

Dedicated Grant Mechanism for Indigenous Peoples and Local Communities in Nepal (DGM Nepal)

ANNUAL REPORT 2025



DEDICATED GRANT MECHANISM FOR INDIGENOUS PEOPLES AND LOCAL COMMUNITIES
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List of Abbreviation

BSP	Benefit Sharing Plan (Nepal ERP)
CBFM	Community-Based Forest Management
CFUG	Community Forest User Group
CIF	Climate Investment Funds
DD	Due Diligence
DGM	Dedicated Grant Mechanism
EOI	Expression of Interest
ERP	Emissions Reductions Program (Terai Arc Landscape)
E&S	Environmental and Social
ESMP	Environmental and Social Management Plan
ESCoP	Environmental and Social Code of Practice
FECOFUN	Federation of Community Forestry Users, Nepal
FIP	Forest Investment Program
FPIC	Free, Prior and Informed Consent
FPP / FFPP	Forests for Prosperity Project
GRID	Green, Resilient, and Inclusive Development
GRM	Grievance Redress Mechanism
IFR	Interim Financial Report
IP	Indigenous Peoples
IPLC	Indigenous Peoples and Local Communities
M&E	Monitoring and Evaluation
MIS	Management Information System
MTR	Mid-Term Review
NEA	National Executing Agency
NEFIN	Nepal Federation of Indigenous Nationalities
NSC	National Steering Committee

NTFP	Non-Timber Forest Product
OHS	Occupational Health and Safety
PAD	Project Appraisal Document
PDO	Project Development Objective
POM	Project Operational Manual
PPE	Personal Protective Equipment
PwD	Person with Disability
REDD+	Reducing Emissions from Deforestation and Forest Degradation
RRN	Rural Reconstruction Nepal
SFM	Sustainable Forest Management
WB	World Bank

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1. Executive Summary

The Dedicated Grant Mechanism for Indigenous Peoples and Local Communities in Nepal (DGM Nepal) is implemented by Rural Reconstruction Nepal (RRN) as the National Executing Agency (NEA) under the Climate Investment Funds (CIF) Forest Investment Program (FIP), with financing from SCF-FIP Grant No. TF0B8505.

The Project Development Objective (PDO) is to strengthen the capacity of Indigenous Peoples and Local Communities (IPLCs) to engage in forest-related decision-making processes, including REDD+ at national and international levels, while increasing access to sustainable forest-based economic opportunities. The project operates through three components: (i) Capacity Building for IPLCs on REDD+ and Sustainable Forest Management (SFM); (ii) Competitive Grants to Support IPLCs on Income-Generating Activities resulting from SFM; and (iii) Project Management, Monitoring, and Knowledge.

This report covers the period January to December 2025 (Nepali FY 2081/82) — the project's third year of operation. Key achievements and milestones are summarized below.

Key Achievement Area	2025 Highlights
Results Framework	PDO-1 (Increased role of IPLCs in SFM/REDD+ Process): To be surveyed/calculated by June 2026 PDO-2 (Monetary/non-monetary): 2,828 beneficiaries received monetary forest-based benefits-51.18% of 2025 cumulative target of 5,525. PDO 3 (transparency/inclusion): exceeded 93.04% vs 75% target. IR1 (Capacity building on SFM/REDD+): 36.67% of the target. IR2 (rights/tenure beneficiaries): exceeded 113%. IR3 (Consultation with 3-tier govt): 36% of the targets, IR4 (Successfully completed): 22% of the targets (out of 50 sub-projects) IR5 (grievance resolution): at 87.80% of received 82 grievances. IR6 (knowledge products) at 96% of end target 25 Knowledge products. IR7 (Satisfaction Survey): 76.75% of the targets survey sample size of 190 persons.
Community Outreach	1800 participants reached across 26 events; 41.22% women; 51.44% Indigenous Peoples; 249 Dalit; 11 Muslim; 7 PwD.
Forest Benefits (PDO 2)	2,828 beneficiaries received monetary forest-based benefits — 51.18% of 2025 cumulative target of 5,525.
Small Grants- Lot 1	Of the 50 first-batch sub-projects: 11 fully completed; 3 withdrawn, 6 partially completed, near 30 completions (>60%); total disbursement NPR ~3.76 crore (64% of total approved budget NPR 58,590,000, where Lumbini disbursement 2.11 crore (70%) Madhesh 1.65 crore (43%).
Small Grants-Lot 2 (Awaiting WB No Objection)	34-grantee eligible list finalized and submitted to World Bank for No Objection. Delays arose from removal of privately owned firm/companies from a provisional list of 66, reducing to 34 community/IPLC-eligible grantees.
Call preparation for 3rd lot	Call process and REOI and other relevant works.

Key Achievement Area	2025 Highlights
Scholarship Program	22 trainees finalized; training commenced from December 2025 in three thematic areas.
Mid-Term Review	Completed May 2025. Four key recommendations adopted: tighten PDO alignment; streamline EOI transparency; improve grantee communication; prioritize outcome-level evidence.
M&E Systems	MIS and Grant Management System fully operational; Interactive Grantee Map launched in the website; integrated grievance dashboard functional.
Knowledge Management	Total 24 products produced (96% of cum target of 25) while 6 knowledge products produced within 2025. Available at: https://dgmnepal.org/resources/
Financial Utilization	Overall: 32.25% of total grant (USD 4.5M). Component 1: 31.82%; Component 2 (Grants): 22.96%; Component 3 (Management): 54.65%. Low Component 2 utilization reflects pending Lot 2 agreement execution in the year 2025

2. Project Context and Implementation Progress

2.1 Project Development Objective and Components

As defined in the Project Appraisal Document (PAD), the PDO of DGM Nepal is to strengthen the capacity of IPLCs to engage in forest-related decision-making processes, including REDD+ at national and international levels, while increasing access to sustainable forest-based economic opportunities.

The project comprises three components:

Component 1-Capacity Building for IPLCs on REDD+ and SFM: Enhances institutional and technical capacities through training, workshops, policy dialogues, national/global representation, and scholarships for IPLC youth.

Component 2- Competitive Grants to Support IPLCs on Income-Generating Activities: Delivers demand-driven small grants for forest and nature-based livelihood enterprises led by IPLCs in Madhesh and Lumbini Provinces, with technical assistance for grantees.

Component 3-Project Management, Monitoring, and Knowledge: Provides project governance, M&E, fiduciary compliance, MIS management, and knowledge product development.

2.2 Complementarity with FIP Projects

DGM Nepal is programmatically complementary to:

The Forests for Prosperity Project (FFPP), implemented by the Ministry of Forests and Environment's REDD Implementation Centre. FFPP supports sustainable forest management, community-based forest management (CBFM), and forest enterprise development across Lumbini and Madhesh Provinces—the same geographic focus as DGM's competitive grants component. FFPP's 2025 Annual Progress Report confirms that 103,374 ha of forest have been brought under formal management plans, 1.94 million

people reached in forest communities, and 75 policy and regulatory reforms supported. DGM Nepal's capacity building and livelihood grants directly complement FFPP's community forest management investments by strengthening IPLC agency and enterprise readiness. The Emissions Reductions Program (ERP) for the Terai Arc Landscape: DGM Nepal actively supports ERP Benefit Sharing Plan (BSP) preparation through targeted workshops and IPLC capacity building in ERP districts. Eleven BSP workshops were conducted in 2025.

2.3 Contextual Developments in 2025

- Nepal formulated a revised National REDD+ Strategy in 2026 (updating the 2018 version). After restructuring suggested by the WB, DGM Nepal's BSP training content and messaging have been adjusted accordingly.
- The World Bank Group Country Partnership Framework (CPF) for Nepal FY19–23 (extended to FY24), which guided the project's original design, has since been succeeded by a new CPF. Future reporting will align with updated CPF focus areas.
- National political developments, including the Gen-Z protest movement in mid-2025, disrupted some planned provincial enterprise promotion events, which were rescheduled to 2026.
- The DGM Nepal Mid-Term Review (MTR) was completed in May 2025, providing a key recalibration point for implementation.

2.4 Mid-Term Review: Findings and Recalibrations

The MTR was conducted in May 2025 and assessed implementation performance, results achievement, and strategic alignment. Key findings and the project's responses are as follows:

MTR Finding / Recommendation	Implication	Action Taken (June-Dec, 2025)	Planned 2026 onwards
Improve communication with grantees on timelines, installments, and procurement	Installment delay grievances accounted for 20% of GRM cases	Introduced monthly communication protocols and traffic-light monitoring of sub-projects	Continue proactive communication and monitoring to improve transparency and delivery.
Prioritize outcome-level evidence for PDO 1	PDO 1 (increased role in REDD+) had not yet been formally measured	Formal PDO 1 survey planned for June 2026.	Also, at the end of project
Component 1: Decentralizing procurement, prioritizing forest-based sub-projects, and targeting marginalized IPLCs.	Early implementation challenges and non-forest-oriented activities affected disbursement and completion rates.	Reviewed current sub-grant list; shifted focus toward designing direct, forest-based activities and identifying marginalized IPLC target areas.	To revise GOM to decentralize procurement authority, accelerate approvals, and expand targeted forest-based investments for IPLCs.

MTR Finding / Recommendation	Implication	Action Taken (June-Dec, 2025)	Planned 2026 onwards
Enhance Local Engagement for accelerating capacity-building events and consultations.	Stronger local ownership is essential for sustainable REDD+ outcomes	Map out localized training needs; established communication protocols and scheduled grassroots-level outreach frameworks.	Implement an accelerated program of local trainings, consultations, and IPLC-led engagement initiatives.
Improve M&E: Recruiting an M&E specialist and operationalizing the MIS.	Critical data gaps exist; without systemic tracking, the project cannot formally measure or report on outcome-level achievements (like PDO 1).	Approved the terms of reference (ToR) for the M&E position; on board the dedicated M&E specialist	To be fully operationalized the LFA and MIS platform to bridge data gaps and ensure live, continuous progress reporting.
Boost Inclusivity: Addressing low female satisfaction and ensuring sub-projects benefit women, youth, and Dalits.	Lower satisfaction among women and vulnerable groups may affect equitable outcomes.	Integrated gender and social inclusion criteria and strengthened beneficiary feedback mechanisms.	Institutionalize inclusive targeting, conduct regular satisfaction assessments, and address barriers faced by women, youth, Dalits, and marginalized groups
Financial Acceleration: Target actions to increase spending (particularly in Component 2) to meet project timelines.	Low expenditure levels risk implementation delays and underutilization of project resources.	Undertook financial review and reprioritized resources toward core PDO-focused activities.	Accelerate Component 2 implementation through decentralized procurement, financial and program monitoring as "traffic-light" to rapidly increase burn rate and completion.

2.5 Component-by-Component Implementation Update

2.5.1 Component 1-Capacity Building for IPLCs on REDD+ and SFM

Component 1 financial utilization: 31.82% (USD 477,338.91 of USD 1,500,000).

- Component 1 total: 1,517 participants across 18 events; 607 Female (40.01%); 910 Male; 777 IPs (51.22%).

Subcomponent 1.1- Capacity Building for IPLCs (REDD+/SFM Implementation)

Major events were delivered:

- Building Indigenous Youth Capacity for Leadership in Climate Justice, Policy Advocacy and Sustainable Livelihoods – Okhaldhunga, 19 April 2025: 153 participants (59 Female; 94 Male; 147 IPs; 0 PwD).
- Enhancing Indigenous Peoples' Engagement in REDD+ and SFM Governance – Itahari, Sunsari, 18–19 July 2025: 85 participants (40 Female; 45 Male; 80 IPs; 0 PwD).

- Subcomponent 1.1 subtotal: 238 participants, 2 events. Including 99 Female, and 227 IPs participants.
- 11 Benefit Sharing Planning (BSP) Workshops on Nepal's ERP (October–November 2025) across ERP districts in Lumbini, Madhesh, Bagmati, and Sudurpaschim Provinces — 620 total participants (228 Female; 392 Male; 247 IPs).
- Two-day BSP Workshop for government officials — Bhairahawa, 16–17 October 2025: 64 participants (5 Female; 59 Male; 10 IPs).

Subcomponent 1.2 – Strategic Engagement in National and Global Policy Processes on REDD+

This subcomponent delivered the highest volume of engagement in 2025. Key events:

- National Policy Dialogue on Forestry Governance, Climate Action and Green Economy Innovation Expo — Kathmandu, 3 June 2025: 162 participants.
- National Dialogue on Agro-Forestry and Community Innovation — Kathmandu, 1 June 2025: 105 participants (including 1 PwD).
- Provincial Dalit Parliament (Intersectional Gender-Responsive Climate Action) — Kapilvastu, 26 June 2025: 75 participants (70 Dalit).
- Voices and Leadership of Freed Haliya Communities — Dhangadhi, 24 June 2025: 90 participants (69 Dalit).
- National Media Literacy and Policy Advocacy Conference — Lumbini Buddhist University, 12 April 2025: 227 participants (222 IPs).

Scholarship Programme (Activity 1.1.32)

Stage	Total	Female	IPs	PwD	Dalit
EOI applications received	177	100	85	11	17
Interviewed (shortlisted)	76	40	39	9	10
Final shortlisted	50	24 (48%)	25 (50%)	7 (14%)	6
Awarded scholarship after the restructuring	22	14 (64%)	11 (50%)	3	4



Three training tracks commenced December 2025:

- Banana fiber processing and products (fiber, cloth, crafts) — Dhangadhi: 4 participants
- Dry fruits, jam/jelly and candy production — Kathmandu: 9 participants
- Herbal and essential oil production/processing — Kathmandu: 9 participants

2.5.2 Component 2- Competitive Grants

Component 2 financial utilization: 22.96% (USD 482,240.02 of USD 2,100,000). The lower utilization rate reflects the pending execution of Lot 2 sub-project agreements, which have been awaiting a World Bank No Objection since late 2025.

Lot 1 Sub-Projects (50 grantees) — Completion Status

Contractual agreements: USD 434,000 (NPR 58,590,000). Disbursement as of end of December, 2025 USD 358,161 (83%). Documented grantee expenditure: USD 288,094 (80%) of disbursed.

Implementation Status	Lumbini (25)	Madhesh (23 active)	Total
Fully completed (100%)	9	2	11
Near completion (>80%)	16	14	30
Moderate progress (50–80%)	0	0	0
Partial progress (<50%)	0	0	0
Closed / Withdrawn	0	3 (RDC, Sahara Youth Club, Ratu Thakur)	3
Discontinued and partially completed	0	6 (Kirat Rai Yayokkha, Kalyandehi Nadi Niyantran, Women Awareness Programme, Man Bhavan Krishi Sahakari Sanstha, Aadibasi Janajati Samaj, Nepal Ayurvedic)	6
Total Disbursement USD	156,296	122,222	
Disbursement rate %	70%	43%	

Key lessons from 50 Sub-projects (Lot 1): IP- and women-led organizations showed highest accountability and completion rates. Machinery operation capacity (bamboo, cane, wood) is a recurring gap. Supply chain disruptions affected seasonal activities. Internal governance conflicts delayed a small number of sub-projects. Refer to Section 7 for full lessons learned.

Critical Bottleneck: The World Bank No Objection for the finalized Lot 2 grantee list has been outstanding since late 2025 and continues to be awaited as of this report. This is the primary implementation bottleneck for Component 2 disbursement rate and results of delivery.

Find Grantee full details including location in the interactive map:

Link: [Competitive Grants | DGM Nepal](#)

Sub-Projects (Lot 2) - 34 grantees- Awaiting World Bank No Objection

The second EOI call (16 September–29 November 2024) received 429 submissions. After multi-stage evaluation, field verification, and due diligence, a provisional list of 66 candidates was developed. Upon review against DGM eligibility criteria—which restrict grants to community organizations, cooperatives, CFUG-linked bodies, and IPLC-led entities, and explicitly exclude privately owned companies, firms and individuals -32 provisionally included were found ineligible. The final eligible grantee list was reduced to 34 organizations/grantees (Madhesh-15 and Lumbini-19) and submitted to the World Bank for No Objection.

Despite the pending formal clearance, implementation orientation has been initiated:

The project urges the World Bank to expedite the No Objection clearance to enable full agreement execution, second installment disbursement, and accelerated implementation in the remaining project period.

Lot 3 Lot Call- 3rd EOI Notice Call open Dec 27- Jan 30, 2026

Action Plan

SN	Process include-Activity	Timeline	Remarks
1	Call opening	27 Dec, 2025 -30 Jan, 2026	
2	Shortlisting and Due diligence	1 st Week of Feb	
3	NSC meeting and Selection	2 nd Week of Feb	
4	Contractual Agreement and Orientation	3 rd week of Feb	
5	1 st Installment Trench Release	1 st week March	
6	Monitoring and Review of the	Continue	
7	2 nd installment and Final Reimbursement	Sept 2026	
8	Completion of sub-projects	End of Dec , 2026	

Technical Assistance to Grantees (Subcomponent 2.2)

- Five-day Business Plan and Proposal Writing Training — Dhuseri, Chitwan (4 separate lots, 11 June–6 July 2025): 115 participants (36 female; 79 males; 46 IPs; 6 PwD; 11 Dalit).
- Four EOI orientation and proposal preparation workshops in Bardibas, Chapur, Butwal, and Bhalubang (May 2025): 96 participants.
- Grantee participation in provincial and national trade fairs: Butwal Trade Fair (Dec 2024–Jan 2025), Ridi Mela (Jan 2025), Maghi Mela (Jan 2025).
- Half-yearly monitoring and advisory visits: all active grantees covered (see Section 6).

2.5.3 Component 3- Project Management, Monitoring, and Knowledge

- Component 3 financial utilization as of Dec, 2025: 55% (USD 492,237 of USD 900,000), the highest among the three components, reflecting essential early-stage institutional investments in human resources, office systems, MIS, and retroactive financing (100% utilized).
- Human resources (PMU Kathmandu and two provincial offices): 56.65% of human resource budget utilized.
- Office equipment and infrastructure: 67% utilized (computers, smart boards, motorcycles for provincial offices, projectors).
- Monitoring and reporting: 19% utilized; reflects ongoing monitoring activity costs.

Key Component 3 achievements are detailed in Sections 3 (Financial), 4 (Procurement), 6 (M&E/MIS), and the Knowledge section below.

Knowledge Management Progress (cumulative)

Total 24 products produced (96% of cum target of 25) while 6 knowledge products produced within 2025.

Available at: <https://dgmnepal.org/resources/>

#	Knowledge Product	Date	Type
1–2	Good Practice Case Studies: Dalit Youth enterprise (Janaki Duna Tapari, Parsa); Indigenous Women's Cooperative (Kanung, Rupandehi)	April & Dec 2024	Case Study
3–4	Lesson Learned Reports: 1st EOI process; Sub-project implementation	Jan 2024; Jun 2025	Report
5–12	Video Documentaries (6 field videos; COP29 video; EOI promotional video)	Before Nov 2024	Video
13–17	Jingles/PSAs in Nepali, Maithali, and Tharu languages; ERP Brochure	Nov 2025	IEC
18	Provincial Consultation Brief: Climate Change Impacts on Grassroots Communities, Madhesh and Lumbini	4 July 2025	Brief
19–21	DGM Nepal Newsletter (Vol. 1–3, half-yearly)	Jan & Sept 2025	Newsletter
22	IEC/Visibility Materials (T-shirts, bags, diaries, posters, project caps, files)	Dec 2025	Visibility
23	Training Needs Assessment (TNA) Report for Scholarship Programme	Jan 2025	Report
24	Policy Brief presented at National Climate Assembly	9 Dec 2024	Policy Brief

2.6 Progress Against the Results Framework (cumulative)

The table below presents progress against all PDO and Intermediate Results indicators, with comparison against both the FY2025 cumulative target and the project end target.

ID	Indicator	End Target	FY2025 Cum. Target	FY2025 Achievement	vs. Cum. Target	Status
PDO-1	IPLCs with increased role in FIP/REDD+ processes (%)	75%	50%	Survey planned June 2026	Pending	
PDO-2	People with increased monetary/non-monetary forest benefits (#)	8,500	5,525	2,828 (51.18%)	Below (51%) Female – 1658 (58.63%), IPs – 1289 (45.58%)	
PDO-3	Beneficiaries perceive DGM as transparent and inclusive (%)	75%	50%	93.04%	Exceeded	
IR-1	REDD+/SFM capacity events (#)	40 (events)	30	11 (27.50%)	Below	
IR-2	Rights/tenure capacity beneficiaries (#)	500	N/A	565	113% of end target	
IR-3	Consultations with 3-tier governments (#)	25	15	9 (60%)	60% Female – 157 (29.9%) IPs – 189 (36%)	
IR-4	Sub-projects successfully completed (% of 50)	75%	50%	11 completed (22%)	Below (22%)	
IR-5	Grievance resolution rate (%)	90%	60%	87.80%	Near target	

ID	Indicator	End Target	FY2025 Cum. Target	FY2025 Achievement	vs. Cum. Target	Status
IR-6	Knowledge products disseminated (#)	25	15	24 (96%)	Exceeded	✓
IR-7	Beneficiary satisfaction (%)	75%	N/A	76.75%	Exceeded	✓

Note on IR-1: The end target for REDD+/SFM capacity events, the 11 events delivered in 2025 were BSP workshops in ERP districts, conducted jointly with REDD IC. PDO 1 formal measurement (perception survey) is scheduled for June 2026.

Note on IR-4: Of 50 Lot 1 sub-projects, the report records 11 as 'successfully completed and verified.' Verification of remaining sub-projects will be prioritised in 2026 per MTR recommendations.

Anecdote- 2025



“Earlier, our traditional group *Magar Bheja* was inactive and not registered to access support from the local government or other agencies. DGM Nepal gave us the opportunity to revive the group and provided a small grant to start our proposed business-**Thakal Handicrafts**. Now, 20 women are directly involved in producing various Thakal handicraft items. We have produced over 1,100 products and sold them at local trade fairs.”-**Yaman Singh Chidi Magar, Arkhotdi Magar Bheja, Tinau, Palpa**

3. Financial Management and Disbursements

3.1 Overall Budget Utilization in the year 2025 with cumulative in (Jan-Dec 2025)

The total project grant is USD 4,500,000. Cumulative expenditure to 31 December 2025 stands at USD 1,451,404.34 (32.25% utilization). The July–December 2025 period saw USD 523,704.98 disbursed.

Component	Total Budget (USD)	This Period Jul–Dec 2025 (USD) after MTR	Cumulative Expenditure (USD)	Utilization (%)
C1: Capacity Building				
SC 1.1: Capacity Building for IPLCs	1,040,252	60,416.68	286,739.13	27.56%
SC 1.2: Strategic Policy Engagement	459,748	46,645.12	190,599.78	41.46%
C1 Sub-total	1,500,000	107,061.80	477,338.91	31.82%
C2: Competitive Grants				
SC 2.1: Demand-Driven Sub-projects	1,500,000	218,277.68	279,956.46	18.66%
SC 2.2: Technical Assistance to Grantees	600,000	89,296.03	202,283.56	33.71%
C2 Sub-total	2,100,000	307,573.71	482,240.02	22.96%
C3: Project Management				
Human Resources	622,348	70,497.52	352,570.77	56.65%
Office Equipment	72,937	25,180.59	60,706.70	83.23%
Monitoring and Reporting	172,138	13,391.36	45,970.24	26.71%
Retroactive Financing	32,577	0.00	32,577.70	100.00%
C3 Sub-total	900,000	109,069.47	491,825.41	54.65%
GRAND TOTAL	4,500,000	523,704.98	1,451,404.34	32.25%

3.2 Disbursement Analysis and Explanation of Variances

Component 2 records the lowest utilization (22.96%) despite being the largest component by budget (USD 2.1M). This is primarily attributable to:

- The pending World Bank No Objection for 34 Lot 2 sub-project agreements, which has delayed formal contracting and subsequent installment disbursement. Only partial first installments have been disbursed to Lot 2 grantees in advance of formal agreement signing.

- The remaining Lot 1 second installments (USD ~84,436) are also pending full documentation and expenditure reporting from grantees before disbursement.
- Component 3's high utilization (54.65%) reflects front-loaded institutional investments — human resources, office establishment, and retroactive financing — which are standard at this project stage. Component 1 utilization (31.82%) is broadly consistent with the pace of capacity building activities.
- Disbursement is expected to accelerate significantly in H1 2026 once Lot 2 agreements are signed and first/second installments are disbursed to 34 new grantees.

3.3 Interim Financial Reports (IUFs) and Audit

- IFRs submitted on time in accordance with grant agreement requirements.
- Annual audit for FY2025 completed; no material findings reported.
- Internal audit conducted; internal control systems strengthened during the reporting year.

4. Procurement and Contract Management

4.1 Procurement Plan Implementation

All procurement activities were carried out in line with the approved Procurement Plan and World Bank Procurement Regulations. The Procurement Plan was periodically reviewed and updated to reflect implementation progress and revised needs.

4.2 Status of Major Contracts and Procurements (2025) Cumulative

Category	No. of Contracts	Amount (US\$)	Share (%)	Remarks
Consultancy Services	19	111,823.22	49.9	Covering consultancy services, non-consultancy services, and goods- in capacity building, policy dialogue, forest tenure rights, REDD+ implementation, stakeholder engagement, and project management functions. Additionally, investments in ICT equipment and digital infrastructure strengthened operational efficiency and project delivery. Detail in Annex 4.
Non-Consultancy Services	19	85,226.84	38.0	
Goods	2	27,200.00	12.1	
Grand Total	40	224,250.06	100	

4.3 Issues, Delays, and Corrective Actions

- The primary procurement/contracting issue in 2025 relates to Lot 2 grant agreements. The outstanding World Bank No Objection has prevented formal contract execution despite completion of all due diligence steps by the project team. Corrective action: ongoing formal engagement with World Bank for expedited clearance.
- Supplier delays for sapling delivery, machinery, and irrigation materials were reported by multiple Lot 1 grantees, generating GRM cases. Corrective action: multi-supplier contracting recommended for future lots.
- No major deviations from the Procurement Plan were recorded.
- Some installment releases were delayed by incomplete grantee reporting. We have taking **corrective** action for targeted coaching and closer follow-up provided.
- Limited infrastructure and machinery readiness slowed implementation. We have been taking corrective action for infrastructure assessment to be integrated into due diligence.
- Leadership and coordination challenges affected a few sub-projects. Action taken for governance support and monitoring strengthened.
- Political events delayed selected field activities. The activities rescheduled and implementation plans adjusted.

5. Environmental and Social Safeguards

DGM Nepal adopted a proactive E&S risk management approach throughout project implementation. E&S considerations were integrated into sub-project screening, due diligence, monitoring and technical support processes to ensure that project-supported enterprises complied with environmental, occupational health and safety (OHS), social inclusion, labor and grievance management requirements.

Rather than focusing solely on compliance verification, the project combined risk screening, capacity building, corrective action and continuous field-based coaching to strengthen grantee's ability to manage environmental and social risks while promoting inclusive and sustainable livelihood development.

5.1 E&S Screening Coverage

- All active Lot 1 sub-project grantees were screened prior to disbursement. E&S risk categorization for Lumbini Province: over 90% classified as low risk (Category IV). In Madhesh, 211 plantation sites (57 public; 154 private) underwent formal E&S screening.
- For Lot 2 grantees, E&S screening was embedded in the due diligence process (September 2025). Site-specific Environmental and Social Management Plans (ESMPs) and Environmental and Social Codes of Practice (ESCoPs) are being finalized for all 34 Lot 2 grantees prior to second installment disbursement.

Pre-disbursement screening and due diligence processes assessed environmental, occupational health and safety, labor, community health and safety, social inclusion and land-use considerations associated with proposed sub-projects. This included verification of land ownership or lease arrangements, assessment of site-specific environmental risks, review of labor and wage practices and consideration of participation of IPs, women and other marginalized groups. Based on the findings, site-specific Environmental and Social Management Plans (ESMPs) and Environmental and Social Codes of Practice (ESCoPs) were prepared to guide risk mitigation and compliance. Grantees were subsequently supported in the implementation of these instruments through regular monitoring, technical guidance, and follow-up actions throughout the project cycle.

5.2 Monitoring Rounds and Field Verification

Two rounds of E&S monitoring visits were conducted in 2025:

Round	Period	Lumbini	Madhesh	Total Grantees Visited
Round 1	January–February 2025	25	23	48
Round 2	November 2025	25	16	41

Each visit combined compliance verification, corrective action follow-up, technical coaching, and on-site problem-solving.

Monitoring visits focused on both compliance verification and capacity strengthening. The E&S team provided technical guidance on occupational health and safety, waste management, grievance management, record keeping and implementation of ESMP. Advisory support was also provided to address site-specific implementation challenges where needed.

Key E&S compliance measures implemented:

- Proper electrical insulations, earthing, and safe electrical connections.
- Adaptation of proper waste disposal techniques, pit composting for degradable waste, and handling non-degradable waste to municipality vendors.
- Implementation of safety measures such as installations of exhaust fans and fire extinguishers in the working sites.
- Ensure proper ventilation and maintain compartmentalized machinery setups in all the grantees.
- Use of appropriate PPE such as masks, gloves, boots, helmets, goggles, face shields, aprons, etc.
- Regular weeding, watering and manuring at the plantation site.
- Establishment of functional suggestion boxes and grievance registers at grantee sites

5.3 Occupational Health & Safety- Reported Incident

One OHS incident was reported during 2025. On 28 February 2025, Mr. Amar Bahadur Pun, the owner of a bamboo handicraft sub-project in Lumbini Province, sustained deep cuts on his hand and feet while operating a bamboo grinder. He utilized the OHS fund allocated by the project for medical treatment. NEA issued a corrective advisory mandating safety boots and gloves for all bamboo-processing operations. Mr. Pun has fully recovered and resumed activities. No further incidents reported.

5.4 Gender Equality, Disability and Social Inclusion (GEDSI) and Social Safeguards

- GEDSI Action plan prepared and implemented.
- Sexual Exploitation, Abuse and Harassment (SEAH) Standard Operation Procedure (SOP) and Code of Conduct finalized and integrated into all operational protocols.
- GEDSI and social safeguarding training provided to grantees during orientation sessions, business planning training and field visits.
- Women represented 41.22% of total participants in 2025; while IPs representation was 51.44%
- Dalit beneficiaries: 249; Muslim: 11; PwD: 7 representations still remain low, while we have targeted disability-inclusive events are planned for 2026.
- The GEDSI action plans to be implemented more carefully in the future.

5.5 Grievance Redress Mechanism (GRM)

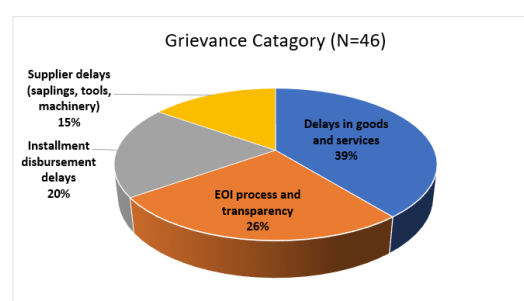
DGM Nepal maintained a functional and accessible GRM throughout 2025 to receive and address complaints, inquiries, suggestions and feedback from project stakeholders. Multiple reporting channels were available, including telephone, complaint boxes, direct reporting to the DGM offices and in-person visits. The GRM continued to serve as an important accountability and safeguards management tool by identifying implementation bottlenecks, stakeholder concerns and operational risks requiring timely response.

GRM Metric	Madhesh	Lumbini	Total
Complaints received	18	4	22
Inquiries received	13	11	24
Total cases	31	15	46

The majority of cases were recorded in Madhesh Province (31 cases), while 15 cases were received from Lumbini Province. Complaints and inquiries largely related to project implementation, procurement processes and access to project information.

Grievances by category

Delays in goods and services constituted the largest category of grievances (39%), followed by EOI process and transparency concerns (26%), installment disbursement delays (20%), and supplier-related delays (15%).

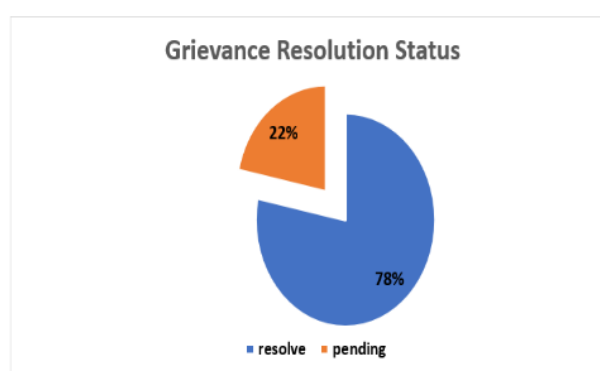


Grievance Resolution Status

Of the 46 grievances received during the reporting period, 36 cases (78%) were successfully resolved, while 10 cases (22%) remained under review or pending resolution at the end of the reporting period. The 78 percent resolution rate demonstrates the functionality of the GRM and its role in addressing stakeholder concerns, while follow-up actions continue for cases requiring additional review or coordination.

GRM Insights and Mitigation Measures

Analysis of grievance trends indicates that delays in goods and service delivery, procurement processes, and installment disbursements remain the primary sources of stakeholder concerns, highlighting the need for improved planning, supplier coordination, and timely implementation. Frequent inquiries related to EOI announcements, results, and eligibility criteria underscore the importance of clear and timely communication with stakeholders.



Supplier-related grievances also point to the need for strengthened supplier performance monitoring to ensure timely delivery of project-supported inputs and services. Feedback received through the GRM further highlighted the importance of enhancing outreach and accessibility for women, Indigenous Peoples, Dalits, and persons with disabilities (PwDs) to promote inclusive participation and access to project information and grievance reporting mechanisms.

Findings from grievance analysis were regularly reviewed by the project team and used to improve communication, procurement follow-up, stakeholder engagement, and implementation planning. Overall, the GRM remained an effective accountability mechanism during the reporting period, enabling DGM Nepal to identify implementation challenges, respond to stakeholder concerns and strengthen transparency and responsiveness in project implementation. Lessons generated through grievance analysis were used to inform management decisions and improve service delivery across project-supported activities.

6. Monitoring and Evaluation and MIS

6.1 M&E System Milestones in 2025

- Full operationalization of the web-based Management Information System (MIS), enabling real-time tracking of sub-project implementation, financial disbursements, and beneficiary data.
- Launch of Interactive Grantee Map integrated into the DGM Nepal website: geo-referenced visualization of all grantee locations across Madhesh and Lumbini Provinces, with data on project type, thematic focus, beneficiary categories, and implementation status ([Competitive Grants | DGM Nepal](#)).
- Integrated grievance tracking dashboard: systematic recording and analytics of GRM cases, enabling trend analysis and targeted follow-up on website ([Grievance Redress Mechanism \(GRM\) | DGM Nepal](#)).
- Mid-Term Review completed (May 2025): independent assessment providing recalibration recommendations (see Section 2.4).
- M&E Plan revision process initiated (August 2025): will incorporate revised end targets following PDO restructuring.
- Beneficiary perception survey conducted: 190 respondents from 47 sub-project grantees and 143 BSP training participants. Methodology: 4-point Likert scale; mean score 3.07 (76.75% satisfaction). Data collected by provincial teams via phone and in-person surveys.
- Two rounds of systematic field monitoring and verification visits completed (see Section 5.2).

6.2 Data Quality and Triangulation

DGM Nepal applies a triangulated data methodology: administrative records, field verification visits, beneficiary surveys, grievance analytics, and financial monitoring. Participation data is disaggregated by gender (female/male/other), caste/ethnicity (IPs/non-IPs, Dalit), religion (Muslim), disability status (PwD), and age group (<35, 36–60, and 61+). This approach enables credible, multi-source results reporting and supports adaptive management.

6.3 M&E Priorities for 2026

- Conduct formal PDO 1 perception survey (increased role in REDD+/FIP) by June 2026.
- Verify all 50 Lot 1 sub-projects for IR4 completion confirmation.
- Submit M&E Progress Report by June 2026.
- Complete revision of M&E Plan to incorporate restructured targets.
- Strengthen grantee-level data collection for Lot 2 implementation monitoring.

7. Key Lessons, Risks, Challenges, and Mitigation Measures

7.1 Implementation Challenges and Mitigation

Challenge / Risk	Level	Root Cause	Mitigation Action Taken / Planned
WB No Objection for Lot 2 (34 grantees) long outstanding	HIGH	Internal WB processing timeline; eligibility-driven revision of provisional list	Formal expedited follow-up with WB; all documentation submitted; partial disbursements initiated
Eligibility reduction: 66 to 34 grantees — perception of transparency gap among rejected applicants	MEDIUM	Private/commercial entities and individuals provisionally shortlisted but considered ineligible	NSC formally informed; eligibility criteria publicized for Lot 3; GRM cases addressed; communication improved
IR1 REDD+/SFM events behind cumulative target (11/30)	MEDIUM	Activities realigned with REDD+ and SFM process; joint coordination required with REDD IC	29 capacity building events planned Jan–Dec 2026; end target 40 events.
IR4 sub-project completion at 22% vs 50% target	MEDIUM	Lot 2 agreements pending; some Lot 1 grantees with governance/technical challenges	Traffic-light monitoring; intensive technical support for red/amber grantees; Lot 2 agreements prioritized
Machinery operation capacity gaps (bamboo, cane, NTFP)	MEDIUM	Grantees lack skills in operating new machinery	Joint machinery training planned across Madhesh and Lumbini; civil/mechanical technical experts deployed
PDO 1 outcome survey not yet completed	MEDIUM	Measurement methodology required survey design and stakeholder alignment	Survey designed; scheduled June 2026
Low PwD representation (9 participants in 2025)	LOW-MED	Events not specifically designed for persons with disabilities	Disability-inclusive events planned for 2026 calendar; targeted communication
Supplier delays for grantee inputs (saplings, machinery)	LOW	Single-supplier procurement by grantees; seasonal supply constraints	Multi-supplier contracting recommended for Lots 2 and 3; procurement coaching provided
Political disruptions (Gen-Z protests, mid-2025)	LOW	External — national political environment	Affected events rescheduled to 2026
Grantee-level governance conflicts and staff turnover	LOW	Internal organizational dynamics of community groups	Conflict resolution facilitation; governance protocols in orientation

7.2 Lessons Learned

- **IP- and women-led organizations outperform on accountability:** Organizations with strong indigenous governance structures and women leadership consistently showed higher completion rates, better financial documentation, and stronger community buy-in (e.g., Thakali products, Magar enterprises, and women's cooperatives in Lumbini).
- **Machinery operation capacity must be built before, not after, equipment delivery:** Multiple bamboo, cane, and wood enterprises faced operational delays due to lack of three-phase electricity or machine operation skills. Future lots should assess infrastructure readiness during due diligence and bundle technical training with equipment delivery.
- **Transparency in EOI results communication is critical for GRM management:** 26% of all GRM cases related to EOI process transparency. Clear, timely communication of shortlisting criteria, results, and eligibility decisions reduces grievances significantly.
- **Seasonal supply chain risks require advance procurement planning:** Sapling delivery and irrigation material delays disrupted activities timed to monsoon seasons. Multi-supplier and advance-procurement approaches are now standard recommendations for grantees.
- **Regular review meeting** with grantee's members and communication helps minimize delays and grievances.
- **Early identification** of underperforming sub-projects enables timely corrective action.
- **Integrating GEDSI** considerations from the outset improves inclusion and project ownership.
- **Digital monitoring** tools strengthen transparency, accountability, and evidence-based management.

8. Proposed Work Plan and Budget for 2026 (January–December 2026)

8.1 Key Priorities and Milestones

#	Priority Area	Planned Actions and Milestones	Expected Output by Dec 2026
1	Lot 2 Agreement Execution (URGENT)	Obtain WB No Objection → execute 34 agreements → disburse 2nd installments → commence full implementation monitoring	All 34 Lot 2 agreements signed; 2nd installments disbursed; implementation monitoring established
2	Lot 1 Completion and Documentation	Final expenditure reporting, impact documentation, and verification for all 50 Lot 1 sub-projects; intensive support for amber/red grantees to achieve completion	50 Lot 1 sub-projects documented; IR4 verification completed
3	Lot 3 Call Process Execution	Call, screening, complete evaluation and DD for applicants; finalize sign agreements; disburse first installments; commence monitoring	new sub-project agreements signed; first installments disbursed etc.
4	REDD+/SFM Capacity Scale-Up	Conduct 196 ERP BSP events in ERP districts to develop 1,200 beneficiaries' BSP understanding; conduct PDO 1 perception survey (June/July2026)	196 events completed; PDO 1 survey results available
5	Scholarship Completion	Complete all 22 scholarship training programmes; document outcomes;	22 scholars complete training;
6	Restructure of scholarship to ERP/BSP capacity	ERP/BSP plan finalize, procurement and execution of events to CBFMBs in collaboration with REDD IC	Document outcomes and investment plans received thorough REDD IC channel REDD division cells.
6	M&E and Results Verification	Verify all 50 Lot 1 sub-projects for IR4; submit M&E Progress Report (June 2026); complete M&E Plan revision	IR4 verified; M&E Report submitted
7	Annual Review and Governance	Hold joint NSC-NEA Annual Review Workshop and strategic planning session; NSC monitoring visits to sub-project sites	Annual Review completed; NSC monitoring report issued

#	Priority Area	Planned Actions and Milestones	Expected Output by Dec 2026
8	Knowledge and Advocacy	Finalise IPLC Policy Booklet (English and Nepali); disseminate all remaining knowledge products; 3rd EOI call materials issued	Policy Booklet published and disseminated
9	Inclusion — Disability and Marginalised Groups	Design and execute disability-inclusive events; targeted outreach for Dalit and Muslim communities in Lot 3; ensure PwD in scholarship 2nd batch	PwD participation increased; targeted events delivered
10	Machinery and Technical Capacity	Joint machinery operation training in Madhesh and Lumbini (bamboo, cane, NTFP processing); civil/mechanical technical expert deployment for infrastructure grantees	Training delivered; grantee operational issues resolved

8.2 Indicative Budget Allocation for 2026

Component / Activity Area	Indicative Budget (USD)	Remarks
C1: Capacity Building including REDD+/SFM events, scholarships, policy dialogues)	~550,000	Includes 196 ERP BSP events and IPLCs capacity building
C2: Competitive Grants (Lot 2 2nd installments; Lot 3 1st installments; TA)	~900,000	Contingent on WB No Objection for Lot 2; Lot 3 agreements
C3: Project Management, M&E, Knowledge	~200,000	Salaries, monitoring, knowledge products, audits
Indicative Total	~1,650,000	Subject to formal budget approval and WB No Objection

8.3 Planned Procurement Activities for 2026 (Expected)

Category	No. of Contracts	Amount (US\$)	Remarks
Consultancy Services	19	111,823.22	The procurement portfolio comprised 53 packages worth approximately US\$ 903,137, focusing primarily on BSP training and outreach activities, specialist consultancy support, enterprise development, communication products, and essential goods and equipment for project implementation. Detail in Annex
Non-Consultancy Services	19	85,226.84	
Goods	2	27,200.00	
Grand Total	40	224,250.06	

9. Annexes

Annex 1: Progress towards PDO Indicators

ID	PDO Indicator	Baseline	End Target	Cum. Target 2025	Cum. Achievement	Female	IPs
PDO-1	Project beneficiaries with increased role in FIP/REDD+ processes (%)	To be established	75%	50%	Survey planned June 2026 — (620 reached through 11 BSP events)	-	-
PDO-2	People with increased monetary/non-monetary forest benefits (#)	0	8,500	5,525	2,828 (51.18%)	1,658 (58.63%)	1,289 (45.58%)
PDO-3	Beneficiaries perceive DGM as transparent/inclusive (%)	0	75%	50%	93.04% (of 46 surveyed)	9 respondents	18 respondents

Annex 2: Progress on Intermediate Results Indicators

ID	Indicator	End Target	Cum. Target 2025	Cum. Achievement	% vs End Target	Female	IPs	PwD
IR-1	REDD+/SFM capacity events (#)	40	30	11 events	27.5%	228	247	0
IR-2	Rights/tenure capacity beneficiaries (#)	500	N/A	565	113%	267	269	1
IR-3	3-tier govt consultations (#)	25	15	9 events	36%	157	189	0

ID	Indicator	End Target	Cum. Target 2025	Cum. Achievement	% vs End Target	Female	IPs	PwD
IR-4	Sub-projects successfully completed (%)	75%	50%	11 verified	5.5%	—	—	—
IR-5	Grievance resolution rate (%)	90%	60%	87.80%	97.6% of end target	—	—	—
IR-6	Knowledge products (#)	25	15	24	96%	—	—	—
IR-7	Beneficiary satisfaction (%)	75%	N/A	76.75%	102.3%	62 of 199	91 of 199	—

Annex 3: Competitive Grant Status — All Lots

Date / Stage	Activity	Grant Amount	Progress	Status
Nov–Dec 2023	Lot 1 EOI published; 280 applications received (Lumbini 153; Madhesh 127; Org 233; Individual 45)	N/A	100%	Completed
May 2024	Lot 1: 108 shortlisted for full proposal (Lumbini 50; Madhesh 58)	N/A	100%	Completed
May 2024	Lot 1: Field verification/due diligence for 50 grantees (Lumbini 25; Madhesh 25; Org 40; Individual 10)	N/A	100%	Completed
July 2024	Lot 1: 50 grantees selected	N/A	100%	Completed
August 2024	Lot 1: Agreement signing	USD 434,000 (NPR 58,590,000)	100%	Completed
End of Dec, 2025	Lot 1: Disbursement to grantees	USD 278,518 (64%)	64%	Ongoing
Sep–Nov 2024	Lot 2 EOI published; 429 applications received (Madhesh 310; Lumbini 113; Other 6)	N/A	100%	Completed

Date / Stage	Activity	Grant Amount	Progress	Status
Aug 2025	Lot 2: 65 proposals shortlisted for DD (Lumbini 36; Madhesh 29; Org 44; Individual 21)	N/A	100%	Completed
Sep 2025	Lot 2: Field verification/DD for all 65 completed	N/A	100%	Completed
Late 2025	Lot 2: Provisional list of 66 revised to 34 eligible grantees (private/commercial entities excluded per DGM POM eligibility); finalised list submitted to WB for No Objection	TBD	Pending	⚠ Awaiting WB No Objection
2026 Pipeline	Lot 3: Call process to agreement	TBD	In pipeline	By June,2026

Annex4: Major Contracts and Procurement in 2025 (Estimated)

Major Procurement Area	No. of Contracts	Estimated Amount (US\$)	Key Focus	Remarks
Project Management and Technical Specialists	10	~72,000	Project coordination, procurement, finance, safeguards, forestry and enterprise development support	
Environment, Social and Safeguards Specialists	4	~21,000	Environmental and social risk management, inclusion and safeguard compliance	
Capacity Building, Training and Entrepreneurship Development	3	~11,000	Business planning, enterprise development and stakeholder capacity enhancement	
Research, Reviews, Studies and Knowledge Products	2	~8,000	Annual review, policy inputs, communication and knowledge management	
Total Consultancy Services	19	111,823.22	Technical expertise, capacity building and project implementation support	

Workshops, Conferences and Policy Dialogues on Forest Tenure, Climate Justice, REDD+, Safeguards and IPLC Rights	10	54,538.46	Capacity building, policy advocacy and stakeholder engagement	
Climate Assemblies, COP29 Localization and Provincial Dialogues	3	9,632.82	Climate governance and IPLC participation	
Event Management, Catering and NSC Meetings	4	13,731.95	Project coordination and governance	
Media, Documentation and Communication Support	2	8,842.69	Media engagement, documentary and visibility	
Web Hosting and IT Support	1	4,154.00	Digital infrastructure support	
Total Non-Consultancy Services	19	85,226.84	Capacity building, advocacy, communication and project governance	
Office Equipment and Digital Infrastructure	2	27,200.00	Office modernization, communication and project management support	
Total Goods	2	27,200.00	Equipment and ICT enhancement	
G TOTAL		224,250.06		

Annex5: Major Contracts and Procurement in 2026 (Expected to be added where need)

Category	Major Activities/Services	No. of Packages	Estimated Amount (US\$)	Remarks
Consultancy Services	Individual consultants and specialists (Marketing, SFM/REDD+, Social Safeguards, Environment & Social Officers, Accounts & Procurement, IT, Mechanical/Agriculture, Procurement Specialist)	15	140,250	
	Capacity building, entrepreneurship development, business plan preparation, media training, policy dialogue, annual review and IEC/model development	6	10,100	
Total Consultancy Services	Technical expertise, project management support, capacity building, reviews and policy engagement	21	150,350	
Non-Consultancy Services	BSP orientations, trainings and service providers across six clusters	10	553,500	

	Awareness, sensitization and stakeholder engagement activities (ERP/BSP, media campaigns, provincial dialogues, stakeholder meetings)	7	56,376.92	
	Communication and knowledge products (website, MIS-KOBO integration, IEC materials, booklet, video documentary)	5	26,600	
	Technical support to bamboo entrepreneurs	1	60,000	
Total Non-Consultancy Services	Training delivery, outreach, communication, system development and enterprise support	23	696,477	
Goods	Office furniture, fixtures and furnishing	4	9,980	
	Office equipment and supplies (IT, communication and accessories)	3	13,330	
	Vehicles (5 two-wheelers)	1	17,500	
	Equipment support for scholarship trainees	1	15,500	
Total Goods	Furniture, equipment, vehicles and trainee support materials	9	56,310	
	G. ToTAL		903,137	

Annex 6: Knowledge and Communication Materials

1. Case Study: A Dalit Youth's Journey of Turning Tradition into a Thriving Forest-based Enterprise

Coming from the marginalized Dalit community of Madhesh Province, 34-year-old Rajeswor Chamar faced several socio-economic barriers, including landlessness, low wages, and a lack of employment opportunities. His family, like many others, traditionally depended on agriculture for livelihood and the forest for fuelwood. The economic challenges had pushed him to the edge of seeking foreign employment in the Gulf countries—an all-too-common path for young men in the country hoping for a better future.

However, everything changed when he learned about the DGM Nepal project's small grant through a friend. Inspired by his mother, who used to make handmade leaf plates for traditional occasions, Rajeswor envisioned transforming this age-old practice into a sustainable business. "My



mother used to make leaf plates by hand. I got inspired watching her and thought – why not do it in a better way?" he shared. He applied for the grant and initiated a forest-based small enterprise named "Janaki Duna Tapari Udhyog" with an objective to transform the traditional skill of handmade leaf plate production into a sustainable source of livelihood for himself and marginalized Dalit women in his community, while also promoting sustainable forest management through the sustainable use of leaf resources from nearby forests.

The DGM Nepal grant helped him to buy a leaf plate-making machine, received training in its operation, and entrepreneurship development guidance. Before the grant, he produced only about 40 plates a day, earning around NPR 5,000 monthly and selling only within the community. After acquiring the machine, production increased to 600 plates per day, a fifteen-

fold boost and his monthly profit rose to NPR 35,000. Now, leaf plate production after using the machine has fetched NPR 2 to 3 each – before it was only 50 paisa,” he explained. The improved efficiency and quality of the products opened doors to wider markets and better profits.

"I was all set to migrate to a Gulf country, but the support from DGM Nepal gave me a reason to stay—now I've turned my mother's traditional leaf plate-making into a business earning NPR 35,000 a month."

Beyond his personal success, Rajeswor's initiative brought positive change to his community. He trained 20 Dalit women and currently employs 10 of them. "People in my community are happy to get jobs and learn new skills," he said with pride. Altogether, 14 individuals work with him today, including 12 Dalits and 2 others. A standout impact of the grant has been the employment and empowerment of Dalit women. This initiative has given many women in his community their first experience of stable income, skill-building, and self-confidence and contribute to their households. The impact has gone beyond just employment—it has brought social recognition, confidence, and improved education for their children.

Rajeswor is committed to growing his enterprise further. He is exploring packaging technology to increase the shelf-life and freshness of the plates and expand to larger markets. Reflecting on his journey, he believes that the DGM Nepal grant not only alleviated his financial stress —it gave him a reason to stay, grow, and uplift others along with him. His initiative not only preserved a traditional practice but also created a model for inclusive, local, forest-based enterprise for sustainable development—a core vision of DGM Nepal.

2. Case Study: IP women's *Thakal* Craft Enterprise

The women of Devdaha Municipality-10 have proven the power of resourcefulness and entrepreneurship by turning the waste "*Thakal*" leaves in the forest into valuable, attractive handicraft items, thus transforming what was once wasted material into a sustainable source of income. These women, who belong to the indigenous communities of the area, had long seen the leaves lying unused, but with the support of the DGM Nepal project, they turned this overlooked resource into a thriving business opportunity.

The initial catalyst for this transformation came when the Kanung Cooperative (Cooperative of the Magar Community - Indigenous People) received a competitive grant in the first phase of the DGM Nepal project. With this grant, the Kanung Cooperative took the lead in organizing a comprehensive one-month skill-based training program for the indigenous women in the Devdaha. This training taught them the craft of creating various products, such as bags, hats, and



other handicrafts, all made from the Thakal leaves. Under the guidance of experts and skilled trainers, the women learned not only the techniques of crafting these items but also gained insights into product development, marketing, and basic business management.



Kusum Pun, a dedicated and passionate leader of Kanung Cooperative played an instrumental role in the success of this project. As the primary manager and leader, Kusum ensured that the training was carried out effectively and that the production processes were organized in a way that encouraged the active participation of all the women

in the community. Her leadership was key to managing the logistics and helping the women come together as a collective force, working towards a common goal of financial empowerment.

The impact of the project reached a wider audience when the women showcased their products at the Butwal Industrial Fair 2081, an event organized by the Butwal Industry and Commerce Association. This exhibition provided them with a platform to introduce their products to a larger market and to network. At the fair, the women successfully sold 32 bags and 55 hats, a remarkable achievement that demonstrated the appeal and quality of their handmade goods.

Moreover, the Kanung Cooperative's efforts were recognized through an evaluation by a panel of experts. The cooperative earned third place in the competition and received a certificate of recognition, highlighting their hard work and dedication. This acknowledgment was not only a source of pride for the women but also served as a reminder of the significant potential of indigenous communities when provided with the right resources and opportunities.

This success story exemplifies the empowerment of women through skill development and entrepreneurship. It underscores how targeted interventions, such as skill-based training and access to markets, can change lives by giving women the tools they need to become financially independent. It also highlights the value of community-driven initiatives and how, through collaboration and leadership, local resources can be transformed into viable business opportunities. The women of Devdaha Municipality-10 have shown that with creativity, hard work, and support, they can overcome challenges and carve out new pathways for success and empowerment.