



Annual Report 2019-20

NEPAL

Big change starts small

**Practical
ACTION**

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Two boys from our SEPEDRR project area enjoying a bicycle ride along the banks of Rapti River/ Prabin Gurung

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Front cover image: BICAS project is promoting gravity goods ropeways for market linkage to mitigate hardships faced by women like Belkosha Bohara/ Archana Gurung

A warm welcome to a YEAR OF CONTRAST

Achyut Luitel, South Asia Regional Director

The year 2019/20 came along with much enthusiasm and excitement, in terms of gearing towards adopting and adapting to new structural and functional changes the organisation had undergone. Our new framework for change has started triggering the ingenuity effect—impression of which is lucid not only in programmatic level but also in the way we demonstrate, learn and inspire. Our revitalised brand is a true embodiment of our organisational ethos, and 2019/20 has been the year to radiate our brand aura amongst wider like-minded community. As our ways of working got a fresh perspective, we have continued cultivating agile yet strategic approach to contribute to achieving sustainable development goals. Last year was crucial for understanding the systems around achieving our change ambitions and creating better synergy among them. Now, we are much clearer on our offer to create an impact and more committed towards promoting good practices—being apt on our global impact indicators and development priority of Nepal.

Last year also came with some promising opportunities and achievements. Through our south-south learning project, we were able to host five lead Nepali coffee farmers' visit to Peru. The learnings farmers brought home is proving instrumental in wider uptake for sustainable coffee production and marketing. Our approaches on regenerative agriculture, through enhancing soil organic matter, is being adapted and promoted by the government. We are working hand-in-hand with the Ministry of Agriculture and Livestock Development in order to integrate the agenda of soil organic matter into the government's planning and programming for agroecology. We worked closely with the Department of Hydrology and Meteorology for wider coverage and dissemination of early warning messages aimed to ensure that no one is left behind in the disaster preparedness and early action process. We joined hands with our long-term partner ICIMOD to strengthen the early warning systems in Nepal from a multi-hazard perspective. As a result, a provincial early warning system action plan was developed for Karnali Province. We contributed in the process of policy and strategic planning for formulation of National Adaptation Plan and Nationally Determined

Contributions working closely with the Ministry of Forests and Environment.

Last year remained quite energising in terms of achieving success in order to lift people out of energy poverty. We were able to deploy clean cookstoves throughout Nepal, an encouraging feat in contributing to reduce respiratory illness and deaths caused by indoor air pollution, and reducing drudgery of women related to cooking and managing biomass cooking fuels. However, we had to wrap up end of last fiscal year on a bit fluid note. Around March 2020, coronavirus pandemic threat started engulfing Nepal. Agriculture and food security systems were threatened. This disrupted market value chains and progress made in improving energy access and clean cooking for all. People who were already exposed to multi-hazard risks became more vulnerable. While longer-term impact of the pandemic crisis was pretty blurred at that point, we started assessing and studying impact on people through virtual and telecommunication means. Despite the disruptions towards the end, last year was an experiential journey that added to our maturing process and in capturing great learning on new ways of work to pave a promising way forward.

Our alternative thinking and bold collaborations with a grounded optimism will take us towards fostering development that places people and planet at the central stage. Development that is resilient, powered by harnessing productive potential of energy, and enriched by tapping farmlands opportunities in Nepal. Our energy work is channelled towards empowering markets that function in best interest of the people. We are determined towards achieving development that is justice based and uplifts people, particularly women, who are marginalised by engrained sociocultural and economic inequalities and vulnerable to climate, natural and human induced hazards. We are working to make electric cooking a realistic opportunity in Nepal, for which our partnerships, market studies, and researches on understanding adoption behaviour and demonstration will collectively provide recommendations and learning for policy engagement and sector development. We are geared towards leveraging sustainable development by enabling federal structure of

Nepal so that effective policies and frameworks are devised in best interest of larger population. Likewise, we will be empowering ground level partners who work alongside the local level and have first-hand engagement with people.

In this amazing journey, the people we work with have been our strongest allies but we cannot go without thanking the change agents who have been synergistic with us so the people can feel and live the change in real meaning. Our foundation and pillars include our generous donors, our strategic partners, local partners, and the like-minded agencies who share identical aspirations with us. All our efforts are directed towards supporting the Government of Nepal in achieving “Prosperous Nepal and Happy Nepali”. We want to thank the government, at

all three tiers for entrusting and recognising our efforts. We want to thank the media for keen observation on our works, for flagging the rooms for improvement and proving to be strong amplifier of our voices and stories. We want to particularly acknowledge the roles of our team members based in Nepal and at global level. We want to thank one-and-all, at front and the backstage, and say we could have never done this alone.



Achyut Luitel



BIG CHANGE

starts small

At Practical Action we do things differently. We put ingenious ideas to work so people in poverty can change their world. We believe in the power of small to change the big picture.

Our vision is for a world that works better for everyone.

We are a global change-making group of problem solvers, knowledge mobilisers and expert advisers. The group consists of a UK registered charity with community projects in Africa, Asia and Latin America, a development publishing company and a technical and specialist consulting service.

We have enabled millions of people to make lasting, positive change to their lives, focusing on where there is greatest need and we can make the biggest difference. We share our experience and expertise through our Consulting, Publishing and Practical Answers services, creating impact far beyond our projects.

In Nepal, Practical Action is focused on putting ingenious ideas into work to contribute to poverty reduction and sustainable wellbeing for all through working in three expertise areas: Energy that transforms; farming that works; and resilience that protects.

Landscape of our BICAS project working area in the far western region of Nepal/ Prabin Gurung

In 2019–2020...

We raised £2.24 million

We spent £2.43 million on our work

We achieved all this...

We delivered

14 PROJECTS

on the ground covering

37 DISTRICTS

and all

7 PROVINCES

reaching out to

142,799 PEOPLE

 | ♀ 72,627 ♂ 70,172

directly and

642,677 PEOPLE

 | ♀ 323,510 ♂ 319,167

indirectly.

Calculating our reach

We distinguish between the people we work with directly and those who benefit from the wider impact of our work. We include these numbers for transparency, to offer a glimpse of the impact of our projects. However, our goal is to have an influence that goes far beyond the reach of these projects. We are working on new ways to report the true scale of what we do. In the meantime, you will find evidence throughout this report of the far reaching benefits that our work has on vast regions and populations.

Dealing with DISRUPTIONS

Uncertainties started looming around the beginning of January 2020 due to coronavirus pandemic which gradually affected many of our field works. Young migrant workers from rural areas started to come back home due to job crisis throughout the world. Such a massive upsurge of labour force would require new ways of thinking not only by the government but also by our programmes. Coronavirus challenged our effort towards enabling women-led energy based enterprises. Women in path of enterprising future face many challenges, managing collateral to get loan to establish a business was a major one due to market disruption led by onset of the pandemic. The pandemic onset also posed an additional threat that could potentially exacerbate vulnerability of those who are already affected by climate change and disaster risks. Fearing a 'twin-demic' scenario in the flood plains of Nepal, we started reassessing the effectiveness of our flood evacuation shelters right at the beginning of the year 2020. The communities vulnerable to climate change and disaster risks are highly susceptible to the risks posed by the pandemic due to inadequate knowledge, skills and information to cope with the threats. The coronavirus pandemic came into the picture with additional challenges in achieving our change ambitions.

Apart from the pandemic that started affecting our field activities, we also had to cope with pre-existing challenges at different fronts. Despite operationalisation of the federal governance system being underway, a huge gap in coordination among different layers of government has been challenging to our efforts towards enhancing bottom-up planning process at all three tiers of the government. The impact cascaded in our piloting of cooperative-led clean cooking extension approach, and thus we could only apply this to one among four targeted municipalities. While we were putting our effort on market-led approaches and building capacity of last mile distributors in our clean cooking work,

inadequate information on subsidy and incoherence in subsidy provisions within local governments led to creating confusion among people. This largely affected the economic value chain of the cookstoves and the progress made in making the local economies viable, as local communities lost trust on private sector due to this confusion. Our market analysis, in the business-as-usual scenario, shows that biomass fuel might stay as a major cooking fuel in rural areas for a long period. As a result, people will continue to consume hazardous indoor air pollutants emitted by inefficient traditional stoves. This will persist especially in case of those who cannot afford to pay operation and running bills for clean cooking. Meanwhile, the communities vulnerable to climate change and disaster risks are also likely to have poor access to resources, and development benefits from government and non-government interventions.

Our analysis shows the voices of marginalised communities, including women and vulnerable social groups, are left out in decision making process and excluded in governance systems. We have realised that climate change and disaster risk reduction agendas are not sufficiently aligned with development priorities. There are very limited or no risk transfer mechanisms in agriculture sector, where above 70 percent of the total population rely to meet their livelihood needs. The need of risk reduction and climate resilient solutions seem primarily absent in many government planning processes. The existing system is more focused towards post disaster response rather than mitigating risk at source. Preparedness approach to disaster risks are largely overlooked in all sectors. Disaster is also a trans-boundary phenomenon. Lack of adequate intergovernmental coordination among adjoining countries for sharing risk information is also one of the causes for increased disaster risk in the communities living in vulnerable geographical areas along the political boundaries. These all have resulted in insufficient

investment in disaster risk governance and interventions. The aggregated result is that the communities bear increasing loss of lives and livelihood. They are unaware

of the risk they face and have poor capacity to respond, recover and rebuild in the event of disaster.



Leave No One Behind Project helped Kalimaya Chepang build a resilient house/ Prabin Gurung

A positive OUTLOOK

Last year came with some promising changes in paving pathways for enabling environment to achieve our long-term goals for sustainable development. The Ministry of Agriculture and Livestock Development (MoALD) unveiled a five-point strategy for growth of agriculture sector in Nepal: subsidy in agriculture inputs; facility of agricultural technicians at grassroots level; subsidised credit facilities; crop and livestock insurance; and minimum acceptance price. This change is particularly indicative of an enabling environment towards agriculture commercialisation in Nepal. In addition, inter-government ministerial level and secretary level mechanisms have been established to

ensure coordination and collaboration for agriculture policy, plan, priorities and programmes. The federal level entered into agreements with lower levels of government for coordination and collaboration to develop joint action plans in areas of agricultural priorities. Given that the inter-government level priority had been a major bottleneck— new developments in different levels of government formally agreeing to coordinate and collaborate for agriculture priorities, programming and planning is expected to create an environment for agriculture growth. This will create more opportunities to engage with all three levels of government; and enable us to demonstrate our work on regenerative



BICAS project helped develop technical and entrepreneurial capacity and disaster risk reduction skills of local farmers/ Prabin Gurung

agriculture through promotion of soil organic matter and operationalisation of the plan of action.

In an effort to overcome uncertainties and to bring more clarity on roles of different actors in federal context, we have been providing inputs to the energy sector through various forums. Meanwhile, instead of acting alone, civil societies have started to gradually understand the importance of collective voice in policy discussions and use of evidence for policy engagement. Thanks to our active engagement and collective advocacy, agenda of sustainable renewable energy development has got spotlight on various policy discussions and plans. We believe that the Alternative Energy Promotion Centre (AEPC), with support from development agencies will have a crucial role in providing support to local governments until they have a better capacity to fully implement their mandates on renewable energy development. The changed context demands our efforts for regular engagement with local governments in policy discussions, transferring sectoral learning and knowledge through capacity building support. Even though the concept of risk transfer and risk financing is relatively new to Nepal, it is emerging as a national priority. New investments and interests coming in areas of urban disaster risk mitigation can be promising for building the resilience of urban poor exposed to disaster risks. The provincial and local governments have started to allocate dedicated human resources to oversee climate change and disaster risk reduction — a sign of building accountability and responsiveness.

Moving forward, we envisage continuation of our strategic engagement with the MoALD to work on agroecology sector while seeking new partnerships at provincial and local levels for demonstration, learning and inspiration. Our key strategic collaborator, Coffee Cooperative Union will remain a strategic partner in the coming year to demonstrate agroforestry method of coffee farming. Apart from the coffee sector, we will build on the achievements made in market development in dairy sector and continue

this work in the coming year as well. We know public finance is insufficient to reach all the households with clean cooking solutions. Thus, we plan to work on market transformation of biomass cooking and market activation for electric cooking. We are aware that clean cooking sector requires a coordinated effort among the stakeholders — not only from energy but also from climate, health, and forestry sectors. Hence, we carried out a market study for electric cooking in Nepal and found that the problem of dirty and inefficient cooking is complex and we want to catalyse the transition by strengthening capacity of all the market players. We will work more closely with the local and provincial level governments. We will work to support policy inputs through evidences generated in clean cooking landscape. We will continue engaging with national alliances such as NACEUN, Nepal Micro Hydropower Development Association, and Women Network for Energy and Environment to generate evidences for collective advocacy in order to enhance efficient resource allocation, strong regulation, equitable tariff, transparency and accountability in the sector. We will continue to work on agency-based empowerment by engaging more women from rural front in productive use of electricity.

The ultimate goal of our climate resilience and disaster risk reduction work is to reduce risk of multiple hazards and build resilience in lives of poor and people exposed to climate risk. In the coming year, our work will be solution oriented, collaborative and participatory approach for reduction of loss and damage. We will continue to work on generating evidences on loss and damage through our research works for national and global policy advocacy. Our research on index-based insurance is also expected to bring new discussion and open avenues for partnership in areas of risk transfer mechanism and disaster risk financing in Nepal.

Our support SYSTEM

Our powerful community of support is a dynamic team of people who work with us – our generous donors, alternative thinkers and bold partners, standing together for a world that works better for everyone. Our achievement is an outcome of a collective effort. We want to thank Government of Nepal (GoN), donors, individual supporters, consortium partners and implementing partners. It is great to have you alongside us, as we work together to help people tackle some of the toughest challenges in Nepal.



Happy faces from our SEPEDRR project site in Lamahi-8, Dang/ Prabin Gurung

We would like to especially thank the following organisations for supporting our vision.

- Ajummeray Bikash Foundation
- Asian Development Bank (ADB)
- Build Up Nepal
- Centre for Community Development Nepal (CCDN)
- Centre for Rural Technology, Nepal (CRT/N)
- Centre for Social Development & Research (CSDR)
- Committee for the Promotion of Public Awareness and Development Studies (COPPADES), Lamjung
- Coffee Cooperative Union
- DanChurchAid (DCA)
- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
- UK Aid
- District Coffee Cooperative Union Limited - Sindhupalchowk
- ENERGIA – Hivos
- Energising Development (EnDev)
- The European Union (EU)
- Forum for Rural Welfare and Agricultural Reform for Development (FORWARD Nepal)
- Indoor Air Pollution and Health Forum (IAPHF) Nepal
- Global Challenge Research Fund (GCRF) - UK Research and Innovation
- International Centre for Integrated Mountain Development (ICIMOD)
- International Finance Corporation (IFC)
- Jersey Overseas Aid (JOA)
- Modern Energy Cooking Services, Loughborough University
- National Association of Community Electricity Users- Nepal (NACEUN)
- Nepal Forum of Environmental Journalists (NEFEJ)
- Nepal Red Cross Society (NRCS) Dang and Surkhet District Chapters
- NMB Bank
- Nordic Development Fund (NDF)
- Oxford Policy Management Limited (OPML)
- Project for Agriculture Commercialisation and Trade (PACT)
- Renewable Energy Confederation Nepal (RECON)
- United Nations Environment Programme (UNEP)
- United States Agency for International Development (USAID)/ Bureau for Humanitarian Assistance (BHA)
- University of Coventry
- University of Edinburgh
- WISIONS
- Zayed Fund
- Z Zurich Foundation



Lasang Lama from Pinthali, Kavre with the induction cookstove as a part of the study to accelerate the uptake of efficient electric cooking appliances in Nepal/ Subina Shrestha

Energy that transforms

Last year was quite energising in terms of achieving success to lift people out of energy poverty — particularly bringing clean cooking solutions to people. We were able to deploy 10,386 improved cookstoves throughout Nepal, working with our private sector partners. The Result Based Financing (RBF) business model contributed to the success in enabling local cookstove value chain. The private sector partners are capacitated to expand their services in remote communities of Nepal. We were able to establish women not only as cookstoves users, but also as entrepreneurs of cooking value chain. We developed women sales agents and distributors who are engaged in clean cooking. We were also able to get buy-in from local advocates to support local level engagement with our advocacy agenda and policy inputs. As a whole, these led to a significant contribution in achieving government's target of clean cooking access for all.

Our project on Sustainable Hoodstove Market in Nepal through RBF, funded by Endev supported in establishing 4 hoodstove manufacturing companies, 2 portable cookstove manufacturing companies, 8 cookstove importers and 30 cookstove distributors and retailers. About 231 local financial institutions were mobilised to provide micro loans to 19,966 households in 15 districts of Nepal to install clean cooking solutions. Among them, 28.6 percent were women-led cooperatives. The private sector actors were motivated and incentivised, which led to ensure 1:1 ratio investment in clean cooking business. There was an increased engagement of women as cookstoves value chain actors. In total, 216 new direct jobs were created, including 83 for women. With the encouraging result, we have initiated a second phase of Sustainable Improved Cookstoves Market Development Project. The project aims to promote five thousand tier-3 and above improved biomass cookstoves and electric cooking devices by December 2020 in Syangja, Gulmi, Arghakhanchi, Parbat and Baglung Districts. The project provides result based incentives to local cookstoves distributors and local financial institutions to promote and create demand of listed cookstoves.

Our ADB funded project on Strengthening the Capacity of Energy Sector to Deliver Gender Equality and Social Inclusion Results promoted uptake of productive use of clean energy technologies and services by poor and vulnerable households in Nepal. We are supporting 507 women entrepreneurs from

109,640

people benefiting directly from our work including 56,323 female and 53,317 male

84,703

people benefiting indirectly from our work including 42,100 female and 42,603 male

£0.49M

spent on our energy that transforms programme

15 Electricity Users' Committee (EUC) in 8 districts of Bagmati Province. We trained women entrepreneurs to establish and grow their enterprises through business management and entrepreneurship development training. The training included agency based empowerment sessions which enhanced cognitive capacity of entrepreneurs. We supported the entrepreneurs in improving access to finance, market and appropriate technology, and developed their linkages with ecosystem stakeholders. We are providing post training support to 504 entrepreneurs. Until the reporting period, 415 entrepreneurs have already established new businesses or expanded their current businesses. In this project, we are also supporting EUC in energy management activities including electrical safety and energy efficiency as well as enhancing their organisational capacities.

We initiated Humanitarian Engineering and Energy for Displacement—HEED project to track behaviours towards energy use in displaced settlements. The project is funded by Coventry University to help organisations better understand energy demands in humanitarian contexts. We are working with 230 displaced households in Khalte Camp of Uttargaya Municipality in Rasuwa District where smart electricity metres and street lights are introduced.

Through our Green and Inclusive Energy (GIE) programme funded by the Netherlands Ministry of Foreign Affairs, we are advocating and lobbying for transition towards green and inclusive energy systems. The project aims to improve energy access needs for poor. We are working to reduce climate change impact together with improving family health, food supplies, income and opportunities for women to participate more productively, politically, and socioeconomically. We have 374 key persons from 21 municipalities in 5 districts, engaged on total energy access, health and environmental benefits of clean energy. These participants were also trained on multi-tier monitoring framework

and inclusive energy access, and on the importance of database and municipality energy planning. Moreover, we also trained 23 journalists working on thematic issues in clean energy beat and 9 stakeholders from the Indoor Air Pollution and Health Forum on thematic and market areas.

Our WISIONS funded project on Community Managed Energy Service for Vegetable Market Chain—CEVeM demonstrated viability of business model using impact investment and grants for community managed photovoltaic pumping irrigation system. The CEvEM project has helped in promotion of commercial vegetable farming and strengthening vegetable market value chain in Dhading and Makwanpur Districts. In this project, we provided operation and maintenance related support, and facilitated in institutionalising water tariff collection. We did regular follow ups to improve water supply reliability, after sales service, selection of high value crops, vegetable production and strengthen market linkages.

Our project on Rebuilding Infrastructures for Sustainable Energy Access—RISE helped local communities in Gorkha District to reconstruct two Micro Hydro Plants (MHPs) damaged by the 2015 earthquake. The reconstruction of MHPs has reconnected 520 households to electricity access. We supported in building capacity of operators and managers and provided enterprise skill development training to potential entrepreneurs in promoting productive use of electricity.



Productive use of energy empowering women entrepreneurs/ Manjari Shrestha

Agency based empowerment ENABLING WOMEN ENTREPRENEURSHIP

The notion of economic empowerment is fundamentally connected to two interrelated aspects — resources, and power and agency. Resources are prerequisite to succeed economically or to exercise power and agency. Resources are beyond financial in nature — skills, training, loan linkages and building networks are part of it. Power and agency are strongly tied to self-esteem, sense of control, and power of self-reliance. Embedding concept of agency based empowerment in the entrepreneurship and business management training packages; we have worked with more than 500 women entrepreneurs in enhancing their cognitive capacities and goals-oriented business skills.

Lalita Bajagain from South Lalitpur, has initiated poultry farming. Her poultry farm was established by leveraging financial capital from the local government for energy efficient technology transfer. By doing so, many women in South Lalitpur are able to install required machineries and equipment in their energy based enterprises. Alike Lalita,

the women are further supported on identification, selection and linking with technology suppliers. The support has also helped Sangita Ghimire from South Lalitpur to open a bakery. Meanwhile, Sharmali Lama now has a bamboo craft industry and Chini Maya Bomjan has a paper craft factory. They are just a few among many women on the way to becoming established entrepreneurs.

Similarly, Phool Maya Lama who runs a tailoring shop at Timal Village in Kavre now handles all her customers more professionally. Before, she used to turn her back to customers who brought old clothes to repair.

She says, "I speak to my customers on a friendly tone, asking if they have clothes to repair. I repair and return them only after ironing.

I even rearranged the set-up of my tailoring shop to attract more customers. I am happy that my customer base is increasing now!"

Anita Shrestha, a farmer from Kavre District has now expanded her goat farm to cater to the market

Agency based empowering training session organised in Dhading/ Manjari Shrestha



Lalita Bajagain in her poultry farm/ Manjari Shrestha

"After the empowerment sessions, I realised I should prioritise on my capabilities, not only on household chores. So, I started to focus on training sessions offered by project and implemented the learning in my work," said Muna Nepali, from Dhading.

The business environment and social and cultural factors determine the growth of women entrepreneurs. However, through rigorous training and consultations, the local entrepreneurs have started taking risks and making better business decisions. This resulted in setting up new businesses or expanding existing ones, investing in business, taking loans, regularly maintaining book of accounts, making growth in sales and registering their business with relevant government agencies.

Power and agency have a great role in economic advancement. Both complement each other to enhance women's economic empowerment. We emphasise on training aspect. When women get training and support, they acquire new skills, their ability to make business decisions increase and they adopt new business practices that fit in local context. Gradually, their negotiation power increases and they can access new markets. Through agency based empowerment, many women have increased business profits and confidence to control the investment on household necessity. As a result, many women have become economically empowered and financially independent.



Nepali farmers visit coffee orchard in Peru as a part of south-south collaboration between small coffee producers in Peru and Nepal/ Nagendra Bastakoti

Farming that works

Last year was instrumental in terms of generating evidence on scaling up regenerative agriculture through enhancing organic matter in soil. This gave our advocacy effort some traction in a bid to prioritise agenda of soil organic matter into the government's planning and programming for agroecology. Together with the MoALD, we were successful in convening a multi-stakeholder consultative process, resulting in a national action plan on soil organic matter.

While Peru and Nepal might be oceans apart, the issues and challenges that smallholder farmers face in wake of climate change crisis are quite similar. Under the south-south knowledge exchange project, through cross country visit and collaborations among farmers and experts, we leveraged tremendous learning experience. Based on the learning from Peru, we are demonstrating climate adaptive technologies in coffee production, including multi-strata agroforestry techniques. We believe that the demonstrations will help us generate evidences for wider replication of successful approaches across Nepal.

Last year, we were able to host five lead Nepali coffee farmers' visit to Peru for two weeks. The overall purpose of the visit was to exchange knowledge and learning between Nepal and Peru on sustainable coffee production. Farmers' technology and knowledge transfer need assessment was carried out in four coffee clusters in Sindhupalchok District. The assessment came out with findings with further validation from a wider group of stakeholders through a national level coffee stakeholders' consultation. The consultation also assessed the needs of coffee sector throughout coffee value chain. The visit offered key learning on increasing production and productivity of coffee in Nepal and on pest and disease management. Integration of forest and fruit trees in coffee orchard of 20 farmers has increased the plant diversity at farm and also made the farmers realise the importance of shade trees in coffee production. To influence the national system on coffee and institutionalise our learning, we are coordinating and collaborating with different stakeholders. Through Nepal Tea and Coffee Development Board, we are disseminating learning captured during the visit, as we demonstrate six other agroecology and circular-economy based technologies in coffee.

2,803

people benefiting directly from our work including 1,491 female and 1,312 male

13,551

people benefiting indirectly from our work including 7,510 female and 6,041 male

£0.15M

spent on our farming that works programme

We established Nepal Agribusiness Innovation Centre (NABIC), an agri-business incubation hub. Through the hub, we provided institutional capacity development services to Federation of Woman Entrepreneurs' Associations of Nepal (FEWAN) to increase its role in women-led agri-entrepreneurship. In total, 891 entrepreneurs, comprising 43 percent women, were reached through locally tailored business orientation programmes. Meanwhile, business consultations were provided to 120 entrepreneurs and incubation support was provided to 21 Small and Medium Enterprises (SMEs). These SMEs were able to raise funds equivalent to NPR 24 million (£151,462) for business operations from various financial sources. In the process, we helped develop and upgrade 31 products. Last year alone, the SMEs were able to create 42 new jobs while insourcing raw materials from local sources and formalising business relations with over 30 business-to-business contracts. NABIC, initiated in 2017, is now operating as a not-for-profit distributing entity with independent board and management that continues to provide business support to promising SMEs.

Our Dairy for Development project, funded by JOA achieved an overall milk production increment by 14 percent and productivity increment per cow by approximately 16.7 percent as compared to baseline in 6 rural/ municipalities of Chitwan, Nawalpur and Makwanpur Districts. This has resulted in an overall increase in income of 6,083 smallholder farmers by 31 percent, out of which 40 percent are women and 16 percent from Dalit community. Demonstration of improved dairy production practices through shed, feed and forage, breed, and disease management, along with subsequent adoption by smallholder farmers resulted in the increased yield and income of the dairy farmers. We initiated pluralistic extension services for smallholder dairy farmers where the private sector led extension services

were rolled out by developing village animal health service providers. These service providers delivered Artificial Insemination services, agrovet services, technical advice and animal health insurance at the doorstep. This not only filled in the gap of government extension services but also helped women overcome barriers to their movement caused by household chores. The second model of pluralistic extension was cooperative-led extension. This was offered in partnership with the private sector, offering Geo Krishi App, an Information and Communication Technology (ICT) based toolkit and solutions by Heifer International. The app helped link over 6,083 farmers with inputs and technical services. Our effort to establish and link 10 rural milk collection centres helped 5,000 spatially excluded women and small dairy farmers access to formal milk market systems. Our engagement with the local government resulted in increased ownership, leveraging resources, and coordination and collaboration at the local level with various government and non-government stakeholders in the dairy sector.



Dairy for Development project is helping smallholder farmers like Mina Bohara to enhance the production and productivity of dairy farm/ Prabin Gurung

Ice creaming the way to ENTREPRENEURIAL SUCCESS

Shakti Food Production Company was established by Prakash Maharjan of Patan Industrial Estate, Lalitpur in 2009. Maharjan has over two decades of experience working in dairy and ice cream industry. He worked in Kathmandu Dairy, a family business established by his father. As a true entrepreneur, he envisioned to create an international brand that can produce quality products while ensuring food safety.

Despite his enthusiasm, Maharjan faced many challenges in his journey. The main constraint was that Shakti Food was a family managed company that relied on traditional management approach. Although the company was growth focused, Maharjan did not have clarity on the growth strategy. Shakti Food entered incubation programme of NABIC. Understanding Maharjan's pursuit towards growth and bottlenecks inhibiting expansion, the project helped the company to

transition from traditional family management to corporate structure. Through NABIC project, the ice cream producer also received a grant support of NPR 3 million rupees (₹19,000) to increase production capacity.

NABIC initiated this process by preparing a growth plan, thereby providing support to develop systems for operations and management. The experts conducted a human resource assessment, developed an HR manual, performance appraisal system and helped in implementation of new HR policies and processes. Based on the recommendations, the company also recruited staff dedicated to manage HR and administration to support the day-to-day operations and overall management. This helped Maharjan share his workload which in turn allowed him to focus on business expansion.

Shakti Food Production has a capacity of processing up to 15,000 litres of milk on a daily basis/ Prabin Gurung



Prakash Maharjan in conversation with one of his retailers/ Prabin Gurung

These efforts resulted in generating employment opportunity for 24 additional staff within the company, making a total of 50 staff. NABIC also facilitated in capacity development of the staff by providing training and coaching on various areas such as New Labour Act, subsidised loans, innovation in food and beverage products, and operations and management. NABIC also completed a competitive analysis of existing products and a market survey for new products. A marketing strategy was formulated based on the study's recommendations. Most importantly, NABIC team supported in shaping expansion plan and developing financial projections for new product lines and also facilitated linkages with banks for subsidised loan and equity investors for exploring opportunities for equity investment. The company has already leased 1.3 acre of land to set up a new factory as per the expansion plan. Similarly, in collaboration with Thailand's Asian Institute of Technology, symbiotic yoghurt is being developed, as a part of new product development.

After shifting to corporate management system, Maharjan aims to be one of the biggest dairy companies in Nepal. The company sells a variety of ice creams under the brand called Martin, which is one of the largest ice cream manufacturing companies in Nepal. However, Martin's success does not solely belong to Maharjan. His success has a shared benefit, more than 200 farmer groups and cooperatives are associated with Martin ice cream. The factory now has a capacity of processing up to 15,000 litres of milk on a daily basis and is contributing to livelihood of up to 750 dairy farming households. There are 15 distributing agencies and 400 associated retailers that have further created more jobs in the market.



Ms. Sushila Chaudhary, coordinator of Early Warning System task force from our SEPEDRR project monitors the community flood gauge in Bagrapur community, Dang/ Prabin Gurung

Resilience that protects

Last year remained promising in terms of inspiring federal, provincial and local governments in formulating and revising policies and regulatory mechanisms that can help reduce risks induced by climate, human and natural hazards. The allocation of resources in disaster risk reduction and climate change by provincial and local governments indicate the increasing buy-in from government for climate and disaster risk mitigation, and localisation of national and international framework at all levels. Our advocacy efforts and contribution in strengthening disaster risk and climate governance at national, provincial and local levels have been extremely important for an effective and efficient management of disaster risk, and building community resilience. At national level, we were engaged with the National Disaster Risk Reduction and Management Authority (NDRRMA) for creating coherence in disaster risk mitigation approach at all levels. We worked closely with the Department of Hydrology and Meteorology (DHM) for wider coverage and dissemination of early warning messages aimed to ensure that no one is left behind in the disaster preparedness and early action process.

We supported the Ministry of Forests and Environment (MoFE) in policy and strategic planning process for the formulation of the National Adaptation Plan (NAP), and the Nationally Determined Contributions (NDCs). Our efforts continue to make national, provincial, and local plan and policies gender sensitive and socially inclusive, respecting diversities of the country in terms of socioeconomic as well as cultural strata. The continuous and strategic engagement in policy dialogue with local and provincial governments has helped increase the understanding on localisation of federal policies. As an outcome of a collective and continuous advocacy, Geruwa Rural Municipality of Bardiya District has endorsed the Environment and Natural Resource Conservation Act, 2076 and Disaster Risk Reduction and Management (DRRM) Act, 2076. Meanwhile, we are working in synergy with the local government in developing Disaster Risk Reduction (DRR) Strategic Action Plan and DRRM policy for Rajapur, Lamahi, Tulsipur, and Babai Municipalities

30,613

people benefiting directly from our work including 14,964 female and 15,649 male

544,423

people benefiting indirectly from our work including 273,900 female and 270,523 male

£1.2M

spent on our resilience that protects programme

Our Climate Change and Fragility Project (CCFP), funded by the UNEP, is being implemented in Kailali and Bardiya Districts since February 2019. Through the CCFP project, we have sensitised and trained more than 951 people, including 622 women on climate change fragility risks and ways to adapt to climate change. The project strengthened institutional mechanisms at 17 communities, 11 wards and 3 rural and municipal levels on DRR and climate fragility risk. We rehabilitated three land protection schemes to safeguard from inundation, land cutting, damage and erosion, while increasing access of 257 households to irrigation schemes. As alternative livelihood options, we provided training and input support to community people on improved vegetable farming and skill based off-farm and tourism sectors. As a result, 400 households have diversified livelihood options to cope with climate fragility risks. As part of the sustainable forest management initiatives, we supported 12 community forest areas with 24,263 seedlings and fenced 3,870 metre in 10 community forest areas. We produced knowledge and learning documents based on research studies which focused on linkage of climate change fragility risk with key natural resources, market system, land use plan, and forest management plans. These are being adapted by local communities and governments.

Our Nepal Flood Resilience Project funded by the Z Zurich Foundation developed tools for Flood Resilience Measurement for Communities (FRMC) which helped in integration of flood risk information in the local planning process. The tool's effectiveness is being widely recognised and has been adopted and co-funded by the local government in Rajapur and Geruwa Municipalities of Bardiya and Tikapur Municipality of Kailali District. We initiated a much needed study on financing gap in risk reduction and management of climate induced disasters in Nepal, and loss and damage study aiming to inform policy and decision makers. Through partnership with media at national level, we were able to effectively engage all three tiers of government on various discourses on disaster risk reduction.

Our project on strengthening end-to-end flood early warning system and preparedness for effective disaster reduction and resilience in Nepal is helping to understand disaster risks at community and municipal level through various interventions. The project funded by the USAID/ BHA is supporting the upgradation of four rainfall stations for real time early warning to communities and local governments in West Rapti, Babai and Sotkhola River Basin. The project capacitated vulnerable communities and local governments to effectively respond to disaster emergencies. Moreover, we facilitated District Disaster Management Committee (DDMC) in Dang District to

prepare and endorse flood risk communication channel. The installation of community flood gauges in five communities has helped in effective monitoring of water level in West Rapti and Babai Rivers. The strengthened linkage between upstream and downstream communities help calculate lead time more accurately. We signed MoUs with five local governments in West Rapti, Babai and Sotkhola River Basins for formulating the DRR Policy and Strategic Action Plan (2020–2030), and with four local governments for formulating disaster preparedness and response plan of respective local governments. In total, 112 people were trained on natural and technological risk and 348 stakeholders were trained on DRR management policies and practices. By means of these interventions at local level, we have continued to contribute in strengthening local capacity, together with localisation of early warning system.

As a result of our continuous collective advocacy, Karnali Province allocated budget for DRR and insurance of people who are exposed to high risks. A total of NPR 12.9 million (£81,000) was allocated by local governments for DRRM related works. Similarly, 59 communities within the project area established Disaster Risk Management (DRM) fund worth NPR 1.4 million (£8,600). As risk transfer mechanism, Karnali Province allocated NPR 15 million (£10,000) for DRR and purchased group insurance worth NPR 1.77 million (£11,200) covering 10,000 households at high risk. Similarly, Lumbini Province allocated NPR 7.5 million (£47,000) for Early Warning System (EWS), NPR 1.5 million (£9,400) for disaster preparedness and response planning workshops, and NPR 6 million (£38,000) for capacity building of municipalities exposed to high risk in Province 5.

Our Tomorrow's City project supported by the GCRF for urban resilience developed a comprehensive information management system. The system is helping to understand disaster risks through earthquake and flood risk modelling. The information and evidence consolidation has helped in wider policy discussion to develop resilience of urban poor in Kathmandu Valley. We are implementing this project in Southern Lalitpur and conducting research in both social and physical science perspective of DRR.

Leave No One Behind — housing in earthquake affected districts of Nepal, our post-earthquake reconstruction project, funded by the UK Aid, introduced various market system approaches in house reconstruction for most vulnerable and marginalised people in Makawanpur and Lamjung Districts. Out of 1,517 targeted houses, construction of 1,257 houses along with toilets are completed. In total, 35 enterprises were established across four working municipalities. Fifteen community

managed and three commercial enterprises were set up to produce Compressed Stabilised Earth Blocks (CSEB). In total, 5 mini aggregate crusher enterprises, 10 stone cutting enterprises and 2 timber treatment plants were established.

Our New and Affordable Building Materials Promoting Sustainability in Nepal — NABIN project funded by the NCF through DCA is enhancing livelihood of earthquake affected people by establishing self-sustaining and commercially viable CSEB enterprises. NABIN helped in catering to the increasing demand of disaster resilient and climate responsive construction materials and strengthening their supply chain at the local level. In this project, we are working in 25 rural/ municipalities of 19 earthquake and flood affected districts. Last year, we established 20 enterprises which produced 815,000 CSEBs

that contributed in building 274 houses in project districts. Similarly, 139 people were employed in the enterprises, where 28 percent were women and 58 persons of the employees were from indigenous and Dalit communities. We organised various skill development training for 45 entrepreneurs. Through NABIN, we completed four research and development activities for CSEB machines improvement, while two service centres were established and made functional at local level. For scaling up of CSEB market, 48 distribution points were established at local level. They were trained on CSEB production technology and market value chain. We also worked with two different financial institutions for development of appropriate financial products.



Mr. Harish Chandra Chaudhary, coordinator of Bagrapur Community Disaster Management Committee in Rapti-6, Dang, facilitating the community on the importance of hazard and resource map/ Prabin Gurung

Traditional culture adopting SCIENTIFIC FORECASTS

Like many farmers in Rajapur of Bardiya District, Motiram Tharu used to rely on assumption or consult village elders recognised as Guruwa, a kind of shaman, to determine appropriate days to plant paddy and harvest crops. Rajapur, a sprawling Tharu settlement situated on a vast delta created by Karnali River, is a land where religion is part of everyday life. Traditional beliefs, that only supernatural force can forecast natural phenomena like rains or droughts, are common. Even after a weather board was installed to provide farmers with real-time weather forecasts, Motiram and fellow villagers continued relying on their old ways and sought forecast advice from the village elders.

Changing climate, leading to changed seasonal patterns, is not new to Motiram's village too. The village Guruwas are not as apt on predicting weather related forecasts

anymore as their ancestors used to be. When Motiram and the others like him realised that many of these elders were themselves relying on weather boards for information they are passing on to villages, trust on weather boards started to increase. Today, the weather board is a primary source of information for villagers, especially during the farming season. There are now hundreds of weather boards across Kailali and Bardiya Districts intended to help farmers make critical decisions during farming and harvest seasons. Each board is updated daily by local user committees.

Besides, the rivers flowing from the high Himalayas can take destructive shape when the yearly rains set in. Danger is not just posed by big rivers like Karnali and Babai. Khahare Khola or small streams, that remain dry for most of the year, can bring unexpected flash floods inundating settlements during monsoon.

Regional station of Meteorological Forecasting Division provides communities up-to-date information/ Archana Gurung



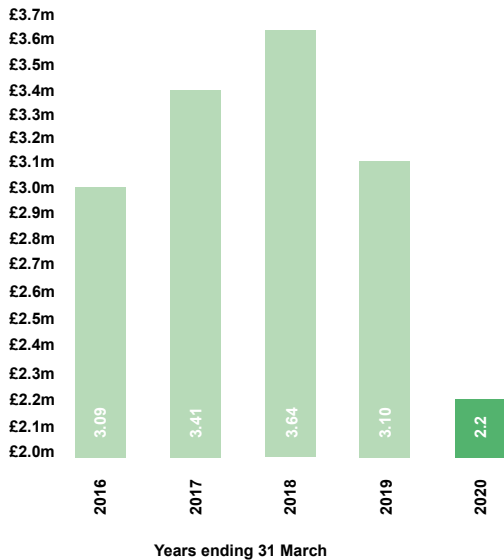
Karuna Chaudhary in front of the weather board in Rajapur/ Archana Gurung

“The weather board has become a lifeline for farmers. Accurate forecast has made it far easier to carry out farming activities,” says Karuna Chaudhary, the chairperson of Community Disaster Management Committee (CDMC) in Rajapur.

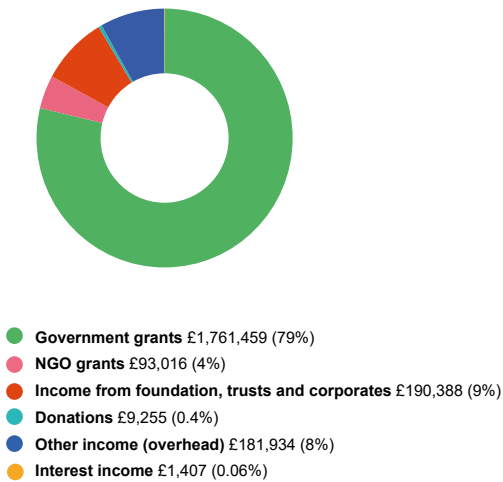
The weather forecasts have proven helpful in alerting local people about possible flash floods so they can be prepared. Residents of flood-prone villages are further alerted about flood risks through phone calls and text messages by regional station of the Meteorological Forecasting Division. These messages are widely circulated by the CDMC members such as Karuna in their respective communities.

Summary of income and expenditure

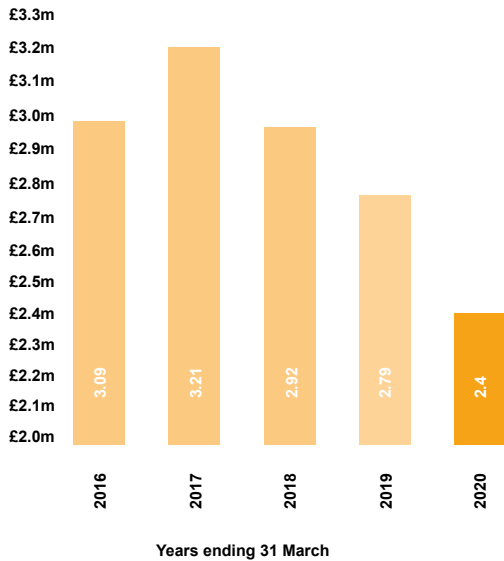
Total annual income (£m)



2019/20



Total annual expenditure (£m)



Financial statements

Consolidated statement of financial activities for the year ended on 31 March 2020
(incorporating the income and expenditure statement)

| | Unrestricted £ | Restricted £ | Total 2020 £ |
|---|-------------------|-----------------|--------------------|
| Source of Income | | | |
| Government grants | - | 1,761,459 | 1,761,459 |
| NGO grants | - | 93,016 | 93,016 |
| Income from foundation, trusts and corporates | - | 190,388 | 190,388 |
| Donations | 349 | 8,906 | 9,255 |
| Other income (overhead) | 181,934 | - | 181,934 |
| Interest income | 1,407 | - | 1,407 |
| Income from Practical Action HO | - | - | - |
| Total income | 183,690 | 2,053,769 | 2,237,459 |
| Expenditure | | | |
| Energy that transforms | 5,277 | 484,198 | 489,475 |
| Farming that works | - | 157,853 | 157,853 |
| Resilience that protects | - | 1,247,019 | 1,247,019 |
| Cities fit for people | - | - | - |
| Knowledge and communications | 70,557 | 16,089 | 86,646 |
| Directorate and management | 234,065 | 216,995 | 451,060 |
| Total expenditure | 309,899 | 2,122,153 | 2,432,053 |
| Fund balance | (126,209) | (68,383) | (194,593) |

A consolidated financial statement is signed at organisational level in the UK, the figures provided are part of group report which is related only to Nepal Office.

Acronyms

| | |
|----------|---|
| ADB | Asian Development Bank |
| AEPC | Alternative Energy Promotion Centre |
| BHA | Bureau for Humanitarian Assistance |
| CCDN | Centre for Community Development Nepal |
| CDMC | Community Disaster Management Committee |
| CRT/N | Centre for Rural Technology, Nepal |
| CSDR | Centre for Social Development & Research |
| CSEB | Compressed Stabilised Earth Blocks |
| COPPADES | Committee for the Promotion of Public Awareness and Development Studies |
| DCA | DanChurchAid |
| DDMC | District Disaster Management Committee |
| DHM | Department of Hydrology and Meteorology |
| DRM | Disaster Risk Management |
| DRR | Disaster Risk Reduction |
| DRRM | Disaster Risk Reduction and Management |
| EnDev | Energising Development |
| EU | European Union |
| EUC | Electricity Users' Committee |
| EWS | Early Warning System |
| FORWARD | Forum for Rural Welfare and Agricultural Reform for Development |
| FRMC | Flood Resilience Measurement for Communities |
| FWEAN | Federation of Woman Entrepreneurs' Associations of Nepal |
| GCRF | Global Challenge Research Fund |
| GIZ | Deutsche Gesellschaft für Internationale Zusammenarbeit |
| GoN | Government of Nepal |

| | |
|--------|---|
| IAPHF | Indoor Air Pollution and Health Forum |
| IFC | International Finance Corporation |
| JOA | Jersey Overseas Aid |
| MECS | Modern Energy Cooking Services |
| MFD | Meteorological Forecasting Division |
| MoALD | Ministry of Agriculture and Livestock Development |
| MoFE | Ministry of Forests and Environment |
| NABIC | Nepal Agribusiness Innovation Centre |
| NACEUN | National Association of Community Electricity Users-Nepal |
| NAP | National Adaptation Plan |
| NDC | Nationally Determined Contributions |
| NDF | Nordic Development Fund |
| NDRRMA | National Disaster Risk Reduction and Management Authority |
| NEFEJ | Nepal Forum of Environmental Journalists |
| NRCS | Nepal Red Cross Society |
| ICIMOD | International Centre for Integrated Mountain Development |
| ICT | Information and Communication Technology |
| OPML | Oxford Policy Management Limited |
| PACT | Project for Agriculture Commercialisation and Trade |
| RBF | Result Based Financing |
| RECON | Renewable Energy Confederation Nepal |
| SMEs | Small and Medium Enterprises |
| UKRI | UK Research and Innovation |
| UNEP | United Nations Environment Programme |
| USAID | United States Agency for International Development |



Livelihood of majority of people in the plains depends on farming and livestock rearing/ Prabin Gurung

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