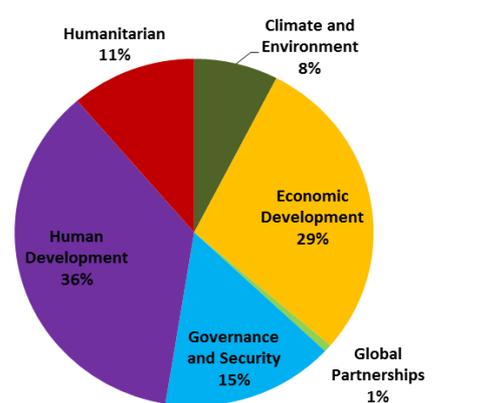


The Department for International Development (DFID) leads the UK's global efforts to end extreme poverty, deliver the Global Goals for Sustainable Development (SDGs) and tackle a wide range of global development challenges. The UK's focus and international leadership on economic development is a vital part of Global Britain - harnessing the potential of new trade relationships, creating jobs and channelling investment to the world's poorest countries. Throughout history, sustained, job-creating growth has played the greatest role in lifting huge numbers of people out of grinding poverty. This is what developing countries want and is what the international system needs to help deliver. Whilst there is an urgent need for traditional aid in many parts of the world, ultimately economic development is how we will achieve the Global Goals and help countries move beyond the need for aid.

Planned Budget for 2017/18	£92m
Planned Budget for 2018/19	£82m

<p>Sector breakdown of 2017/18 bilateral plans</p>  <table border="1"> <caption>Sector Breakdown Data</caption> <thead> <tr> <th>Sector</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Human Development</td> <td>36%</td> </tr> <tr> <td>Economic Development</td> <td>29%</td> </tr> <tr> <td>Governance and Security</td> <td>15%</td> </tr> <tr> <td>Humanitarian</td> <td>11%</td> </tr> <tr> <td>Climate and Environment</td> <td>8%</td> </tr> <tr> <td>Global Partnerships</td> <td>1%</td> </tr> </tbody> </table>	Sector	Percentage	Human Development	36%	Economic Development	29%	Governance and Security	15%	Humanitarian	11%	Climate and Environment	8%	Global Partnerships	1%	<p>Top 3 planned spending programmes in 2017/18 (as at June 2017)</p> <table border="1"> <tbody> <tr> <td>Nepal Health Sector Support Programme</td> <td>£17.3m</td> </tr> <tr> <td>Post-Earthquake Reconstruction Programme - Building Back Better</td> <td>£14.1m</td> </tr> <tr> <td>Nepal Local Governance Support Programme</td> <td>£12.1m</td> </tr> </tbody> </table>	Nepal Health Sector Support Programme	£17.3m	Post-Earthquake Reconstruction Programme - Building Back Better	£14.1m	Nepal Local Governance Support Programme	£12.1m
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Contribution to the Global Goals and other government commitments (achieved as at March 2017)*

- 93 thousand** people with sustainable access to clean water and/or sanitation
- 78 thousand** children under 5, women and adolescent girls reached through nutrition related interventions
- 13 thousand** additional women and girls using modern methods of family planning

Headline deliverables

- **Economic development:** Between 2011 and 2015 we supported 550,000 people to improve their rights to land and property. Over the next two years we will build 97km of new roads, continuously maintain 2,200km, and improve safety in 700km of roads. We anticipate that our support to the Investment Board of Nepal will bring \$2 billion of inward investment to the hydropower sector. In the next five years our support will help increase the incomes of 700,000 people and create 80,000 new jobs.
- **Girls and women:** Between 2011 and 2015 we helped 340,000 women and girls gain improved access to security and justice services.
- **Building resilience to crises and reconstruction:** Between 2011 and 2015 we helped over 1.3 million people cope with the effects of climate change and provided emergency shelter to 230,000 people after the 2015 earthquake. In the next five years we will provide 210,000 children with earthquake resistant classrooms and over 230km of earthquake damaged rural access trails will be rehabilitated, benefitting over 70,000 people.

Why DFID is investing in Nepal

Nepal has the potential for higher, inclusive economic growth through the development of hydro-electric power and tourism, both of which present significant opportunities for UK business, and trade with India

* Results less than 1 million are rounded to the nearest thousand. Results over 1 million are rounded to the nearest hundred thousand.

and China. This potential is hampered by complex investment rules and processes, costly and unreliable energy supply, poor transport infrastructure, political instability, weak institutions and poor governance. Nepal is highly vulnerable to natural disasters and climate change which can push populations back into poverty, destroy infrastructure and undermine growth. The 2015 earthquakes caused extensive damage and Nepal remains at high risk of a catastrophic earthquake.

Nepal is the 16th poorest country in the world and the second poorest in Asia (after Afghanistan) in terms of per capita income. 23% of the population of 28 million people live on less than \$1.25 a day. The poorest people live in the inaccessible west of the country or are from the dalit (untouchable) caste. High unemployment means that about 1,500 Nepalis migrate for work every day. Nepal's poverty and inequality is reflected in its ranking for human development; it is ranked 145th in the world in the Human Development Index, a situation which has not improved significantly since emerging from conflict in 2006.

How will the UK respond to opportunities and challenges?

We will harness Nepal's opportunities for transformational change through addressing barriers to growth and increasing investment in high potential sectors such as hydropower, tourism and trade. We will help improve the government of Nepal's ability to perform, for example through a new federal structure and better managed public finances. Earthquake reconstruction support will re-build infrastructure, and improve institutions and policies.

We will provide immediate benefits to the most vulnerable by focusing on those parts of the country which lack access to markets and basic services and face the greatest challenges. We will work with others to build better public infrastructure and provide services, including health services, water and sanitation provision, skills training and access to justice.

We will safeguard Nepal's stability and future through addressing long-standing ethnic and social grievances and root causes of instability; helping businesses, cities and communities to adapt to the impacts of climate change; strengthening resilience to disasters; and helping the government of Nepal respond to humanitarian emergencies.

What is being achieved for the UK?

Last year marked 200 years of UK-Nepal relations and of Gurkha service in the UK military. Nepal and the UK have built strong ties over this time. This was demonstrated by the scale of the UK public response to the Disasters and Emergency Committee Earthquake Appeal in 2015 that raised over £85 million.

Nepal's location, between India and China, makes it physically and politically important for the relationship between these two Asian superpowers. It also puts Nepal in a position to sell clean energy from hydropower to address shortages in India, and provides investment opportunities for UK companies.

However, Nepal remains a fragile state; development progress is at a high risk of reversal. The causes of Nepal's ten year civil war remain largely unaddressed and the peace process is not over. Migration rates are high. Reducing the risk of a return to conflict, maintaining stability and building prosperity are UK priorities.

Partners

- We work closely with the Foreign and Commonwealth Office (FCO) on key policy priorities and use our combined influence to promote progress on large hydropower projects, reducing barriers to trade with India (with DFID and the FCO in India) and promoting political inclusion and the peaceful transition to the new post-conflict constitution.
- DFID support will be delivered through directly funded projects, multilaterals, financial aid and technical assistance. We have increased our work through direct funding, however, financial aid remains an important instrument to strengthen Nepali government systems and promote sustainability. DFID Nepal has extensive experience of ensuring the robust protection of funds delivered through financial aid.
- Through our work with the Gurkha Welfare Service, DFID is making a significant contribution to water and sanitation provision, helping at least 600,000 people to get access to clean water and sanitation.
- Multi-country programmes managed by DFID headquarters complement country programmes to achieve results in the areas of climate change adaptation, trafficking and migration, trade and investment, and girls education.