparency. Reporting and sharing report among taxpayers and stakeholders also increasing transparency. Drafting approve implement a code of professions ethics for all staff of both country can reduce corruption increase transparency. Training for staff and awareness of civil society also increase transparency and reduce corruption free access to media press civil engagement open data and open government also increase transparency and reduce corruption. Denmark has been doing on reducing corruption and increasing transparency.

#### **4.5 Danish NGOs and strategic partners of Danish**

Danish NGOs and strategic partners of Danish aid to Nepal Apart from bilateral assistance through the Embassy, Denmark also provides assistance to Nepal is through a number of Danish NGOs operating in Nepal. Some of them are:

- MS Action Aid Denmark
- Care Nepal
- Danchurch Aid
- Ulandssekretariatet/LO-FTF Council
- Mission East
- Danish Red Cross
- Disabled People’s Organisation of Denmark (DPOD)
- Trianglen

Source : [www.nepal.um.dk](http://www.nepal.um.dk)

In order to address the challenge to improve aid effectiveness and reduce the transaction cost, Denmark is making partnership with different NGOs. They are

called Strategic partners. So strategic partnerships are the partnership with the NGOs to get the aim of the common set of goals. Strategic partners are collectively responsible for the achievement of specific agreed result. They have a well structure and realistic objective as well as strategy. They also have expected outcome, planned activities quality monitoring mechanism and indicator. Strategic partners of Denmark are given below.

1. Association of Community Radio Broadcasters (ACORAB)
2. Action for Peace (AfP)
3. Centre for Legal Research & Resource Development (CeLRRd):
4. Community Self Reliance Centre (CSRC)
5. Informal Sector Service Centre (INSEC)
6. Karnali Integrated Rural Development and Resource Centre (KIRDARC)
7. Martin Chautari (MC):
8. Nepal Madesh Foundation (NEMAF)
9. Nepal National Dalit Social Welfare Organisation (NNDSWO)

Source : Evaluation of Danish support to civil society of Nepal

#### **4.6 Major Business Projects completed under Denmark Assistance in Nepal**

Denmark is supporting Nepal since establishment of bilateral diplomatic relation. Nepal is the one of the program country of Denmark. Denmark is supporting Nepal through different modalities. Completed program under the Danish assistance are given below:

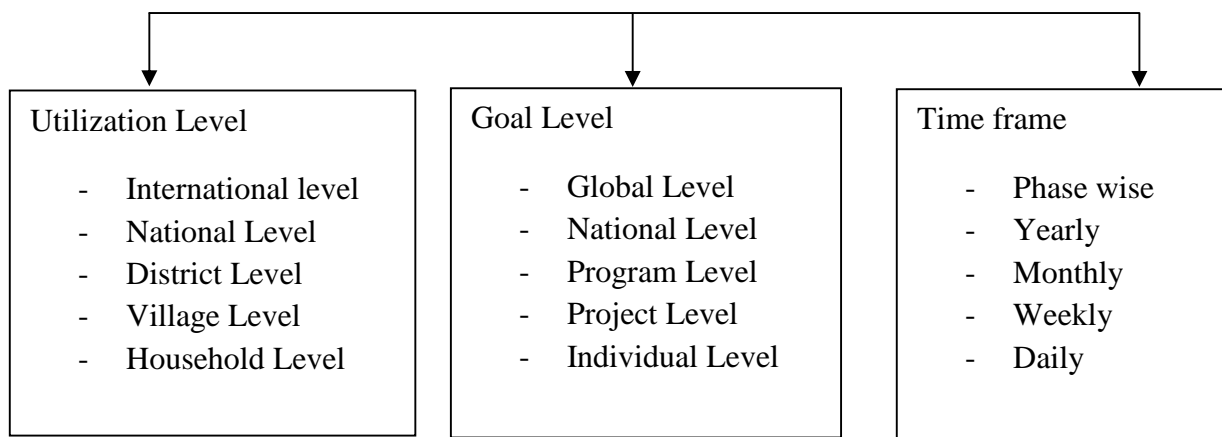
- Dairy Development Schemes in Kathmandu, Hetauda and Pokhara.
- Assistance to Election Commission for General Elections and Local Elections.
- Assistance to Parliament Secretariat (DK 4.8 Million)
- Dairy Development Schemes in Kathmandu, Hetauda and Pokhara.
- Fourth and Fifth Telecommunications Projects and Institutional support to Nepal Telecommunication Authority (DKK 220.1 million).

- Livestock Development, Kavre.
- Malaria Control Programme (DK 13.09 million)
- Media Development Fund (DKK 2.62 million)
- Project to Support National Dairy Development Board (12.9 million DKK)
- Skimmed Milk Powder Plant at Biratnagar (DK 23.7 Million)
- Slaughterhouse, Hetauda.
- Strengthening of Local Authorities in Nepal (DKK 19.9 million)
- Support to the Media Centre (DKK 5.2 million)
- Watershed Management Project in Rasuwa, Nuwakot and Dhading Districts (DKK 15.8 million).

#### 4.7 Findings of the Study

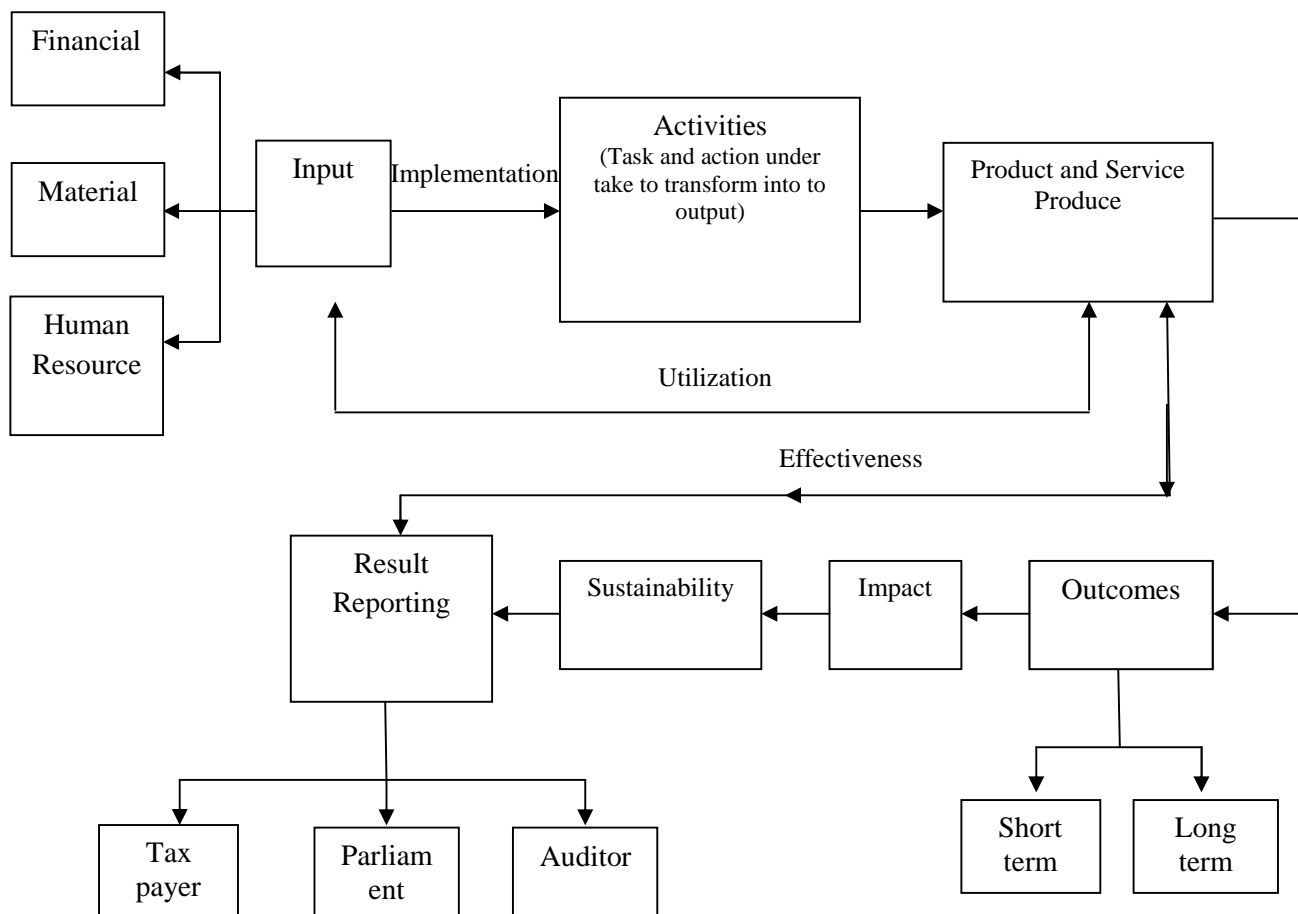
Findings are achievements of study which are obtained by evaluation and review of study. On the basis of analysis of data of this research the main finding are presented below.

- Results should come from micro level to achieve the targeted result. To get effective result integration of micro is needed. So the chain from micro to macro level is finding as below

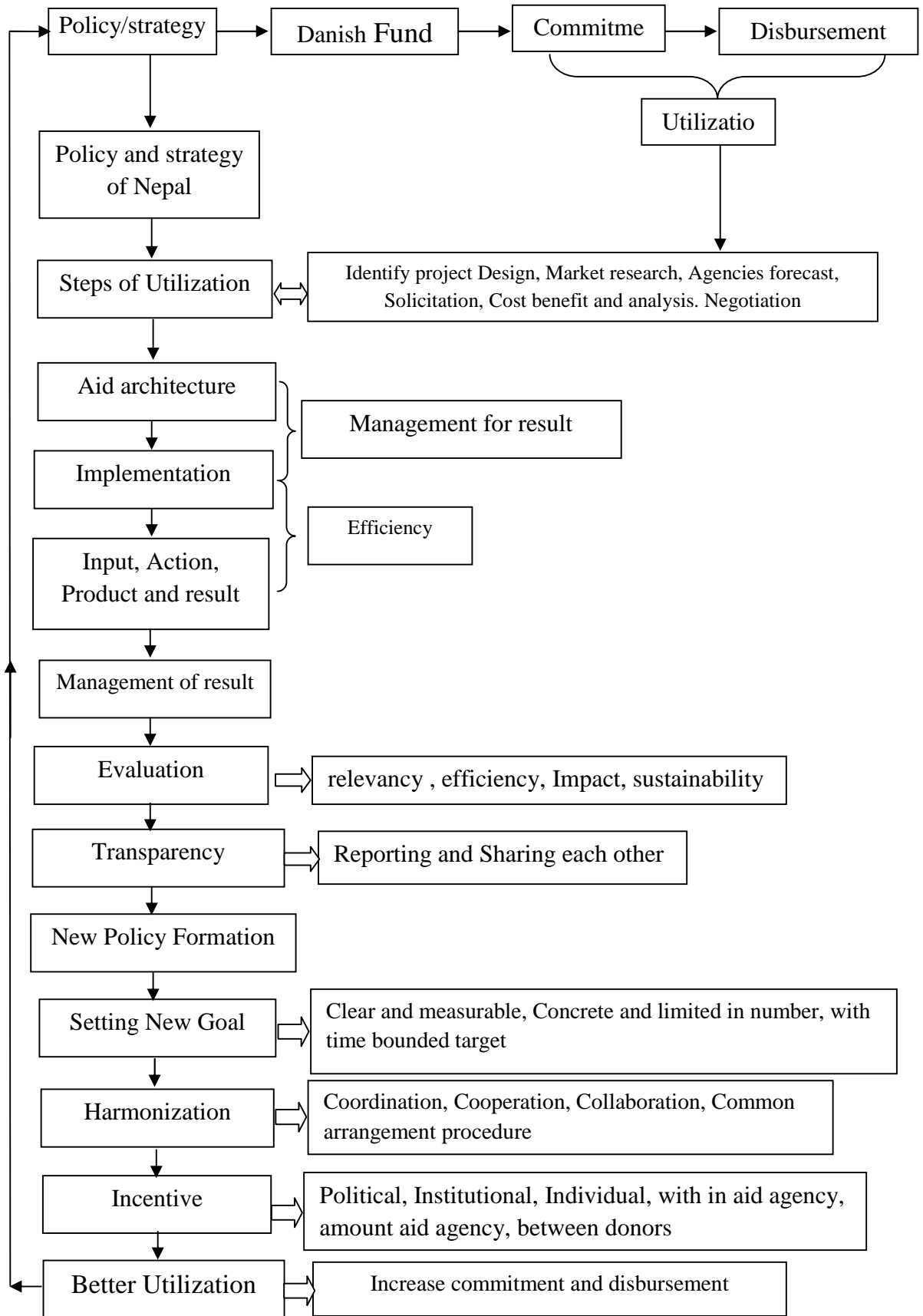




- Priorities and effective utilization of aid can give the expected achievement. Ratio of output and input is efficiency. Input can't directly change to result. There is chain which link priorities to achievement that is given below



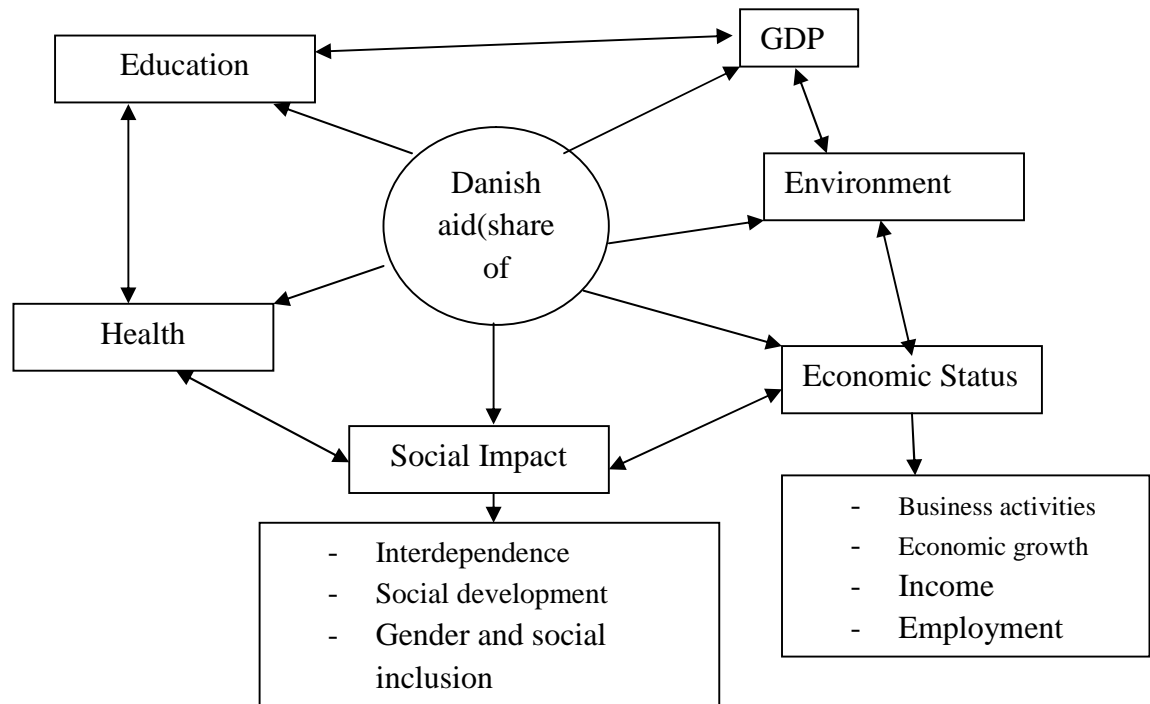
- Priorities and achievement of aid is multi dimensional issue. It is the integration and synergy of different stake holder it depends on objectives strategy, working procedure, management, monitoring & evaluation review and reporting. Utilization is the optimum mobilization of resource to create utility of resource. It is said to be utilized when creation of utility satisfy the expected desired. When expected desired (objectives) are satisfied by output of implemented activities it is said to be effective. So there is close relation among priorities, effective utilization of aid and achievements. In some area they are directly proportional to each other and some area they are up lifter of each other. Some where they are parallel to each other river like side going with hand in hand. The relation effectiveness is found as below:



- Coordination among donors, Coordination between donor and recipients, harmonization of policy procedure, relation, establishing, common

arrangement in a planning, management for result, Management of result, good governance, project design, focusing aid on priorities, capacity building, sharing information, political institutional individual incentive and ownership, Incentive within aid agency among aid agency help to find the relevant priorities and guide for expected achievement. Coordination between partners government and donors, decentralization, government organization Integration of aid projects and programs into budget Domestic modalities, transparency and accountability, Choice of technology, planning and institutionalization, monitoring and evaluation, public awareness and support, maximizing value of money , competitiveness , empowerment, engaged of private sector are basic pillar for priority selection and achievement.

- Priorities and achievement of foreign aid are the interaction between the human sources, natural resource and financial resource. So geographical structure, small markets, poor infrastructure, inadequate human resources, weak institutional capacity, socio-cultural prospective, economic shocks, conflict, corruption, poor administration, inflammation, poor unrealistic and top down planning work as the constraint on achievement of result.
- Cost effectiveness, aid deliver effectiveness, operational effectiveness, organization effectiveness, and effectiveness in practice, effectiveness in management, procedural effectiveness, coordination and communication effectiveness drive the priorities to expected achievements.
- Denmark has been providing different types of assistance in the form of grant loan commodity machinery. Denmark has been supporting in the sector of education peace process, human right and good governance energy and environment and other social sectors. Their interrelationship and impact to each other can be shown in following diagram.



- Denmark's aid is on the sector of education peace process, human right and good governance, renewal energy so Danish aid is in sensitive area creates Short term long term, direct, indirect, intended and undesired impact on our country Nepal.
- Inclusive green growth and employment are the immediate need of agriculture country Nepal so Danish priority is relevant. Nepal is rich in biodiversity and natural resource so inclusive green growth program can create employment in our country. Hence priority has got the field for utilization.
- Fighting poverty with human right and economic growth is the first priority of Nepal so Denmark's objectives and strategy are as per need of Nepal.
- Denmark assistance have only technical assistance and grant so Danish aid is honest and open heart assistance to Nepal.
- Plan and priority passed by folkating (Danish parliament) come in action after the agreement between GON and Denmark so Danish aid is valid.
- Areas of Danish Aid are: **(a)** freedom democracy and human right **(b)**green growth and employment **(c)**Gender equality, social protection and inclusive

(d) Environment and climate change. They help to get MDGs and goal of Nepal's interim plan. So Denmark aid is relevant for Nepal.

- Denmark is co-coordinating with UNDP, ADB, EU, GON, ministry of education, ministry of agriculture so Denmark has harmonized with all stakeholders
- Denmark has been co-coordinating with Nepal since 1967 so Denmark aid is reliable.
- Denmark is co-coordinating with UNDP, ILO, ADB, EU, WB, humanitarian organization. This co-ordination can help to solve the global and cross broader challenge so Denmark aid helps for sustainable achievements.
- Denmark is co-operating with think tank and academic researcher of both country. This action helps to increase the utilization and effectiveness of Danish aid to Nepal.
- Denmark have 22 priority countries and specific criteria of selection, action plan
- Technical advisor, program co-coordinator experience of Denmark is a platform for knowledge sharing and lesson learning to us for utilization and effectiveness of aid for achievement.
- Principle of MFDR and MRM guidelines of evaluation strategy of implementation has increase the probability and potentiality for utilization of resources to get effective sustainable dignified result.
- Report on evaluation of program, future planning document, working procedure, management framework shows that Denmark is aware of risk and constraints in implementation so Danish aid is able to utilize resource effectively.
- All Danish aid program are evaluated by a team of external expertise selected on basis of their professional competence, independence experience. Denmark's programs are targeting for children, young people women, marginalize group. It is a attempt to access the affected area

- Perception of Denmark about development is positive because Denmark believes that development co-operation also benefits Denmark itself. It also contributes to creating new opportunity and safer world. This perception is favorable perception for utilization and effectiveness of Danish aid to Nepal.
- Denmark is trying to cooperate among governments academic, business, investors, civil society and organization. Danida is working and evaluating with different partners and evaluation conducted in partnership with various groups of stakeholders enhancing understanding, learning, application of recommendation, ownership, innovation, mutual accountability.
- Five year planning document workshop with stake holders are the attempt to access to affected area. Investment on capacity development also increasing its rate of achieving goal.
- Specific mandate to Danish embassy in Nepal also accelerating utilization and effectiveness.
- Zero tolerance to corruption, corruption control action plan, clear vision mission objectives strategy of Denmark are leading instrument for utilization and effectiveness of Danish aid to Nepal.
- Visit of high level from both country, embassy of Denmark in Nepal and embassy of Nepal in Denmark also increasing priority setting and achievements
- Right to a better life is the strategy of Denmark
- Education sector is highly prioritized by Danish aid from 2000 to 2013. 50% priorities is given to it
- Energy sector is in second priorities sector obtaining 23% of the total Danish aid from 2000 to 2013.
- Denmark has given more priority to national wise program then regional but in comparison of development wise centre development is highly priorities and poorly followed by eastern development region.

- Denmark has given more priorities to grant than technical assistance but no loan assistance.
- In average 27.82% of bilateral aid is shared by the Danish aid which is more than one-fifth of bilateral aid
- Aid disbursement has been much lower than commitments by huge proportion except 2007/08.
- Main objective of Denmark is fighting poverty with economical growth and human right.

## CHAPTER V

### SUMMARY CONCLUSION AND SUGGESTION

#### 5.1 Summary

Main concern of international transformation of money, commodities, technical assistance from developed country to developing country is combating poverty reduction through economic growth and social progress. Nepal has been getting bilateral and multilateral aid since the first plan. Donors' interest is the first and the foremost source that makes the poor countries' receive in order to meet need that can be fulfill by utilization and effectiveness of aid in desired sectors. Nepal is performing in resource mobilization to alleviate poverty from Nepal cause by saving. The saving investment gap can minimize by and effective utilization of Danish aid in priorities of Nepal for measurable and sustainable achievements. Foreign aid has taken place to fill the need of recipients' country. Objectives of foreign aid are utilization and effectiveness of it. Denmark is the one of the major donors of Nepal since two decade before so priorities and achievement of Danish aid to Nepal is sample study for Nepal as well as Denmark in the field of international assistant system and interest. Nepal is getting international assistance but Nepal's progress is not as expected and not in pace with worlds speed of progress. So priorities and achievements of aid is major problem of Nepal and her donors. Positive solution of day to day concern and future related concern to have the economic and social progress is most significant in the context of Nepal. It can be useful for today and tomorrow for prosperous and just Nepal

Many works have been done in the field of utilization and effectiveness of foreign aid in international and national level. Monterrey, financing for development conference high level forum on Rom High level forum on harmonization, Paris HLF, Busan HLF and are the internal joint efforts. Since



2002 Nepal has her own aid policy and revising time and again. Many workshops and conferences have been held by donors and Nepal herself for proper utilization and effectiveness of aid.

Absorptive capacity development, ownership, alignment, harmonization, global partnership, transparency, management are the issues in the field of priorities and achievements of aid. Project identification, formulation, implementation evaluation are phases of utilization and effectiveness. Input activities product outcomes impact, sustainability result reporting are chain of effectiveness, coordination, harmonization, ownership management for result. Utilization and effectiveness have cyclic effect. Constraints on priorities and achievements can be minimized by obtaining effective result on cost, and deliver, operation, organization, management etc.

Model of aid allocation, donor's interest relevancy management of and for result considering risk and external factors are the directly related factors on its field. Fighting poverty with human right and economic growth is the objective of the Denmark to Nepal. Right to a better life is the strategy of Danish aid. It has more fluctuation on amount of aid, commitment and disbursement than total and bilateral aid. Denmark's aid has more concern trade on SSRP, ESAP sectors. Denmark's aid is focusing on social organization. About 71% of programs are on the central region. Denmark has no loan assistance after 1980. Grant is more than technical assistance. Denmark is supporting SSRP, ESAP, HRGGP, peace process, business sectors, agriculture sectors Small-scale activities and projects. It has completed some projects and some projects are going on. Denmark has its own NGOs in Nepal. It has some strategic partners also. Denmark and in Nepal have many short term, long term, direct and indirect, intended unintended impact on Nepal. On the basis of relevancy, efficiency, sustainability, ownership, assistance in Nepal is in path of utilization and effectiveness. It have small but positive and constructive role in development of Nepal.

## 5.2 Conclusion

Current study shows that foreign aid is neither necessary nor sufficient. Foreign aid is like a fire. Foreign aid itself neither good nor bad its degree of measurement of goodness and naughtiness depend on priorities and achievement. Where, what and how aid is given is more important for achievement. Aid is the good servant but bad master. Regular monitoring, evaluation, corruption control, transparency, ownership, alignment, harmonization, mutual accountability etc increase the rate of achievement. Strategic management, relation management, knowledge management risk management helps to increase the achievement. Foreign aid is productive and support in the early stage of development. Aid is like a pain killer and antibiotic which gives short term relief. Yesterday priorities and achievement may not be for tomorrow so foreign aid is never finishing issues. Triangular cooperation of Denmark, GON of and Nepal civil society can boost the natural resource of Nepal assistance. Complex causality and multidimensional nature of foreign aid has made measurement of achievement of aid difficult. Right to a better life is the strategic priority of Denmark. Denmark has shown interest to fight poverty with economic growth and human right. Education, human right and good governance peace process agriculture are the area of Danish aid during the study period. Denmark has no loan assistance. It has only technical assistance and grant assistance. In education it has spend 50% and in energy sector Denmark spend 23%. During the study period Denmark has share 27.82% bilateral aid which is more than one fourth and 18.87% of total foreign aid. Denmark has given Rs 54349.18 billion to Nepal from 1992 to 2012 share of Danish aid in GDP of Nepal is in increasing movement but not always and same speed. Denmark aid has significant and small positive impact on economy of Nepal. Marginal recipient of Nepal is more than marginal sacrifice of Denmark. Regarding distance area between Nepal and Denmark, Denmark aid in the path of utilization and effective achievements.

### 5.3 Suggestions

On the basis of research the following corrective measures are recommended for the better priority selection and utilization of Danish aid for effective as well as expected achievement

- Foreign aid should be used as generator of the economic motivator for poor catalyst of accelerator and multiplier of growth
- Priorities should be given to international standard minimum pressures of donors, humanitarian aid, capacity building, boosting natural resource and demand side aid.
- Parliament should make priorities list of projects with specific terms and conditions.
- GON should accept and request foreign aid based on priority list.
- An effective administrative department should be established in evaluating each and every record of foreign aid received to Nepal
- Priorities should be given to local and national technician rather than foreign technician.
- Every year GON should present report of priorities its utilization and effective achievement in parliament and it should be published.
- Nepal government should be aware of corruption, foreign interference, wastage of resource, cultural interference, saving biodiversity of Nepal etc.
- Nepal government should do sufficient homework before accepting foreign aid.
- Government should regularly report to public and parliament.
- Priorities should be given to integration of objectives, strategy management for result and management of result for better achievement.
- Foreign aid should increase liberal thinking tolerance and respect to each other social, cultural economic opportunities must have self identity and dignity of each Nepali.

- Foreign aid should encourage private public partnership.
- Foreign aid should increase good governance, human right and transparency.
- Greater importance should be given to utilization and effectiveness of aid.
- Government should not accept whatever donor offers. More research and assessments should be made before accepting the aid.
- Aid policy of Nepal should be revised time and again.
- Foreign aid should be discussed on parliament, expertise and civil society.
- We should not accept and expect fund and implementation from foreign countries keeping us as passive consumer.
- Nepalese who are near the donors should not take foreign aid as dollar harvesting ceremony.
- Government should not take receiving aid as the greatest achievements.
- Consumer should not take foreign aid as a wind fall gain and free gift which can be used anywhere.
- Foreign aid should come in budgetary system.
- GON should make sound micro policy for better achievement of result.
- All stakeholders should follow self discipline and legal frame work.
- We should evaluate the donor's priorities and achievement for further priorities and achievement.
- We should not take foreign aid in sensitive area like defense and judiciary.

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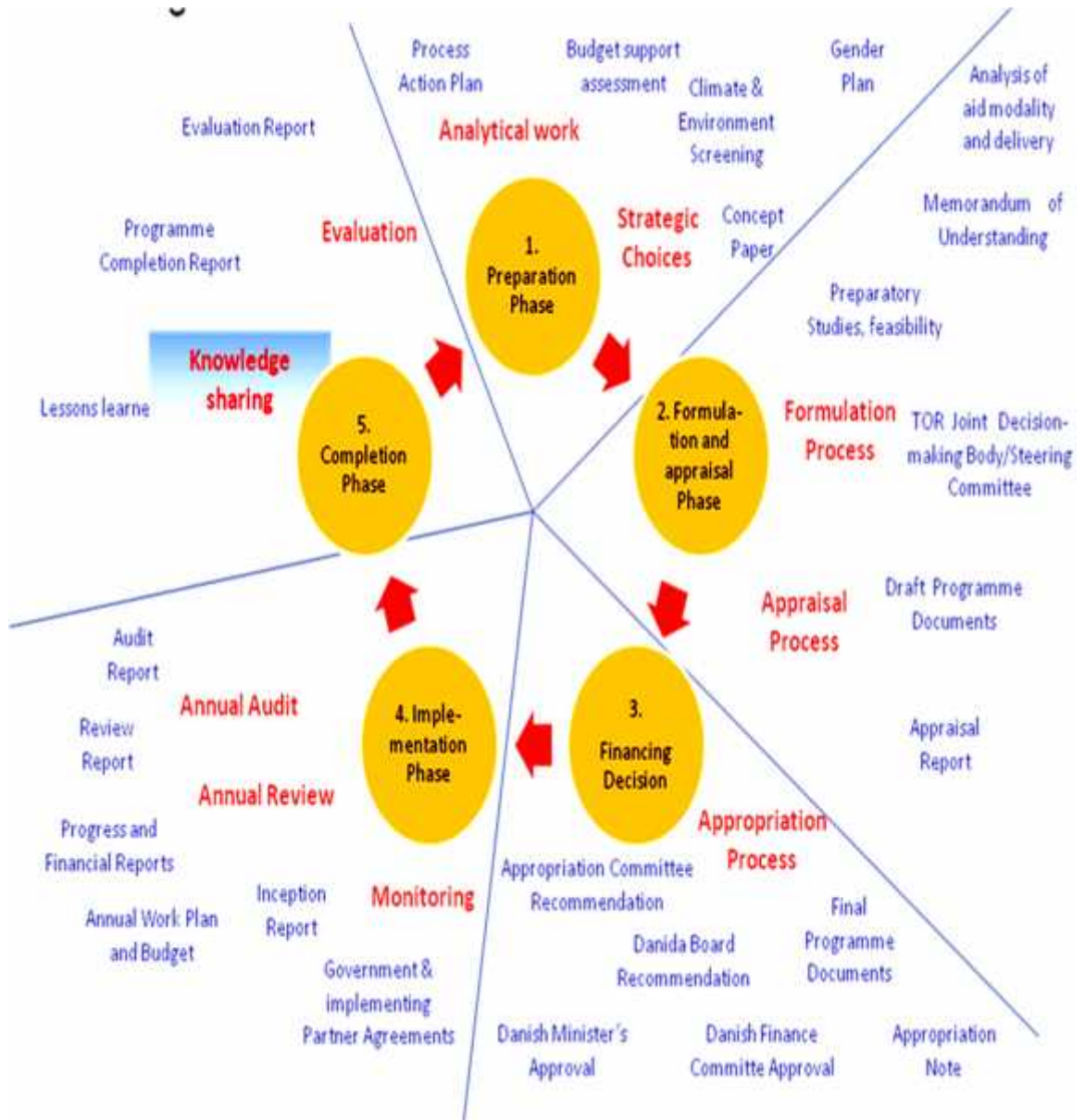
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## APPENDIX 1

### Foreign aid commitments and Disbursement in Rs Million

<b>Fiscal year</b>	<b>Commitment</b>	<b>Disbursement</b>	<b>Commitment as % of commitment</b>
1992/93	20526.7	9235.6	45.0
1993/94	13172.2	11557.2	87.7
1994/95	12876.8	11249.4	87.4
1995/96	16537.3	14289.0	86.4
1996/97	39643.0	15031.9	37.9
1997/98	32022.1	16457.1	51.4
1998/99	18352.5	16189.0	88.2
1999/00	20448.0	17523.9	85.7
2000/01	31287.0	18797.4	60.1
2001/02	33227.7	14384.8	43.3
2002/03	43202.7	15885.5	36.8
2003/04	23738.0	18912.4	70.8
2004/05	38152.3	23657.3	62.0
2005/06	20924.2	22041.8	105.3
2006/07	37022.9	25854.3	69.8
2007/08	49186.2	29300.6	59.6
2008/09	47975.2	3651.7	75.8
2009/10	96609.0	49769.4	51.6
2010/11	106100.7	57997.8	54.7
2011/12	98178.7	51893.4	52.86
<b>Total</b>	<b>799183.2</b>	<b>476379.5</b>	<b>59.60</b>

## APPENDIX 2



Source Denmark with Result

### APPENDIX 3

#### Trend of Danish Aid to Nepal from FY 1992/93 to 2011/12 in Rs. Million

<b>Fiscal Year</b>	<b>Total Foreign Grant</b>	<b>Total Bilateral Aid</b>	<b>Total Danish Aid</b>	<b>Share of Danish Aid to Bilateral Aid (%)</b>
1992/93	3237.9	3638.5	873.95	24.02
1993/94	2393.6	2627.1	1603.31	61.03
1994/95	3937.6	3988.7	14.29	0.36
1995/96	4825.1	3533.3	269.3	7.62
1996/97	5988.3	6012.7	623.1	10.36
1997/98	5402.6	6297.7	4053	64.36
1998/99	4336.6	4167.6	4033.77	96.79
1999/2000	5711.7	4929.1	1327.56	26.93
2000/01	6753.4	2771.2	1731.8	62.49
2001/02	6686.2	4675.3	1855.5	39.69
2002/03	11339.1	10044.4	1979.2	19.70
2003/04	11283.4	9013.2	2480.5	27.52
2004/05	14391.2	9230.8	1996.5	21.63
2005/06	13827.5	7658.4	2059.4	26.89
2006/07	15800.8	16406.4	2961.2	18.05
2007/08	20320.7	10207.7	2114.5	20.71
2008/09	26382.8	9333.1	6178	66.19
2009/10	38546	22901.5	6983	30.49
2010/11	45922.2	25850.4	5111.2	19.77
2011/12	40810.3	32087.7	6100	19.01
<b>Total</b>	<b>287897</b>	<b>195374.8</b>	<b>54349.08</b>	<b>27.82</b>

## APPENDIX 4

### Distribution of Danish aid in Nepal

- 1) School sectors reform Program (SSRP) (4,294,783.61 NPR)
- 2) Energy Sector Assistance Programme Phase II (ESAP II) (**1,973,971.26 NPR**)
- 3) Local Governance and community development Program (LGCDP) (896,353.63)
4. Human Rights and Good Governance Program, Phase III (2009-13) (**826,344.2 NPR**)
5. Support to the Peace Process in Nepal - phase II (**605,418.18 NPR**)
6. Nepal Peace Trust Fund (NPTF) (**401,905.16 NPR**)
7. Churiya Livelihood Program (**397,863 NPR**)
8. Support to the Peace Process in Nepal - phase I (**352,913.54 NPR**)
9. Local Grant Authority (LGA) (**339,634.26 NPR**)
10. Nepal Peace Support Programme, phase III (**300,561.63 NPR**)
11. UN Joint programme of support to LGCDP (**299,907.96 NPR**)
12. Support to Participatory Constitution Building in Nepal (UNDP) (**182,400.4 NPR**)
13. Institutional Strengthening and Professional Development Support for the Election commission of Nepal (**172,400 NPR**)
14. B2B Programme (**156,576.07 NPR**)
15. Jaladh Integrated Watershed and Natural Resource Management Program (**131,952 NPR**)
16. Strengthening State and Civil Society Capacity for Comprehensive Response to HIV/AIDS (Bharosa) (**64,579 NPR**)
17. Rights, Democracy and Inclusion Fund (RDIF) (**61,096.76 NPR**)
18. Support to the Local Governance and Community Development Programme (UN joint project) (**57,854.48 NPR**)

19. Towards Achieving the Elimination of the Worst Forms of Child Labour as Priority (ACHIEVE) **(53,776.8 NPR)**

20. Climate & Dev. Action Programme **(51,267.34 NPR)**

21. Developing Capacities for Effective Aid Management and Coordination Project **(35,547.43 NPR)**

22. Strengthening the Capacity of the National Human Rights Commission of Nepal (SCNHRC) **(21,474.51 NPR)**

23. Support to the Implementation of Nepal's National Plan on the Elimination of Child Labour **(20,440 NPR)**

24. Humanitarian Aid **(15,532.97 NPR)**

Top sectors(2000\_\_\_2013)

1. alternate energy **(1,973,971.26 NPR)**

2. peace and reconstruction **(1,660,798.51 NPR)**

3. others - social **(1,457,297.99 NPR)**

4. livelihood **(410,456.16 NPR)**

5. local development **(357,762.44 NPR)**

6. constitutional bodies **(193,874.51 NPR)**

7. commerce **(156,576.07 NPR)**

8. forest **(119,358.83 NPR)**

9. women, children & social welfare **(75,853.43 NPR)**

10. environment,science & technology **(51,267.34 NPR)**

11. others - economic **(35,547.43 NPR)**

12. labour **(30,652.78 NPR)**

Top Regions (2000-2013)

1. National (**5,222,448.29 NPR**)
2. Central (Madhyamanchal) (**953,071.09 NPR**)
3. Eastern (Purwanchal) (**116,564.9 NPR**)
4. Western (Pashchimanchal) (**109,878.94 NPR**)
5. Far-Western (Sudur Pashchimanchal) (**75,522.84 NPR**)
6. Mid-Western (Madhya Pashchimanchal) (**41,952.09 NPR**)