

Annex K Possible Wider Lessons

This annex contains lessons from Nepal that the evaluation judges are likely to apply in other fragile and conflict affected settings.

K.1 Political understanding helps deliver sustainable support

Nepal is a highly diverse society with 128 caste and ethnic groups, the largest of which, the Chhetri, accounts for one-sixth of the national population. Combined with hill Brahman this group is just above one quarter of the population. The smallest group, the Narung, with only 278 members, is found in all five regions of Nepal. With the emergence of democratic processes and the focus on individual rights, dealing with this tremendous diversity has become a key factor in Nepali stability, and the peace process is but a political transition in a larger transformation of society. The development partner community has rightly assisted in the immediate transition processes but at times has sought to dispense with broader political analysis, in the hope of pursuing a more traditional development approach aimed at poverty reduction. The evaluation concludes that investments in political understanding have allowed development partners to provide sustainable peace process support. Such an investment is necessary in any fragile setting; peace processes cannot be approached as development programmes only.

K.2 Development partner influence is dependent on financial and moral leverage

One quarter of GON's budget is funded by OECD development partners, but only 5-10% of that funding is directed to the peace process, i.e. 1-2% of the government budget. While this sum is significant, the government and other parties are the main funders of public programmes, and development partners are consigned to a minor supportive role. Consequently, development partners' financial influence on policy outcomes has been limited and the evaluation recognises this limitation. Meanwhile, the evaluation concludes that the development partners have exerted moral influence especially when working in concert, e.g. advocating against the ordinance on the transitional justice commissions in 2012. It is crucial that development partners in fragile settings recognise and utilise the full set of influencing tools that are available to them.

K.3 The peace process is Nepali-owned

The peace process is inherently Nepali and outside parties have befittingly only limited influence. Yet, the comprehensive deal struck between the Maoists and the government allowed many parties, including international development partners, to rally around a common list of objectives. This may have raised expectations about outsiders' levels of influence. Important progress has been made on this list, and development partners have contributed in particular to free elections and an effective demobilisation process. But many other issues are outstanding, most notable on ending impunity and improving socio-economic rights. The evaluation concludes that given past levels of political and financial investment, the development partners achieved what was feasible in a domestically-owned process. A peace process is inherently a political bargaining process between constituencies in a fragile society. The process is thus member-owned and must allow for a narrative that builds national strength.

K.4 Development partners must engage with influential actors

The focal development partners and other like-minded development partners have publicly expressed their support for the peace process. They have also noted that such assistance meant pressuring all relevant parties to refrain from violence, adhere to the rule of law and move towards an ever-more democratic governance system. Mostly this meant challenging the power holders, especially in government, to ensure inclusion, end impunity and apply common standards to all parties. Yet, this challenge function has seldom been practiced beyond the technical level. Moreover, there has been little systematic effort to leverage technical expertise with high policy conversations between the development partners and the government. Finally, the focal and the likeminded development partners constitute a group that has been relatively narrow in its membership. China, India and United States are known to have exerted real policy influence on Nepal, delivering bargains that served both the investors (development partners) and the recipients (governments), but there has been limited exchange between these three actors and the focal development partners. The evaluation concludes that the focal development partners may have attempted to gain access more broadly, but have failed to engage on a channel of engagement that could greatly leverage their support to the peace process, even if those other actors' primary interests are trade or security. In similar settings, it is essential to engage with all influential parties to avoid that technical inputs are undermined by larger political processes.

K.5 Fragile states principles

The Principles for Good International Engagement in Fragile States provide a useful lens to assess development partner performance in Nepal. Each principle touches a challenge that the focal development partners have addressed in their programming, often quite effectively. The do no harm principle, which cautions that programmes inadvertently can “create societal divisions and worsen corruption and abuse, if they are not based on strong conflict and governance analysis, and designed with appropriate safeguards”, is difficult to apply in Nepal and similar settings. Peace – and other change-processes create winners and losers. In Nepal the evaluation concludes that, while the Danish assistance is effectively advancing several rights issues in Nepal, due diligence would demand a country programme conflict analysis prior to undertaking social change initiatives in a fragile setting. In such settings it is pertinent that development partners establish minimum conflict analysis guidelines for all programmes, especially those that risk escalating social tension. The guidelines could also discuss mitigation strategies in case of unintended consequences.

K.6 PIUs may be appropriate in fragile environments

Denmark maintained several funding channels for Nepal, the regular development programmes, the HRGGP implemented through the HUGOU PIU, and the PSP, implemented through the Embassy. While the programmes do not clash with each other, neither are they fully coherent – having different timeframes, for example. While this approach may have reduced potential synergies, programme management was less unwieldy than the alternative of a unified management system. Over time, the three programme elements became more coherent. The programme implementation unit managing HRGGP was an effective mechanism to fund civil society organisations working on human rights and good governance issues. Funding for these activities could not be passed through the government, due to corruption, poor relations between the government and some civil society organisations, and lengthy processes at the community level. The evaluation concludes that despite the Paris Declaration intentions, in the case of Nepal, the use of PIU was wholly appropriate. This is likely to also apply to other fragile settings where government parties are reluctant to advance certain issues. If PIUs are not

feasible, an umbrella grant system – with a key NGO at the centre – could also be implemented in countries with strong and credible NGOs.

K.7 Whole-of-government approach is effective

Switzerland's presence in Nepal is a combined office of Development Cooperation and the Ministry of Foreign Affairs' Human Security Division. All assistance followed a whole-of-government approach by which the two departments designed joined-up strategies and delivered joint programmes. Of particular note was the conflict sensitive programme management approach which integrated conflict sensitivity principles both at a project, programme and organisational level. While Switzerland encountered the same political obstacles as Denmark and Finland, the evaluation concludes that the whole-of-government approach has proved to be particularly effective in the fragile environment of Nepal – and it may well be the case for other such environments – because it allows the development partner to assess and influence government policy above the technical level.

K.8 Smaller development partners can leverage impact through coordination

Finland is a relatively small and young development partner in the peace and conflict areas, whereas it has strong and long traditions in other areas of development assistance. With a niche interest in women's issues in the peace process, Finland opted for an overall coordinated approach channelling most funding through NPTF. While the Fund continues to struggle with several issues, the evaluation found that it is emerging as the key joint instrument through which development partners can harmonise their efforts, align with government priorities and help build capacity in the process. The evaluation concludes that smaller development partners such as Finland can leverage their impact by taking leadership in joint forums and attracting development partners to joint efforts.