

Annex F Development partner support to the Peace Process

This annex first presents a summary overview of aid to Nepal. It is followed by a review of the three main joint funds that serve the peace process. Finally, each of the focal development partners' support to the peace process is described along the format: overview, strategies, management, programmes and monitoring and evaluation. While examples of their work is included in this descriptive annexe, the analyses of the focal development partners are laid out in main report.

The evaluation notes that support to the peace process was not only programmatic and financial, but also included facilitation, trainings and negotiation among the parties. Given the political nature of these activities, most evidence are based on interviews and anecdotal remarks.

F.1 Overview

Official Development Assistance (ODA) to Nepal during 2006-11 totals nearly USD 4.4 billion, annually accounting for 5-6% of Nepal's gross national income. Importantly it accounts for about one quarter of the national budget (26% in fiscal year 2010-11).¹ Table 2 lists the top 15 development partners for that period.

¹ Nepal Portfolio Performance Review 2011, Ministry of Finance, GoN. November 2011. This amount excludes off-budget aid, however, which is equivalent to 11 per cent of the government budget. In sum, total ODA is equivalent to more than a third of the budget. The annual report from the Ministry of Finance's Foreign Aid Coordination Division confirms these figures, which have been extracted from the Aid Management Platform on 27 January 2012. They – in turn – are based on development partners' own online reporting of their assistance to Nepal.

Table 2: Top 15 ODA development partners to Nepal during 2006-11

| Development partner | ODA to Nepal 2006-11 constant 2010 USD million | Portion of total ODA during 2006-11 |
|-----------------------|--|--|
| ADB Special Funds | 548 | 12.5% |
| United Kingdom | 544 | 12.4% |
| IDA/World Bank | 535 | 12.2% |
| United States | 392 | 8.9% |
| Japan | 342 | 7.8% |
| Germany | 280 | 6.4% |
| Norway | 272 | 6.2% |
| Denmark | 246 | 5.6% |
| EU Institutions | 214 | 4.9% |
| Switzerland | 155 | 3.5% |
| Finland | 103 | 2.3% |
| IMF (Concessional TF) | 90 | 2.0% |
| Australia | 73 | 1.7% |
| Korea | 72 | 1.6% |
| Canada | 68 | 1.6% |
| Others | 460 | 10.4% |
| Total | 4,394 | 100.0% |

Source: OECD: Stat DAC Table 2a on 5 January 2013.

In monetary terms, Japan was the most important development partner to Nepal since the 1980s and provided nearly one eighth of all ODA received by Nepal in the last decade. Since 2006, however, development partners have had difficulties getting sign-off on large infrastructural projects. This is Japan's traditional area and without providing funding to NPTF and UNPFN or other major peace-related activities it has fallen from the top ODA rank.

While the US has not contributed to these it has financed a great deal of peace-related activity by NGOs. The US was the most significant development partner in the 1960s and 70s, but dropped to fourth place in the 1980's².

The financial support to the peace process constitutes only a portion of the total ODA; different definitions for peace process support development partners do not report on this budget line. As such, while there are no comprehensive lists of peace support funding levels, the Ministry of Finance estimates the figure at USD 200 million for the period 2006-11, i.e. less than 5% of overall ODA.³

In the view of the evaluation team this figure appears conservative. The peace-oriented funding by the three focal development partners alone is in the range of USD 100 million for 2006-11. Counting other

²OECD: Stat DAC Table 2a on 05 January 2013. The United States was the first formal aid donor after the signing of the Point Four Program on 23 January 1951. The previous Rana regime had kept the country isolated from foreign influences (Adhikari, 2009, p. 73).
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³ Ministry of Finance interview, November 2012 and spread sheets presented by MOF to the evaluation team.

development partners, the total figure is likely to be in the range of USD 300-400 million depending on the definition of this type of assistance. DFID, for example, disbursed GBP 57.5 million (USD 90 million) ODA during the financial year 2010-11 of which 25% (GBP 14 million, USD 22 million) was designated 'Peace, Governance and Community Development'.⁴

Much of this assistance have been channelled through several joint funds, the three most significant of which are reviewed below. Other funds, including the World Bank's Emergency Peace Support Project (EPSP) will not be reviewed here.

OECD/DAC statistics do not show Indian ODA to Nepal. The Indian embassy estimates that Indian ODA to Nepal is in the range of NPR 6-7 billion (USD 70-82 million) per year. This is comparable to Japanese assistance. Indian aid focuses on infrastructure, including roads, schools, hospitals, water, and power, and is largely tied to the use of Indian or Indian-Nepalese joint-venture contractors. India currently has several large projects financed for Nepal, including hydro-power upgrading, but these projects are on hold because the Nepalese Government has not signed off on them due to opposition within some factions of political parties.

Yet, Indian ODA is dwarfed by other transfers to Nepal. Under the 1950 Indo-Nepal Treaty of Peace and Friendship, Nepalese citizens are eligible for employment in the India government⁵ and army⁶. India maintains camps of pay staff in Nepal who walk to remote villages to deliver pensions to former Indian Civil Servants and Military in Nepal. The volume of pensions is estimated by the embassy to be worth NPR20 billion (USD 234 million), equivalent to 1.7% of Nepali GDP.

Most significant are remittances from Nepali's working in India and elsewhere outside Nepal. The 2011 census shows that nearly two million Nepalis are working abroad⁷, and the World Bank shows that remittance flows were equivalent to 26% of GDP in 2010, approximately four times the value of all ODA.

F.2 Nepal Peace Trust Fund

The Nepal Peace Trust Fund (NPTF) is a government-development partner funding mechanism established in 2007 specifically to support the peace process.⁸ Operated by the Peace Fund Secretariat (PFS) of the Ministry of Peace and Reconstruction, the fund supports work grouped into four sectoral clusters with reconstruction as a cross-cutting theme.

1. Cantonment Management, Integration/ Rehabilitation of Combatants
2. Conflict Affected Persons and Communities
3. Security and Transitional Justice
4. Constitution Assembly and Peace Building Initiatives at National and Local Levels

All projects are initiated, designed and implemented by Implementing Agencies, which so far have been government agencies. The Fund disbursed a total of USD 170 million during 2007-12.

Governance

NPTF is administered by officials from the Peace Fund Secretariat (PFS)/MoPR. The highest authority of the Fund is the Board which is chaired by the Minister, Ministry of Peace and Reconstruction and co-chaired by Minister, Ministry of Finance and has representation of five major political parties. The

⁴ Nepal Portfolio Performance Review, November 2001, DFID Background Paper.

⁵ The only exceptions are the Indian Administrative Service (the elite federal civil service), and the Indian Foreign Service.

⁶ One Major General in the Indian Army is a Nepalese citizen.

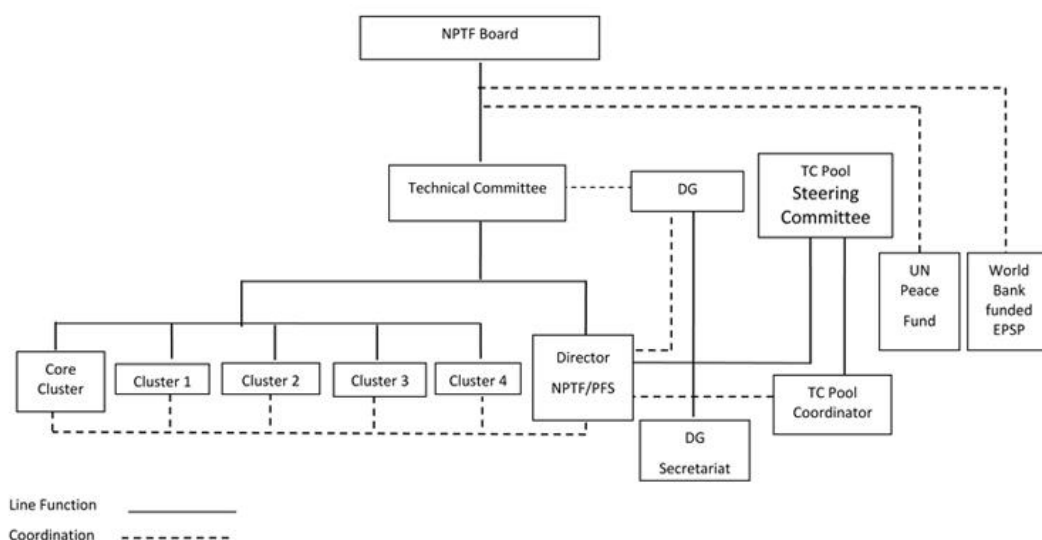
⁷ This contrasts with the Indian Embassy's estimate that five to six million Nepalis are working in India.

⁸ Information on NPTF was gathered from their website, through reviews of secondary documents, meeting minutes, annual reports and through interviews with NPTF staff. Budget details were provided by MoF and NPTF. Field work, November 2012.

Board meets as necessary and must meet at least once every four months. It is mandated to approve projects which are submitted by government implementing agencies and to supervise overall Fund operations.

NPTF is supported by seven development partners.⁹ These may be invited to Board meetings and they participate to a varying degree. The United Kingdom (UK) served as the development partner representative until the fifth Board meeting after which Switzerland served in this role, formally the representative of Development Group (DG). Germany and the World Bank have also attended Board meetings regularly. Other development partners, including Denmark and Finland have been represented by the Donor Coordinator, the Swiss Ambassador, and have thus only participated once. The development partners also meet with the Government through the Government-Development partner (GoN-DG) Group, chaired by Secretary MoPR. This serves as a joint platform of government and development partners. The development partners, through their representative, have repeatedly raised issues about the impartiality, transparency, accountability and openness of the operation of the Fund and have shared concerns about the low frequency of board meetings.¹⁰ Board meeting minutes do not report whether these issues have been resolved.

Figure 3: NPTF Governance Structure



Source: <http://www.nptf.gov.np>

The Board receives advice from the Technical Committee (TC) which serves as an expert panel on project funding. It is chaired by the Secretary of the Ministry of Peace and Reconstruction and the other members are also civil servants, whereas development partner agencies and international organisations are observers. They are responsible for approval of concept notes on the recommendation of each of the clusters and core cluster and recommends projects for approval to the Board. The TC meets on a three-monthly basis or as needed. Records of the 29 meetings held during the lifetime of the Fund provide insight into its operations. Most commonly, the Committee has discussed cluster 1 issues (cantonment), but it regularly also reviews the other clusters, operational guidelines for the Fund, capacity building of NPTF and monitoring and evaluation issues.

⁹ Denmark, EU, Norway, Finland, Germany, Switzerland and UK.

¹⁰ Eight more Board meetings should have been held as per the provision of one per four months.

In addition to Board and the TC meetings, NPTF work also includes government-development partner group meetings, core cluster meetings, sectoral cluster meetings, meetings with the implementing agencies and meetings of the TC pool steering committee. The TC-Pool is a mechanism to strengthen the capacity of the MoPR and the NPTF in a coordinated approach. Initiated by Germany, other development partners have joined as this serves as a practical forum for discussions on e.g. communication strategy, recruitment of consultants for technical assistance to sector ministries, and other capacity development.

The joint monitoring report of GoN and Development partners¹¹ noted that stakeholders wanted NPTF to improve its own internal governance and public financial management systems. It also should aim to be more conflict, gender and inclusion sensitive.

Budget

The evaluation team was provided budget details by NPTF and by MoF. NPTF data were also obtained from the Government's official 'Red Book' which records all development partner contributions that have been provided through the Government. The data showed several discrepancies that the evaluation could not reconcile.¹² The lack of financial uniformity between MoF sources and NPTF sources has been recognised by NPTF and a stronger finance team has been put in place during 2012 to gradually improve financial systems and reporting.¹³

According to NPTF Audit reports, NPTF received contributions in the amount of USD 179 million and disbursed the amount of USD 170 million during the period 2006-12. GoN has provided USD 102.7 million (57%) and the development partners USD 76.6 million (43%) of the total contributions.

According to MoF, development partners have contributed a total of USD 61 million to NPTF during 2006/07-2011/12 lower than the USD 76.6 million reported by NPTF (probably because the MoF does not record the non-budgetary support of development partners). While DFID and EU have only contributed twice, they are the top development partners followed by this evaluation's three focal development partners, Norway and Germany as indicated in the table below.

Table 3: *Development partners contribution to NPTF during 2006/07-2011/12*

| External Development Partners | FY 2006-07 | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 | Total USD million |
|-------------------------------|------------|-------------|-------------|------------|-------------|-------------|-------------------|
| UK | | 13.0 | 7.3 | | | | 20.3 |
| EU | | | | | 3.3 | 8.2 | 11.6 |
| Switzerland | 0.4 | 0.6 | | 1.9 | 3.1 | 5.4 | 11.4 |
| Denmark | 1.7 | 1.7 | | | | 2.2 | 5.6 |
| Norway | 1.8 | | 4.4 | | | 1.7 | 4.3 |
| Germany | | | | | 3.3 | 3.2 | 6.5 |
| Finland | | 1.0 | 1.5 | 0.5 | | 1.0 | 3.0* |
| Total | 0.4 | 15.3 | 11.6 | 1.9 | 11.2 | 20.7 | 61.1 |

*Additional commitment of USD2.5m is made by Finland.

Source: Total Disbursement on Peace and Reconstruction from FY 2006-07 to 2011-12, MoF/GoN.

¹¹ Joint Government/Donor Review of the Nepal Peace Trust Fund, External Review Report, Final Version, April 16th 2012.

¹² According to sources, the differences between MoF and NPTF budget amounts are because in the early years the donor funds were not reflected in the Red Book.

¹³ The evaluation team met with NPTF and MoF on a weekly basis during November-December 2012 to reconcile accounting figures. By early January 2013, the discrepancies had been reduced substantially. Some inconsistencies may be related to exchange rate fluctuations and subsequent calculations. For sake of comparison the evaluation team has converted to USD in accordance with the procedure set for this report, i.e. 31 May 2012 conversion rate for amounts listed in the report.

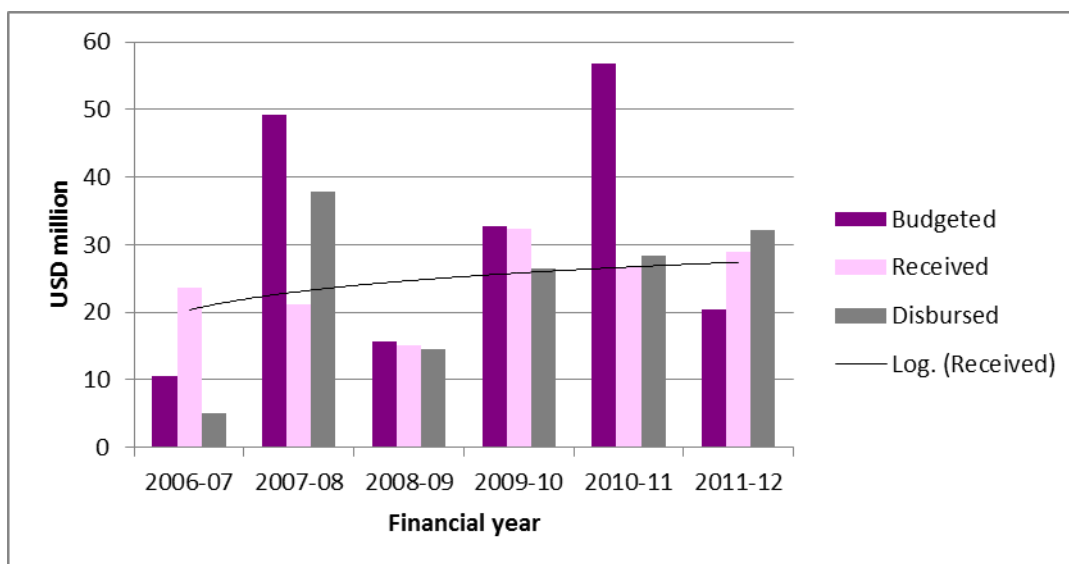
While there are large annual fluctuations these contributions nearly match the total requests put forward in the NPTF budgeting, which have increased annually to reach a cumulative USD 185 million by 2011-12.

Table 4: NPTF Accounting 2006/07-2011/12

| Financial Year | Budgeted (USD million) | Received (USD million) | Disbursed (USD million) |
|----------------|---------------------------|---------------------------|----------------------------|
| 2006-07 | 10.57 | 27.79 | 5.85 |
| 2007-08 | 49.25 | 24.97 | 44.61 |
| 2008-09 | 15.59 | 17.82 | 17.02 |
| 2009-10 | 32.81 | 38.01 | 31.18 |
| 2010-11 | 56.81 | 33.92 | 33.36 |
| 2011-12 | 20.37 | 36.84 | 37.73 |
| Total | 185.4 | 179.34 | 169.76 |

Source: nptf.gov.np

Figure 4: NPTF Accounting 2006/07-2011/12



Source: nptf.gov.np

Projects

By July 2012, NPTF had financed a total of 53 projects of which 24 have been completed. With some discrepancies from the figures provided above, a total of USD 157 million has been allocated to these 53 projects.

Table 5: NPTF Projects by Cluster

| Cluster | Projects Completed | Projects Ongoing | Total Projects | USD million |
|--------------------------------------|--------------------|------------------|----------------|--------------|
| 1. Cantonment Management | 15 | 7 | 22 | 63.1 |
| 2. Conflict Affected | 0 | 4 | 4 | 12.1 |
| 3. Security and Transitional Justice | 0 | 11 | 11 | 40 |
| 4. Constitutional Assembly | 9 | 7 | 16 | 41.2 |
| Technical Cooperation Pool Fund | - | - | - | 0.7 |
| Total | 24 | 29 | 53 | 157.1 |

Source: NPTF, *Annual Progress Report No. 15, (17 July 2011-15 July 2012)*, Peace Fund Secretariat, MoPR, Oct 2012.

F.3 United Nations Peace Fund for Nepal

The United Nations Peace Fund for Nepal (UNPFN) was established in March 2007 at the request of development partners and the Government of Nepal. The Fund was created to mobilize resources for activities of clear, short-term relevance to the peace process which could not be funded or implemented through the NPTF or other existing mechanisms or programmes.¹⁴

Over the years, there have been an increased number of jointly implemented programmes. Significant efforts are made to streamline and improve the UNPFN operations and collaboration with key actors, in particular with the Government-led and managed NPTF.¹⁵

With USD 44.5 million contributed to UNPFN, the Fund works in five priority areas: Cantonments/ Reintegration; Elections/Governance; Recovery/Quick Impact Projects; Security; and Rights and Reconciliation. Cumulatively, a total of 26 projects have been approved for funding, allocated among twelve ‘participating UN organisations’ (PUNOs), namely; FAO, ILO, IOM, OHCHR, UNDP, UNESCO, UNFPA, UNICEF, UNOPS, UN Women and WFP.

Governance

The projects and operations of the UN Peace Fund for Nepal (UNPFN) are designed and carried out under the overall guidance of the Government-led NPTF Board in consultation with the Development partner Group, which provides advice on the operation of the UNPFN, and in accordance with the instructions of the Executive Committee, which manages the UNPFN activities. The Multi-Partner Trust Fund Office (MPTF Office) of the United Nations Development Programme (UNDP) is the Administrative Agent of UNPFN and has concluded memoranda of understanding with twelve participating UN organisations and one non-UN participating organisation (IOM).

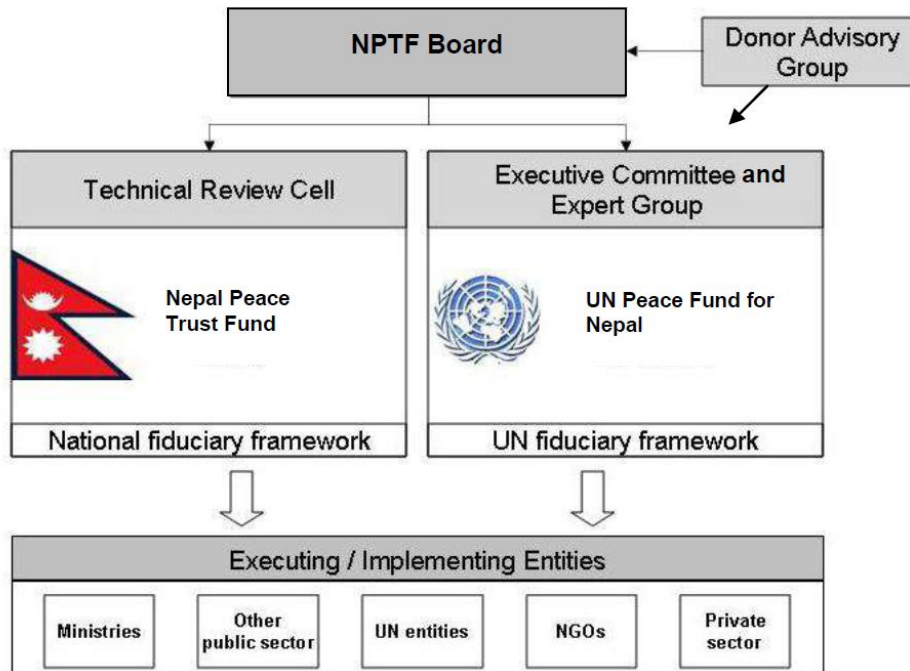
To further strategic coherence in support of the peace process, the UNPFN operates within the same overall governance framework as NPTF. The UNPFN Executive Committee chaired by the UN Resident and Humanitarian Coordinator and comprising a government representative (designated by the NPTF Board – currently the Director of the NPTF) and a development partner representative (designated by the Development partner Group – currently the Danish Ambassador) oversees the operations of UNPFN, approves projects and ensures its operations are carried out under the overall

¹⁴ For more information on the UNPFN, go to: <http://mptf.undp.org/factsheet/fund/NPF00>.

¹⁵ Multi-Partner Trust Fund Office, Fifth Consolidated Annual Progress Report on Activities Implemented under the United Nations Peace Fund for Nepal, Report of the Administrative Agent of the United Nations Peace Fund for Nepal for the Period, 1 January to 31 December 2011, Bureau of Management, United Nations Development Programme, <http://mptf.undp.org>, 29 May 2012.

guidance of the Government-led NPTF Board, in consultation with the Development partner Group. The Development partner Group helps to avoid gaps and duplication in funding, as well as ensure that support to the UNPFN complements support to the NPTF and other existing funding mechanisms. Furthermore, the Government representative on the UNPFN Executive Committee is the Director of the NPTF, and plays a key coordination role between the two funding mechanisms.

Figure 5: Governance structure of UNPFN



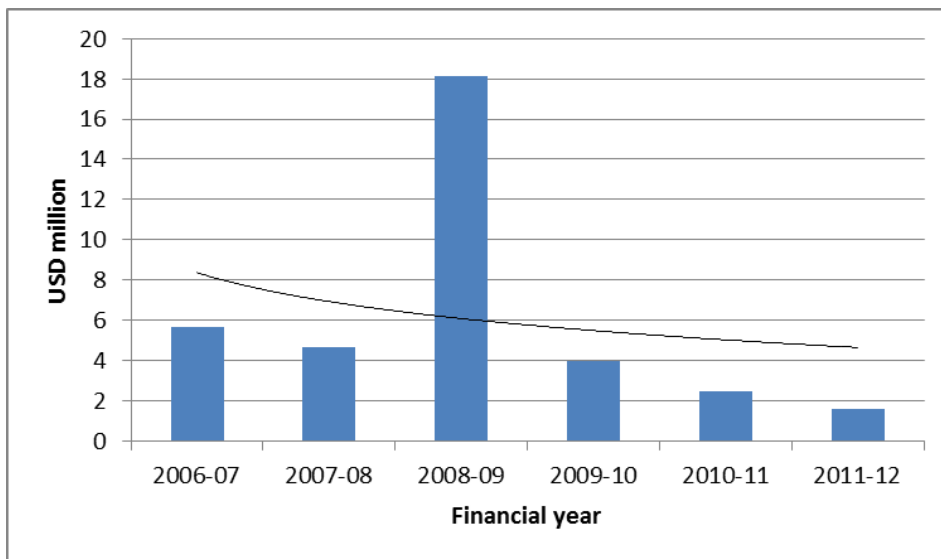
Source: United Nations Peace Fund for Nepal. Fact Sheet, August 2012.

Budget

The UNPFN has received a total of USD 26.5 million (as of January 2012) in contributions from the governments of the United Kingdom, Norway, Denmark, Canada and Switzerland, as well as the global United Nations Peace Building Fund (PBF), which in turn has 47 development partners.

Annual contributions started in 2007 with nearly USD 6 million and have seen a downward trend, except for year 2009 when the UN PBF donated USD 10 million. In the financial year 2011-12 the Fund received USD 1.6 million.

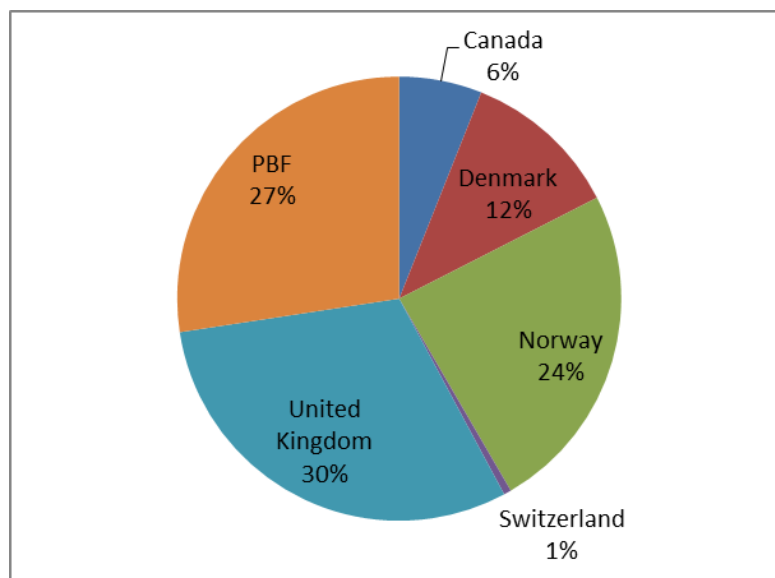
Figure 6: UNPFN Budgets 2006-12



Source: Annual Progress Reports UNPFN.

The main bilateral donors were United Kingdom (USD 11.1 million), Norway (USD 8.8 million), Denmark (USD 4.2 million), Canada (USD 2.2 million) and Switzerland (USD 0.2 million). The UN Peacebuilding Fund also provided USD 18 million in 2013.

Figure 7: Development partner Contributions to UNPFN



Source: Fifth Consolidated Annual Progress Report UNPFN (2011).

The 2011 Review of the UNPFN found that there were many different opinions about what should happen with the UNPFN after it concluded another funding round. In the end, the Review recommended that the UNPFN ExCom: “Develop clear criteria to define a context whereby the UNPFN no longer has an appropriate added-value (i.e. develop an ‘exit strategy’).” The ExCom has adopted this

recommendation and, with the new funding round completed, will be examining this question and potential criteria during 2013.

Projects

Over the years, the scope of UNPFN has broadened and has led to an increase in the number of participating organisations. UNPFN is particularly designed for rapid delivery of essential peace support activities, which have included¹⁶:

1. Cantonments and Reintegration: Improving living conditions in the cantonment, supporting the combatants of the Maoist Army;
2. Elections and Governance: Providing technical advice and logistic support on elections and other constitutional issues; assistance to restore government at local level;
3. Recovery and Quick Impact Projects: It supports to time-sensitive and high impact projects, particularly to vulnerable communities where the absence of a 'peace dividend' would represent a proximate threat to the peace process;
4. Security: Working for restoration of law and order, especially in the countryside; and
5. Rights and Reconciliation: Assisting to initiate transitional justice, national monitoring mechanisms of the peace process and local reconciliation.

UNPFN has also increasingly recognized and emphasized the role of women in conflict resolution and peace-building as multidimensional and significant for a legitimate, inclusive and participatory peace process and peace-building. Through its policy, structure, and programmes, the UNPFN has acknowledged the four distinctive themes of UNSCR 1325 and uses the PBF 'gender marker scoring' system to determine the extent to which women and gender are mainstreamed into projects.

Since the Fund's inception, the monitoring and evaluation systems have gradually evolved and UNPFN has been developing and strengthening these significantly since 2009. The Fund is working closely with the MDTF Office to continue efforts to improve its results-based reporting and has established the UNPFN Support Office as a key quality assurance mechanism between the UN agencies and MDTF Office. UNPFN's monitoring and evaluation framework is based on the UNPFN's five cluster areas and was piloted from the second quarter of 2011, utilizing the quarterly update mechanism to establish a current status of progress against strategic outcomes and outputs.¹⁷

F.4 Rights, Democracy and Inclusion Fund

The Rights, Democracy and Inclusion Fund (RDIF) was an initiative of the UK, Swiss, Norwegian, Australian and Danish governments for the sustainable reform of political governance in Nepal first launched in February 2006. The second phase of RDIF was re-launched in June 2009 and was managed by the Enabling State Programme (ESP) as its secretariat. The Fund aimed to bring about a strengthened and more sustainable system of democratic governance characterised by respect for rights, democratic norms, and the political inclusion of all major population groups. In the second phase, RDIF opened regional units in Nepalgunj, Biratnagar, Pokhara and Dhangadhi in order to increase support to the partner organisations. The second phase ended in December 2012.

The Fund encouraged and supported Nepali ideas to help develop and embed principles of democracy in Nepal. It supported, *inter alia*, Nepali civil society organisations and academic institutions.

The Fund supported promising ideas in the following areas:

¹⁶ mptf.undp.org

¹⁷ ODC. 2001. Independent External Evaluation of the UNPFN.

- Intra-party democracy and inclusion
- Awareness and capacity among women, youth and other marginalized and excluded
- Constructive engagement of civil society for protection of civil, political and cultural rights
- Increased capacity of partner organisations.

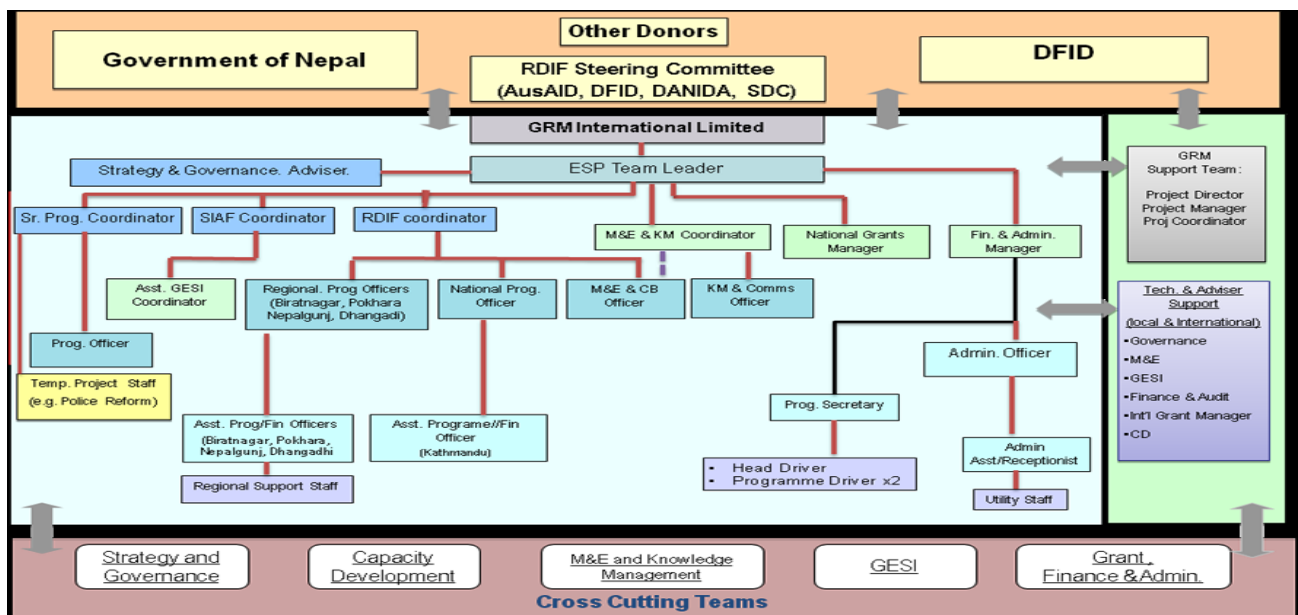
Governance and Management Structure

The RDIF was managed at a fund level by the RDIF Coordinator. At a programmatic level it was managed by the ESP Team Leader who in turn was line-managed by a Project Manager in GRM. However, the overall strategic direction of the ESP was led by the RDIF Steering Committee which comprised AusAID, DFID, Danida and SDC representatives.

The RDIF Coordinator had the responsibility for the development of project proposals, coordinating with cooperating and implementing partners and managing the M&E and CD officer, a programme officer as well as the regional officers. An M&E and Knowledge Manager divided these responsibilities between all ESP funds.

In phase II, the capacity of the RDIF at the regional and national level was strengthened by the addition of five Assistant Programme Officers – one in each of the regional offices and one in Kathmandu. A significant role of the new officers was to support programme and financial management at the regional level including as the first point of contact and review for the partner organisations.

Figure 8: RDIF Governance Structure



Source: <http://www.rdif.org.np/>

Budget

The following table depicts the fund’s budget of Phases I and II.

Table 6: Budget of RDIF Phase I

| RDIF Phase I Contribution in USD | | | | |
|---|----------------|------------------|------------------|------------------|
| Development partners | 2006 | 2007 | 2008 | Total |
| DFID | 161,435 | 506,868 | 1,048,220 | 1,716,522 |
| SDC | 206,662 | 120,504 | 86,207 | 413,376 |
| AusAID | 482,191 | 709,015 | 303,097 | 1,494,302 |
| Norwegian embassy | - | 120,726 | 27,570 | 148,295 |
| Total | 850,288 | 1,457,111 | 1,465,094 | 3,772,496 |

Source: RDIF Programme Coordinator, December 2012.

Table 7: Budget of RDIF Phase II

| Output /Activity | Budget in USD | | | | | Development partner Contribution (USD) | | | |
|--|----------------------|------------------|------------------|------------------|------------------|---|------------------|------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 | Total | DFID | AusAID | SDC | Danida HRGGP |
| Output 1 (Democracy) | 289,016 | 472,756 | 1,239,826 | 397,694 | 2,399,291 | | | | |
| Output 2 (Inclusion) | - | 744,153 | 1,621,277 | 601,530 | 2,966,960 | | | | |
| Output 3 (Human Rights) | - | 783,651 | 1,239,546 | 363,557 | 2,386,752 | 2,714,135 | 2,102,774 | 2,048,257 | 887,838 |
| Output 4 (Capacity building of POs)** | - | 25,746 | 189,874 | 95,902 | 311,522 | 311,522 | | | |
| Total | 289,016 | 2,026,306 | 4,290,524 | 1,458,683 | 8,064,526 | 3,025,657 | 2,102,774 | 2,048,257 | 887,838 |

** Reimbursable from DFID

Source: RDIF Programme Coordinator, December 2012.

A performance review of the first phase of the RDIF was carried out in August 2008.¹⁸ The review found that the RDIF's overall programme concept and strategy was sound and that the programme was working in a coherent and structured way to strengthen rights, democracy and inclusion. RDIF was successful in creating a critical mass of people throughout the country and provided recommendations for the continuation of the Fund. RDIF Phase II project document addressed majority of the recommendations provided by the review.

During the second phase, RDIF provided support to 76 CSO partners. Many of these organisations were based in districts outside Kathmandu. A mid-term review of the RDIF second phase in early 2011 recognised the positive contribution of RDIF in Nepal's fragile context and recommended to deepen the focus. RDIF II, June 2009-December 2012, has had a total USD 8 million budget. Seventy-six projects were funded to be implemented by 76 CSO partner organisations across the country.¹⁹

The one year extension provided an opportunity to work with partner organisations to enhance the impact of the short term projects. A cluster evaluation conducted in 2012 indicated that the RDIF projects have made an encouraging contribution to strengthening constructive engagement between government agencies and citizens at the local level. In the no-cost extended period, RDIF continued to support capacity development of partner organisations. Sixteen best-performing projects were also

¹⁸ Annual Report 2008. ESP.

¹⁹ Quoted in Cluster Evaluation of RDIF submitted to ESP, March 2012.

provided with one year extension in 2012. Over 300,000 people from different quarters of the country have participated in various activities implemented in the second phase.²⁰

By and large, partner organisations have implemented activities on time and their fund utilisation ratio, in general, was above 95% in almost all cases with one or two exceptions. Similarly, of the total fund allocated to the three thematic project areas, around 75% was committed to partner organisations by the end of December 2011.²¹

Monitoring and evaluation systems

Monitoring and evaluation processes in the RDIF have been subject to revision in 2012 owing to some identified weaknesses in the past such as, *“inadequate M&E systems, lesson learning and knowledge management.”*²² And also in response to the fact that some of the development partners such as SDC and AusAID felt that change created by the projects was not being captured or demonstrated beyond the anecdotal level. RDIF *“revised the log frame indicators linking them with the log frame indicators of the ESP and specifying outputs and indicators contributing to the ESP log frame.”*²³

A score card system was also introduced to monitor RDIF partners. This system measured the internal capacity of an organisation to deliver (CSO partner organisation) and also the behaviours of key stakeholders at the interface between citizens (and their organisations) and officials (and their state institutions and political parties).²⁴

ESP strategy states that RDIF has been able to achieve more as a joint fund than would be possible if funded through separate single-development partner initiatives development partners. A joint approach also allowed RDIF to draw on the combined expertise of its cooperating partners.²⁵

While the RDIF is generally viewed as more of a collection of quick turnaround projects, it has been acknowledged that RDIF projects are *“in agreement with the comprehensive peace agreement.”*²⁶

F.5 Denmark

Overview

Danish development assistance for Nepal began in 1973 with a DKK 20 million (USD 3.4 million) loan for a dairy development programme and has since been relatively stable. The takeover of the government by the King in 2005, however, led to the suspension of some Danida programmes, the suspension of the preparation for a new environmental project, and the suspension of a new country strategy (OECD/DAC, 2007a, p. 91). Overall, the resulting country framework was reduced leading to a dip in assistance as indicated in the figure below.

²⁰ Cluster Evaluation: Rights, Democracy and Inclusion Fund (RDIF). Enabling State Programme (ESP). March 2012

²¹ ESP 2012. Cluster Evaluation: RDIF.

²² “Strategy for the Enabling State Programme, RDIF and SIAP: 2011, 2012 and beyond,” Executive Summary.

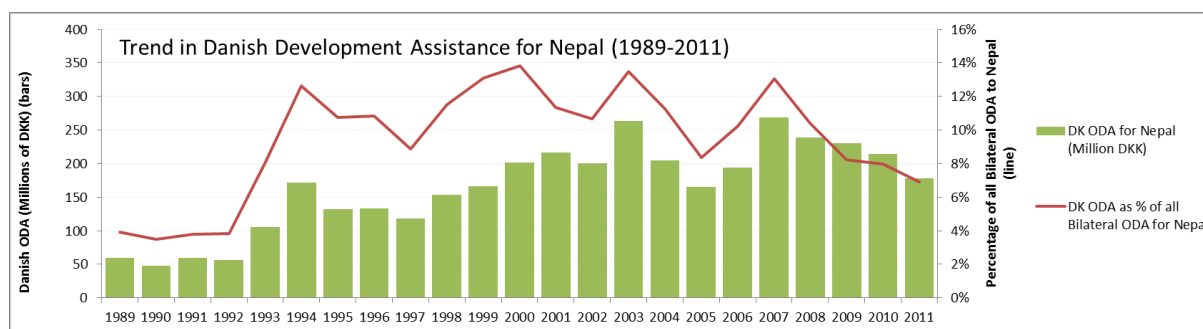
²³ RDIF Cluster Evaluation 2012, p.24.

²⁴ The Score Cards for ESP partner organisations, p.1.

²⁵ GRM International, Strategy for the Enabling State Programme, RDIF and SIAP: 2011, 2012 and beyond, GRM International, 2010

²⁶ “RDIF Cluster Evaluation: 2012,” p.7.

Figure 9: Danish Aid to Nepal 1989-2011



Note: Net disbursements – based on 2009 Constant USD values

Source: OECD: Stat DAC Table 2a (05 January 2013); OECD: Stat DAC Table 1 (15 January 2013).

Denmark has provided a larger proportion of its total ODA to Nepal than any other OECD development partner for decade 2000-2009 with 2.6% of all Danish ODA flowing to Nepal. Yet, over the past five years the proportion of Danish ODA to Nepal has dropped to 2.2% of total Danish ODA.²⁷ Even with this decline Denmark was the sixth largest bilateral development partner to Nepal in ODA volume (2006 to 2011).

Danish aid is channelled either through the embassy in Kathmandu or is supplied by Copenhagen directly to NGOs working in Nepal. This evaluation only covers the former type of assistance to the peace process which is provided through the Human Rights and Good Governance Programme and the Peace Support Programme.

Aside from the peace-oriented support, Danish assistance programmes to Nepal includes:

- Education programme. Supporting education for all has been a key element of Denmark's programme in Nepal since 1992. The current programme (2009-13) has a total budget of DKK 345 million (USD 58 million). Support for education will be phased out over 2012 and 2013. The bulk of the Danish support for education is channelled through the Nepalese Ministry of Finance as part of a Sector Wide Approach (90%). The rest is used to support capacity building, technical assistance, and monitoring and evaluation. A number of other development partners also support this sector.
- Renewable Emergency Sector. Denmark has supported the sustainable energy sector for more than 20 years. The current phase of the programme runs from 2007-12 and has a total budget of DKK 150 million (USD 25million). The programme works with micro-hydro schemes, solar panels, and fuel-efficient stoves. The programme is implemented through the Alternative Energy Promotion Centre and several other development partners have now joined in the Energy Sector Assistance Programme that Denmark leads.
- Danida Business Partnerships replaced the previous Business to Business and Innovative Partnerships for Development programmes in 2011. The programme is intended to support sustainable development by transferring knowledge from Danish to local partners via commercially oriented partnerships.
- Support to Bhutanese refugees. This has been a feature of Danish support since 1992.

Two formerly significant elements of Danish support have now terminated:

- Natural Resource Management, including community forestry, was a strong element of Danida support until the abrogation of Parliament by the King. The final element of this programme had a budget of DKK 140 million (USD 24 million) and ended in 2011.

²⁷ Figures based on OECD/DAC Table 2a as of 05 January 2013.

- Telecommunications was in the past a significant area of Danish support for Nepal. The fifth phase of the programme of support for telecommunications had a budget of DKK 220 million (USD 37 million) and ended in 2009.

The two peace-oriented programmes are subject to this evaluation whereas the other programmes will be discussed only when they influence the former.

Strategies

Following the 2005 suspension of a full five-year country strategy, Denmark issued an Interim Strategy in June 2006, five months prior to the CPA, in a context where a peace agreement was widely expected (Agence France-Presse, 2012). The strategy looked forward to the peace process and was based on the following premises:

- Nepal is not yet in a post-conflict situation, nor has it returned to normality;
- Nepal will be in need of support to the many aspects of a coming peace and democratisation process;
- Nepalese leadership, ownership and control of the transition to peace must be ensured;
- Nepal will need to increase delivery and efficiency of basic services to the rural population to improve living conditions and livelihoods and partly to maintain popular faith in the transition process.

The Interim Strategy set out the indicative commitment support to the peace process as DKK 50 million (USD 8.4 million) per year for 2007 and 2008 and DKK 100 million (USD 17 million) was allocated in the Finance Bill of 2007 for what was later entitled Peace Support Programme (PSP)²⁸. The interim strategy was extended in December 2008 as the continuing political volatility made a five-year strategy inflexible. Given this volatility, a review was planned for 2007 prior to the elaboration of the 2008 Finance Bill. The peace process moved so slowly, however, that the review took place only in January 2008 (Ministry of Foreign Affairs of Denmark, 2007). This timing was appropriate given the slow development of the peace process in Nepal.

Prior to the development of the Interim Strategy, Denmark had an on-going Human Rights and Good Governance Programme (HRGGP) that addressed broader issues of peace and governance. The Interim Strategy foresaw continued support for this programme at the rate of DKK 25 million (USD 4.2 million) a year, but did not specifically address the potential overlap between this and the PSP. The 2010 Danida Board Notice approving PSP did, however, point to complementarities with HRGGP and contemplated a merger between the programmes if extended beyond 2013.

Human Rights and Good Governance Programme

Danish support for democratisation in Nepal was initiated soon after the establishment of the 1990 interim government. In 1991, the Danish embassy was set up in Kathmandu, and in the following years Danish assistance to human rights and democratisation increased considerably and was broadened in scope. Then, in 1998, a comprehensive five-year programme to support human rights, good governance and decentralisation in Nepal was agreed upon. The HRGGP components included support to (i) the Election Commission, (ii) the Parliament Secretariat, (iii) the Informal Sector Service Centre (INSEC), (iv) the Central Police Science Laboratory, (v) Independent Media, (vi) the Judiciary,

²⁸ Early documents e.g. (Ministry of Foreign Affairs of Denmark, 2008) refer to the PSP as the Peace Support Fund. Early documents e.g. (Ministry of Foreign Affairs of Denmark, 2007) refer to the PSP as the Peace Support Fund.

(vii) Dalits, and (viii) the establishment of a Human Rights and Good Governance Advisory Unit (HUGOU).²⁹

This evaluation considers parts of Phases II and III.

Table 8: HRGGP Phases I-III

| Phase | Time period | Budget (DKK) | Disbursement (DKK) | |
|-------|-------------|--------------|-----------------------|--------------|
| I | 1998 – 2002 | 100 million | | |
| II | 2003 | 77 million | | |
| | 2004 | | | |
| | 2005 | | | |
| | 2006 | | Additional 17 million | 15.7 million |
| | 2007 | | | 23.8 million |
| | 2008 | | | 23.4 million |
| III | 2009 | 170 million | 34.0 million | |
| | 2010 | | 22.1 million | |
| | 2011 | | 24.0 million | |
| | 2012 | | | |
| | 2013 | | | |

Source: HRGGP Programme Documents and the Danish Embassy for Nepal

The programme contains three components, of which the first two are covered by this evaluation: (1) Support for democratisation of political parties and institutions and promoting public debate on democracy, (2) Human rights and legal protection, and (3) Support for local governance.

The programme operates through four layers of management:

- The Nepalese Partners are responsible for implementation of activities, administration and reporting on results. They are guided by Steering Committees that follow the partnership agreement, implementation and monitoring.
- HUGOU, which serves as the programme implementation unit, is responsible for daily management and monitoring of Components I and II and reports to the embassy. HUGOU provides support to CSO partners under Components I and II, and to the embassy on the Programme in general and on Component III, specifically in relation to democracy and human rights issues.
- The Programme Management Committee (PMC) is the decision making and monitoring body for Component I and Component II, policy discussions at programme level, and discussions and decisions regarding HUGOU.
- The embassy of Denmark has overall responsibility for management and monitoring of the Programme and is directly responsible for the daily management of Component III, which is implemented through the Ministry of Local Development. HUGOU supported the embassy in relation to sector monitoring and policy advice.

HUGOU itself is headed by an internationally recruited programme coordinator, assisted by a locally recruited deputy programme coordinator and a number of cross-cutting advisers. The advisers are assisting all partners of the programme, in particular in connection with the strategic partnerships. They also provide analysis of political and policy developments within their areas of expertise for HUGOU's managers and the embassy as appropriate. From 2009, HUGOU has had advisers in the areas of social

²⁹ Danish Ministry of Foreign Affairs/Danida, Annual Review Report, Human Rights, Good Governance and Decentralisation Support Programme, Nepal, Volume 1: Human Rights and Good Governance, March 2003.

inclusion, conflict transformation and human rights, impunity, human rights and justice, and inclusive democracy.

During the evaluation period, the staff count of HUGOU has been reduced from 34 to 17, and the number of cross-cutting advisors has been reduced from 12 to 4. Financial and administrative staff has also been cut back; in 2008, the programme employed 20 staff, whereas the 2009-13 phase saw only 11 staff engaged. This followed a review which recommended HUGOU to focus and also reduce the number of partners to 14 strategic organisations, a number previously reaching 80. This reduced the administrative burden on HUGOU and new mechanisms such as RDIF and LGIF now covered many of the smaller partners.³⁰

HUGOU staff monitor partners' activities closely through regular reporting and field visits. They scrutinise budgets and have a reputation of being very strict when it comes to approval of MoUs with partners. During field visits, they talk to trainees and other project beneficiaries to assess quality of activities. In addition, HUGOU conducts joint annual reviews involving an internal staff member, an external consultant and a representative of the partner organisation. HUGOU also provides technical assistance to partners in M&E.³¹

The Peace Support Programme

The Peace Support Programme (PSP) was not formally divided into phases initially, but was retrospectively described as being divided into phases as follows:

Table 9: PSP Phases I-III

| Phase | Time period | Budget (DKK) | Disbursement (DKK) |
|-------|-------------|--------------|--------------------|
| I | 2007 – 2008 | 50 million | 50.0 million |
| II | 2008 – 2009 | 50 million | 48.8 million |
| III | 2010 – 2013 | 70 million | 25.2 million |

Source: PSP Programme Documents and the Danish Embassy for Nepal

This evaluation covers all three phases up to May 2012.

A recurring feature of the PSP funding in all phases has been strong support for NPTF. However, Denmark has not been able to deliver as much support through this channel as planned due to low rates of implementation by the Fund, especially in the early years. This led to disbursements of DKK 20 million (USD 3.3 million) in Phase I instead of the maximum foreseen of DKK 30 million (USD 5 million), and to disbursements of DKK 13 million (USD 2.2 million) in Phase II against the planned disbursement of DKK 25 million (USD 4.2 million). In Phase II the funds were channelled through NGOs. UN agencies and NGOs have absorbed the planned funding, whereas parts of the Phase III programme with the Police is unlikely to be carried out.³²

³⁰ These are: Alliance for Peace (Baluwatar, Kathmandu), Holistic Development Service Centre (SAMAGRA) (Chabahil, Kathmandu), Martin Chautari (Thapathali, Kathmandu), Women for Human Rights (WHR) (Baluwatar, Kathmandu), Nepal National Dalit Social Welfare Organisation (NNDSWO) (Bakhundol, Lalitpur), Youth Initiative (Shantinagar, Kathmandu), Association of Community Radio Broadcasters (ACORAB) (Chakupat, Lalitpur), Informal Sector Service Centre (INSEC) (Kalanki, Kathmandu), NGO Federation of Nepalese Indigenous Nationalities (NGO-FONIN) (Dillibazar, Kathmandu), Community Self Reliance Centre (CSRC) (Samakhushi, Kathmandu), Karnali Integrated Rural Development & Research Centre (KIRDARC) (Kopundole, Lalitpur, Nepalganj), Centre for Legal Research and Resource Development (CeLRRd) (Thapagaun, New Baneswor, Kathmandu), Nepal Madhesh Foundation (NEMAF) (Lalitpur, Kathmandu), and HRPLSC (Rolpa).

³¹ HUGOU Interview 14 May 2012.

³² Interview in Kathmandu, November 2012.

Table 10: PSP planned and actual disbursements to February 2012

| PSP Funding (DKK million) | Phase I 2007-08 | | Phase II 2008-10 | | Phase III 2010-13 | |
|------------------------------|--------------------|-------------|---------------------|-------------|----------------------|-------------|
| | Planned | Actual | Planned | Actual | Planned | Actual |
| Partner type | | | | | | |
| NPTF | 20-30 | 20.0 | 25.0 | 13.0 | 30 | 22.0 |
| Police | | - | - | - | 12 | 0 |
| UN | 10-20 | 17.9 | 12.5 | 13.3 | 10 | 10.0 |
| Civil Society | 5-15 | 11.2 | 12.5 | 23.3 | 11.5 | 13.6 |
| Other | | | | | 6.5 | |
| Total | 50 | 49.1 | 50 | 49.6 | 70 | 45.6 |
| <i>Total USD million</i> | <i>8.4</i> | <i>8.2</i> | <i>8.4</i> | <i>8.3</i> | <i>11.7</i> | <i>7.6</i> |

Source: Data from Danida.

The PSP was initially managed by a very small team at the embassy, as part of the embassy's overall Development portfolio. Since 2009, however, a part-time Conflict Transformation and Human Rights Advisor post has been allocated to the Programme. The adviser also provides support to HRGGP. The initial rationale for a small management team – compared to the well-resourced HUGOU unit – was that:

- Management by the embassy would allow closer integration of diplomatic and political efforts with the funding support;
- Locating the support at the embassy would allow greater integration with the diplomatic and political efforts of other development partners;
- The perception of the peace process as being very sensitive politically.

Decisions about the PSP are taken by a Peace Support Task Force chaired by the Deputy Head of Mission. The task force also includes the Programme Officer for Peace Support, the Chief Financial Officer from the embassy, the HUGOU Programme Coordinator and the Conflict Transformation and Human Rights Adviser. The Ambassador participates regularly in the Task Force meetings and has – among other issues – raised questions about the logic of managing the PSP from the embassy.

The bulk of the PSP funding (70% of all disbursements) has been through the government and the UN. In these cases, the embassy has relied on their own internal monitoring systems. In addition, there are regular development partner monitoring visits to NPTF and UNPFN projects which the embassy has taken part in. Some of the larger INGOs had their own monitoring and evaluation systems and produced evaluation reports on a number of topics.

The evaluation has seen almost no PSP monitoring documentation for local NGOs, who, however, produce their own monitoring reports. This is in contrast to the well-resourced HUGOU office which conducted extensive monitoring of its partners. However, it should be noted that funding for local NGOs represented only about 5% of the total PSP disbursements, so the fiduciary risk represented by limited resources of the embassy to monitor these partners is rather small.

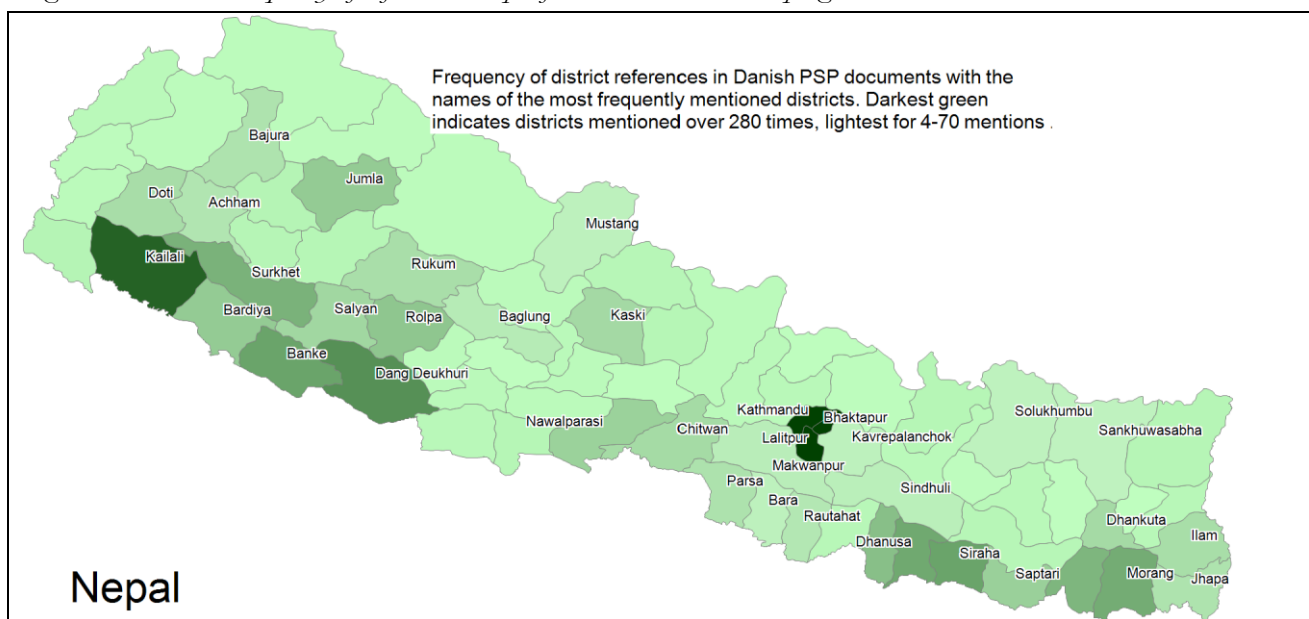
The PSP has been reviewed three times at the end of each phase. The January 2008 review recommended the continuation of the programme and suggested a PSP focus on “*relatively short term interventions directed at keeping the peace process on track*” while HUGOU should focus on medium to long term goals (Ministry of Foreign Affairs of Denmark, 2007). The September 2009 review also recommended a continuation of the programme, in part because Nepal had not yet “*entered into a post-conflict situation, but only a post-peace agreement phase*”. The review recommended more joint development partner initiatives and for Denmark to take a lead in one thematic area. The recent July 2012 review

covered PSP and HRGGP and recommended “reallocations that allow for an efficient disbursement process” for both programmes. For PSP specifically, the review recommended that the Danish embassy improves its monitoring.

The initial note to the Danida Board and the two programme documents show a gradual increase in specificity from an overall envelope of funding at the start of the PSP, moving toward to more specific funding with identified partners by the third phase of the programme.

Due to the use of pooled funding mechanisms Denmark supported the peace process throughout the country. All districts are mentioned in the documents, with the main focus on some of the Terai and some of the main affected districts such as Rolpa and Rukum. The focus on the Terai is in part a reflection of the growing understanding of the situation in the Terai, and it was identified as a priority area of intervention in the January 2008 review. The map in Figure 10 illustrates the attention provided across the country with particular emphasis on the Terai and the capital.

Figure 10: Frequency of references to specific districts in all PSP programme documentation



Source: Analysis by the Evaluation based on PSP project proposals and completion reports.

Danish project example

The Danish support to the Carter Center project around CA elections provides an illustration of the partnership model employed by PSP and the effect it has had on the peace process.

Box 1: Denmark’s support to the Carter Center around the CA Elections: A short assessment

Danida support to the Carter Centre in both Phase 1 (2007-08) and Phase 2 (2008-10) of the Peace Support Programme with a total of DKK 7.4 million. The first project effectively ran from April 2007 to April 2008 (because of the postponement of the elections). It was to support the Carter Center “to monitor and assess the process leading up to and immediately following the 2007 elections to the constituent assembly in Nepal, with a view to support the consolidation of peace and democracy in the country.”

The overall objective of the 2007-08 project was: to facilitate the consolidation of sustainable peace and democracy in the country. The three sub objectives were:

- Deter possible fraud, violence and human rights violations and increase public confidence in Nepal’s electoral process and democratic institutions.

- Demonstrate international interest and support for the electoral and transitional process as a means of achieving sustainable peace and democracy in Nepal.
- Enhance Nepal's capacity to conduct future high quality elections and peacefully resolve electoral or political disputes.

The project deployed 13 long-term observers and 54 short-term observers. The Carter Center observers visited every district of Nepal prior to the elections. They released eight reports and 13 press releases.

Relevance: The overall objective of consolidating a sustainable peace and constitution drafting process was relevant both to the population of Nepal, and relevant in terms of overall Danish policy objectives. There three sub-objective were also relevant in terms of the overall objective, local needs, and Danish policy.

The neutrality of the Carter Center, its capacity, and its strong international reputation meant that it was an ideal choice for monitoring, and it was an appropriate choice for Danida to make.

Effectiveness: The regular reporting by the Carter Center helped to ensure a higher profile for the electoral process. The high profile visits of ex-President Carter brought a lot of attention and increased attention on the election. The Carter Center continued with the project even though the duration was far longer than originally planned due to the postponement of the elections. The fact that the Carter Center monitored the process over a long period give it an authority that set the tone from other election monitors.

Efficiency: International NGOs like the Carter Center have higher unit costs than national NGOs. However, they can bring a more neutral external viewpoint. The Carter Center made the point that they were uniquely positioned to carry out impartial monitoring and assessment in Nepal as they did not provide direct technical assistance to any of the stakeholders. The regular updates from the Carter Center played an important role in monitoring and assessing the entire CA election process.

Impact: Overall, the Carter Center's involvement added legitimacy to the process, which helped lead to an election free from major violence or fraud in which a majority of the Nepali people were able to cast their vote successfully.

The evaluation of DFID funded election monitoring process overall argued that the Carter Center was critical to the overall positive perception of the elections: *"First, the only truly long-term observation mission in Nepal conducted by the Carter Center put it in the middle of key policy developments associated with the election, and allowed it to set the positive tone for all observer groups' reports. Given the proliferation and competition among the groups, without a credible organisation with a leverage to set this tone, the initial verdict on the election could have been far more negative (as reported by those groups themselves) with the potential to render the results unacceptable."*

Sustainability: This project was a service project and was not intended to create a sustainable infrastructure in Nepal. This was appropriate. The lack of sustainability is indicated by the funding for the Carter Center for a follow-on project ran from April 2009 to January 2011 (including a four month no-cost extension). It was intended to: *"complete an impartial assessment of the peace process and constitution drafting process with key Nepali and international stakeholders regularly informed of the findings... Furthermore the project aims to demonstrate international support for the peace process and constitution drafting, as well as for public participation and representation in the democratic process."*

However, the project did contribute to the success of the elections and to the broader perception of the elections as being free and fair. Despite the broad political disputes following the election, very few commentators have suggested that the outcome of the elections did not represent the will of the people.

F.6 Switzerland

Nepal is a priority country for the Swiss government. Switzerland has 50 years of development cooperation in Nepal and has been traditionally engaged in the rural areas of Nepal with livelihood activities. 2.28% of all Swiss ODA from 1960 to 2011 has been channelled to Nepal.³³ Since 2005, peace and human rights activities have been combined with development activities to enhance the effectiveness of the Swiss support to reduce political and social conflicts in Nepal.

Alike Denmark, the Swiss engagement in Nepal is guided by the 10 Principles for Good International Engagement in Fragile States and Situations (DAC 2007), the Accra Agenda for Action and the general orientation of the Paris Declaration on Aid Effectiveness.

The present Swiss cooperation strategy for Nepal (2009-12) focuses on the work of the Swiss Foreign Ministry applying a whole-of-government approach involving mainly SDC and the Human Security Division (formerly the Political Division IV). It provides the strategic orientation for the activities of the Swiss Government to support inclusive democratic state-building and to promote human security and socio-economic development in Nepal.

Responding to the fragile political and socio-economic context, the Swiss programmes are implemented through a **conflict sensitive programme management** approach. Equity is an integral part of planning, implementation and monitoring of all Swiss implemented and funded activities in and for Nepal with special attention to gender and **disadvantaged groups**.

Table 11: *Swiss programming Phases I-II*

| Phase | Time period | Budget |
|-------|-------------|-----------------------------------|
| I | 2005-09 | CHF 76 million (USD 79 million) |
| II | 2009-12 | CHF 100 million (USD 104 million) |

Source: Swiss Cooperation Strategies for Nepal.

The strategic plan for Phase I was initiated while Nepal was still in conflict. However, the overall programme was subject to regular review and adaptation through scenario planning. It contained three components of which the last is most directly related to the peace process:

1. Harmonised bi- and multilateral framework
2. Livelihood and inclusion
3. Meaningful dialogue and conflict transformation

Component three aimed to (a) Facilitate the peace process by fostering a favourable international climate favourable; (b) Create an enabling environment for dialogue and facilitated negotiations, especially with regard to human rights initiatives and; (c) Link local activities to transform the social conflicts in Nepal with peace promotion activities at other levels of society.

The SDC comprehensive approach to programming in Nepal meant that also the other components were focussed on conflict issues, such as developing a common conflict-sensitive management framework for aid delivery (Component 1) and foster livelihoods in conflict-affected rural areas (Component 2) and are thus also subject to this evaluation.

The strategic plan for Phase II covered the implementation period of the CPA. Like the previous plan it has been subject to review and adaptation through scenario planning. During this phase, the overall goal was to support inclusive democratic state-building and to promote human security and socio-

³³ Source OECD: Stat DAC Table 2a.

economic development in Nepal. Two components constituted the programme of which the first was directed at the peace process:

1. Contribution to consolidation of peace process and state building
2. Contribution to inclusive and connected local development (with a focus on Disadvantaged Groups)

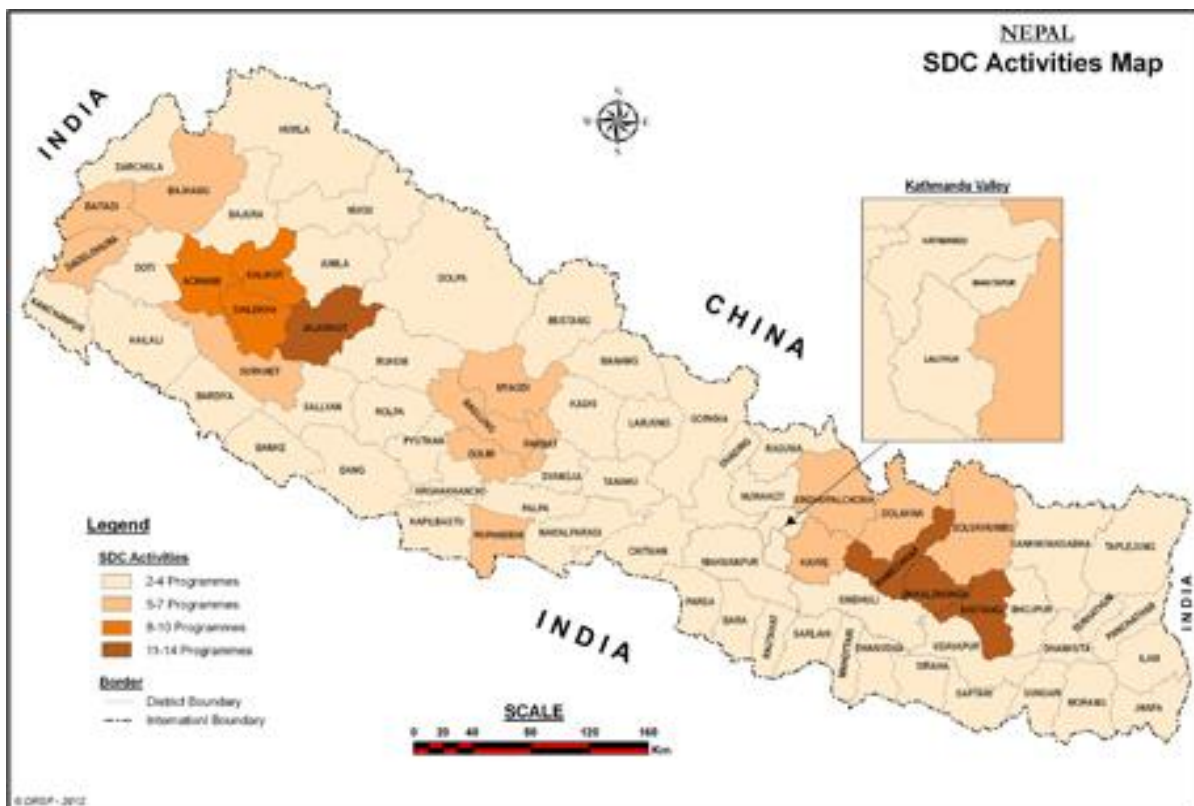
Component one aimed specifically at ensuring implementation of the core elements of the peace process by the stakeholders, that relevant stakeholders were engaged for the state transformation process, and that relevant actors implement human rights standards. This component received approximately 30% of the funding, whereas Component 2 received 60% of the Phase II funding.

For Phase II, SDC explicitly aimed to contribute to effective aid for peace with development partners and government and promote a conflict sensitive programme management approach within the Swiss Programme. The remaining 10% of Switzerland’s budget for Nepal is allocated for running costs of the Cooperation Office, as well as small actions.

In 2009, the SDC office became an embassy mission. The existing development cooperation is now integrated together with a consular section and a section on peacebuilding support (led by a staff member from the Human Security Division). All activities and national and international staff are now under the management of an ambassador. The Swiss Programme in Nepal takes a portfolio management approach with many Nepali staff holding project portfolio management positions.

The Swiss Programme has a special emphasis on two cluster areas in central and in western Nepal. See map in Figure 11.

Figure 2: SDC Activities Map



Source: Swiss Cooperation Strategy for Nepal.

SDC, in conjunction with Helvetas has chosen to focus on some of the more remote and inaccessible areas in Nepal. Livelihood-related projects are implemented mainly in VDCs (or the respective successor local administrative structures) along road corridors that offer economic opportunities, particularly for Disadvantaged Groups.

Swiss programming is monitored through five systems:³⁴

1. Context Monitoring with a participatory MERV³⁵ monitoring instrument every three months. Also monthly risk assessments in the Swiss clusters (and reviewed against three scenarios)
2. Programme Monitoring and Steering – scrutinising the outcomes for each component for cross cutting issues and the two sets of implementation modalities
3. Monitoring of development partner harmonisation along DAC format
4. Management performances are monitored by the SDC Performance Centre
5. Annual evaluation of the Swiss Cooperation Strategy in Nepal.

Swiss Project Example

The constitution making project is key among the Swiss programme portfolio and illustrates the focus on dialogue and capacity building.

Box 2: Switzerland's support on Constitution Making

Switzerland has supported the constitution-making process through various activities and strategies. These included: **(1) Working with key stakeholders** on various aspects relating to constitution making, federalism and confidence building. **(2) Dissemination and outreach** on federalism with all relevant stakeholders. **(3) Local federalism” projects** – Funding and/or providing expertise in processes and events on federalism at district level in 2009. **(4) Swiss expert inputs:** Engagement of a Swiss expert on federalism, wrote working papers on several key aspects of federalism like wealth sharing, taxation, language, and minority rights. These papers have been used since 2007 in workshops and interaction programmes. **(5) Study tours to Switzerland** **(6) Documentation and publications:** E.G “Nepal: Peace Process and Federalism” (2009). **(7) Contribution to the coordination of the technical support to the discussion about federalism:** SDC is one of the four co-chairs of the group to ensure information sharing and coordination of the external inputs into the capacity building and dissemination of knowledge on federal structures.

Relevance: According to Swiss documentation, Switzerland received many requests from relevant stakeholders in the GoN, political parties and civil society as well as different identity and regional groups to support the debate about constitution-making and to bring expertise and to help disseminate the basic concepts of federalism.³⁶ The inputs and outputs of this work were relevant to the CPA which called for state re-structuring. They were also appropriate to Nepal’s new status as a federal democratic state immediately after the conflict. Furthermore, the importance of federalism as defined in a constitution, gained impetus since 2006 with the

³⁴ Swiss Cooperation Strategy with Nepal: 2009-12, p.14

³⁵ MERV (the German acronym for the monitoring of development-relevant changes in circumstances) is applied in all partner countries with varying frequency; in countries experiencing armed conflict, the frequency is usually between one and three months. MERV assessments are jointly produced by the country teams consisting of development, humanitarian and diplomatic staff on the international and local levels. In some countries, regular local risk assessments complement this standard instrument. Depending on the situational analysis, programming and annual planning are fine-tuned in line with the MERV cycle. Source: Context-Sensitive Engagement. SDC Report, September 2008.

³⁶ Support to constitution making and federalism,” (HIK, May 2009). Accessed from http://www.swiss-cooperation.admin.ch/nepal/en/Home/Programme_and_Projects/State_building_Human_Security_Rule_of_Law_including_Human_Rights.

increased voice of identity-based movements in Nepal.

Effectiveness: There have been serious delays in the constitution-making process which influenced the uptake of technical support to the GoN. However, some of the constitution-making committees, including the State Restructuring Committee, were able to produce “state of the art proposals in their field.”³⁷

Efficiency: The work with stakeholders, dissemination and outreach has been coordinated by SDC and the Political Directorate wings of the Swiss embassy. Implementation has been largely supported by national partners such as ADDCN, NAVIN, Madhes NGO Federation and the National Peace Campaign. Working with partners has help maximize the outreach to stakeholders in Swiss clusters and at a national level. Overseas study tours, however, are viewed by some as an unnecessary luxury for senior Nepali officials.³⁸

Impact: Although the constitutional drafting process did not move forward as hoped, the embassy staff considered that the technical input had a value-added in boosting the technical capacity and knowledge of the individuals involved in the re-structuring and drafting process and thus enabling high levels of informed debate.³⁹

Sustainability: The holistic approach to support the constitution-making process enabled the potential for impact at various levels and with different constituencies. The technical knowledge of those involved in drafting will remain but whether it is utilized in the future will be contingent on the individuals remaining a part of the future process.

F.7 Finland

Finland’s development cooperation (started in 1982) aims to assist Nepal to reduce poverty, enhance the peace process, embed democracy into Nepalese society, improve human rights and promote environmentally sustainable development. By supporting Nepal, Finland believes it can contribute to the stability of wider Southern Asia, which is in the interest of Finland’s foreign and security policies.⁴⁰ Nepal is one of the eight principal development cooperation partner countries of Finland.⁴¹ For the decade 2000-09, 2.1% of all Finnish ODA was channelled to Nepal. This increased to 2.5% of all Finnish ODA for the period 2006-11, making Finland the bilateral development partner channelling a greater part of its ODA for Nepal. Since 1960, 2.48% of all Finnish ODA has been channelled to Nepal, a higher proportion than any other development partner.⁴²

Finland’s country programme⁴³ with Nepal focused on interventions in the forest, water, sanitation and hygiene (WASH) and education sectors, especially prioritised in the 1998 development policy and its 2001 operationalisation plan. Finland disengaged in 1999 from the forest sector but returned in 2007 when GoN and Finland agreed to expand the water and sanitation sector to cover the cooperation in water and sanitation, environment and forestry sectors. The first steps towards formulating a joint programme for the forest sector were the Forest Resource Assessment Nepal and Leasehold forestry

³⁷ “Constitution-making and federalism in Nepal - a challenged process,” (Nicole Töppervien: September 2010, DRAFT), p.4.

³⁸ Critical stories about foreign visits are often published in the Nepali media and community respondents in Gorkha also shared general critical views on this with the evaluation team in April 2013. It should be noted that these were general comments about development partner-sponsored overseas study tours and not specific to Swiss activities.

³⁹ Interview with Martin Stuerzinger, 14 May 2013.

⁴⁰ <http://www.finland.org.np>

⁴¹ Particip. 2012. Evaluation of the international support to the peace process in Nepal 2006-2011 to which Denmark has contributed, Ministry of Foreign Affairs of Denmark, Inception Report.

⁴² OECD-DAC Table 2a on 5 January 2013.

⁴³ This section draws heavily from Caldecott J et al. 2012. *The Country Programme between Finland and Nepal Evaluation report 2012:2*. Ministry for Foreign Affairs of Finland, a recent evaluation commissioned about its development cooperation with Nepal.

programme. In 2010 Finland, UK and the Swiss governments agreed to assist the GoN to design and implement the 10-year Multi-stakeholder Forestry Program.

During this period, Finnish disbursements to Nepal were equivalent to approximately EUR 5 million (USD 6.2 million) per year. When the then King of Nepal assumed direct power in 2005, Finland suspended its development cooperation aid but returned immediately after the CPA was signed and held bilateral consultations in 2007. The volume of the country programme increased steadily from EUR 5 million (USD 6.2 million) in 2006 to EUR 17 million (USD 21 million) in 2010.⁴⁴ Close relations with government were developed and cooperation directions were agreed in the 2007 bilateral consultations and ratified in the 2010 discussions. Agreement was reached that cooperation in forestry and education would continue while cooperation in the WASH and environment sectors would eventually be phased out. The need for major investment in Peace-building, Governance and Human Rights (PGHR) was identified, while it was expected to phase out over time.

Finland's main direct support for the peace process has been through the NPTF. The first tranche of EUR 1 million (USD 1.2 million) was earmarked for the 2008 Constituent Assembly elections and subsequent donations have made the total NPTF support EUR 6.5 million (USD 8.1 million).⁴⁵

Table 22: *Finland peace support programming*

| Organisation | Time period | Budget |
|---------------------------------------|--------------------|-----------------------------------|
| NPTF I | 2007-09 | EUR 3 million (USD 3.7 million) |
| NPTF II | 2010-12 | EUR 3.5 million (USD 4.4 million) |
| IDEA Int'l | 2009-12 | EUR 0.6 million (USD 0.8 million) |
| UNWomen (UN Res. 1325 and 1820) | 2012-15 | EUR 1.3 million (USD 1.7 million) |

Source: Semi-annual reports 2008-11, Embassy of Finland

After completion of the first phase, Finland signed a bilateral agreement in December 2010 to continue its support for a second phase⁴⁶ along with other development partners and MoPR. As noted above, NPTF has financed projects on rehabilitating people affected by the conflict, including Maoist ex-combatants, on the election of the Constituent Assembly and other entities, and on managing cantonments, removing land mines, and reconstructing war-damaged public infrastructure.⁴⁷ Finland's contribution has not been earmarked for any particular activities and this part of the Finnish assistance will thus be evaluated entirely as part of NPTF.

Finland is also involved in a number of coordination activities for peace support. These have included co-chairing with UN Women the Peace Supporting Working group which is tasked to coordinate activities for UN resolution 1325 with Ministry of Peace and Reconstruction.⁴⁸ Finland also supported the development of a National Action Plan (NAP) on United Nations Security Council Resolutions 1325 and 1820 on Women, Peace and Security. More than 3,000 women were consulted in the process

⁴⁴ The aim is to reach 20 million by 2012 in aid disbursements to Nepal (KAT5001-31/2007, HEL5051-71/2007).

⁴⁵ Semi-annual reports 2008-11 (selected chapters), Embassy of Finland, Kathmandu.

⁴⁶ This phase aimed to strengthen local peace committees and provide scope for civil society organisations to work with government agencies on peace building initiatives, The overall projects are grouped mainly in four clusters i) Cantonment Management and Rehabilitation of Combatants, ii) Conflict Affected Persons and Communities, iii) Security and Transitional Justice, and iv) CA and Peace Building Initiatives at National and Local Levels.

⁴⁷ Particip. 2012. Inception Report, Evaluation of the international support to the peace process in Nepal 2006-2012.

⁴⁸ UN Security Council Resolution 1325 (2000) was the first formal and legal document from the United Nations Security Council that required parties in a conflict to respect women's rights and to support their participation in peace negotiations and in post-conflict reconstruction. The resolution was adopted unanimously.

and Finland contributed EUR 1.3 million (USD 1.6 million).⁴⁹ The NAP was officially endorsed on 1 February 2011, making Nepal the first country in South Asia to have such a plan.

Human rights are an important part of Finland's programme and Finland has chaired the EU Working Group on Human Rights Defenders, which indirectly supports the peace process.

Table 3: Finland Human Rights support

| Organisation | Time period | Budget |
|---------------------|--------------------|------------------------------------|
| OHCHR | 2005-10 | EUR 3.5 million (USD 4.4 million) |
| NHRC - SCNHRC | 2009-13 | EUR 0.4 million (USD 0.53 million) |
| NHRC - bilateral | 2011-13 | EUR 0.2 million (USD 0.25 million) |

Source: Semi-annual reports, Embassy of Finland, Kathmandu

Finland has also provided Junior Professional Officer secondments to OHCHR in Nepal since it opened in 2005 and has provided EUR 3.5 million (USD 4.4 million) in funding to the agency. OHCHR addressed issues concerning: discrimination and economic, social and cultural rights; the strengthening of human rights institutions and civil society; and accountability, impunity and the rule of law. In September 2010, for example, the OHCHR released a report on alleged and un-investigated extra-judicial killings by the security forces in the Terai. Support of Finland was also used to strengthen capacity of the National Human Rights Commission (NHRC) of Nepal.

Finland has previously supported the National Human Right Commission (NHRC) and, in January 2008, the Commission asked Finland to provide forensic expertise in examining a suspected mass grave in Kathmandu. In response, Finland sent two experts to work with national experts on the investigation, a visit that was repeated in 2010 in Dhanusa⁵⁰. In addition, Finland contributed EUR 0.2 million (USD 0.2 million) bilaterally to NHRC and EUR 0.4 million (USD 0.5 million) during 2009-11 to an NHRC capacity-building project administered by United Nations Development Programme (UNDP), which is co-financed by other development partners.⁵¹ The project covers forensic training and training for human rights advocates and teachers.

Finland has also supported collaboration between Finnish and Nepalese NGOs on peace-building and conflict transformation. This work has focused on three areas.⁵²

- Promotion of human and civic rights;
- Strengthening democratic processes through political, economic, social, and cultural inclusion; and
- Rehabilitation and reconciliation.

Finland has, together with Norway, supported the International Institute of Democracy and Electoral Assistance (IDEA) with EUR 0.6 million (USD 0.8 million) for a constitution-building project. This international organisation has supported the Constituent Assembly secretariat, facilitated dialogues between political parties on contentious constitutional issues and conducted a wide range of public consultations on the constitution including some targeted at women and other marginalised groups.

Outside the scope of this evaluation, Finnish NGOs working in Nepal is an important part of the overall programme of assistance – accounting for more than one quarter of all Finnish ODA for Nepal.

⁴⁹ Field notes, Interview with UN Women of Evaluation Team, May 2012.

⁵⁰ Meeting notes, Evaluation team, NHRC Janakpur, May 2012.

⁵¹ Other development partners including UK, Canada, Norway, Switzerland, the USA, Denmark and the United Nations Children's Fund (UNICEF)

⁵² Particip. 2012. Evaluation of the international support to the peace process in Nepal 2006-11 to which Denmark has contributed, Ministry of Foreign Affairs of Denmark, Inception Report.

Finland supports the work of 21 Finnish INGOs in Nepal⁵³. It also supports a programme to strengthen the capacity of Nepali state institutions, through partnerships with similar institutions in Finland.

Also beyond the scope of this evaluation, broader Finnish development cooperation includes support for: education; environment (largely institutional capacity support); forestry (the forest resources assessment project; and land registration (implemented by the UN's Food and Agricultural Organisation - FAO). Water and sanitation are important parts of the Finnish portfolio and Finland supports a bilateral Rural Village Water Resources Water Project with the Government in Far West Nepal. This project began in 2006 and entered its second phase in 2010. Finland also supports a bilateral Rural Water Supply and Sanitation Project in Western Nepal. This programme runs from 2008 to 2012.⁵⁴

Apart from the Ambassador, the embassy of Finland has two development counsellors, one of whom is responsible along with a Nepalese programme officer for support to the education sector, peacebuilding, human rights and gender.

The overall Finnish Country Programme reports semi-annually to MFA and holds biannual reviews and negotiations with GoN. The MFA advisors visit the programmes periodically. Separate monitoring and evaluation systems to monitor support to peace process were not adopted as joint development partner support was provided to NPTF. Joint reviews were conducted in 2011-12 by an external evaluation team and social audits were part of the monitoring mechanism also conducted by an external agency. Hence, the monitoring systems followed by NPTF were supported by Finland.

Finnish Project Example

Among the range of projects supported by Finland, the support to the Women, Peace and Security Agenda has been given much attention.

Box 3: Finland's support to Strengthening the Women, Peace and Security Agenda in Nepal

Finland has provided significant financial support for implementation of UNSCR 1325 NAP to UN Women (budgeted at EUR 1.3 million for 2012-2014) through ***“Strengthening Implementation of the Women, Peace and Security Agenda in Nepal: Towards Implementation of the National Action Plan on UNSCRs 1325 and 1820”*** project. **This project focuses on supporting Government and relevant stakeholders to implement selected National Action Plan commitments.** Earlier, Finland supported the development of a National Action Plan (NAP) on United Nations Security Council Resolutions (UNSCRs) 1325 of 2000 and 1820 of 2008 on Women, Peace and Security, for which above 3000 women were consulted (MoPR 2011). The NAP was officially endorsed on 1 February 2011, making Nepal the first country in South Asia to have such a plan. Staff of the Finnish embassy supported development of the NAP through its membership of the Peace Support Working Group. Relevance: The UNSCR resolution 1325 recognizes the strategic contribution that women can make to peace and security policy, and also acknowledges the increasing use of violence against women as a tactic of war. SCR 1820 recognizes conflict related sexual violence. Both these resolutions have great significance for women of Nepal who experience various forms of discrimination. As conflict victims, their issues have not been addressed adequately even though the Interim Constitution and the CPA have provisioned for protection and promotion of women's rights. Government of Nepal endorsed NAP on UNSCRs 1325 and 1820 on 1st

⁵³ Many of these are faith-based. Most appear to work through local partners in Nepal. This programme is managed directly from Helsinki and not from the embassy. Interview notes, evaluation Team, May 2012.

⁵⁴ Particip. 2012. Evaluation of the international support to the peace process in Nepal 2006-11 to which Denmark has contributed, Ministry of Foreign Affairs of Denmark, Inception Report.

February 2011 but implementation has been slow with minimal efforts to concretely address women's security and peace building needs. NAP 1325 and 1820 concerns have not been sufficiently budgeted and systematically mainstreamed into Government projects. Post-conflict traumas and violence on women (GBV) have not received sufficient attention. Even the development partner support for the peace process through the NPTF has been unable to earmark, track and monitor funds for women's post-conflict needs⁵⁵. Hence this project has high relevance.

Effectiveness: NAP has five goals: participation; protection and prevention; promotion of rights; relief and recovery; as well as resource mobilization, monitoring and evaluation. A baseline study of 2012⁵⁶ on the status of the implementation of NAP identified some progress has been made for participation of women and in resource mobilization with many Ministries preparing annual plans for the implementation of the NAP. But progress has been slow and almost absent in some areas such as protection, relief and recovery. Women who were involved in peace negotiations and special task force were not able to raise issues concerning women's right. The study found that the cases of violence including sexual violence against women during the armed conflict have not been prosecuted so far. The dissemination of NAP 1325 and 1820 in both central and district level was nominal. Systematic efforts have not been made to address the needs of conflict affected women. The project will support the capacity of key stakeholders to implement NAP commitments. It hopes conflict affected women in three districts implement their programmes and it aims to support women to influence policy decisions. Since the project was yet to start implementation, its effectiveness could not be judged.

Efficiency, Sustainability and Impact all require more implementation time for any assessment since the support is still the inception phase. However, previous support for the development of the NAPs indicates that there has been continuity in the work related to these issues and the impact will potentially be high in ensuring the protection and promotion of women's rights in the ongoing peace process.

⁵⁵ UN WOMEN, Strengthening Implementation of the Women, Peace and Security Agenda in Nepal: Towards Implementation of the National Action Plan on UNSCRs 1325 and 1820, A PROCESS DOCUMENT by UN Women, Submitted to The Government of Finland, November 2011.

⁵⁶ Legal Aid & Consultancy Centre, Final Report for LEGAL AID & CONSULTANCY CENTRE, FINAL REPORT FOR Baseline Survey on the implementation status of National Action Plan: UN Security Council Resolution 1325 and 1820, UN Women, July 30, 2012.