

Final Management response & Follow-up Note

Joint Evaluation of International Support to the Peace Process in Nepal, 2006-2012

This Note summarises the main findings, lessons learned and recommendations from the final report of the Joint Evaluation of International Support to the Peace Process in Nepal, 2006-12. It also includes Danida's reaction (management response) and follow-up to the evaluation. The management response is inserted in italics after the recommendations. The Evaluation was commissioned and managed by the evaluation department in Danida on behalf of the focal donors (DK, Switzerland and Finland) and with important inputs from other development partners in Nepal (members of the reference group). It was conducted from February to December 2012 by an independent team of international and local consultants selected by Particip (Germany) and Niras (Denmark).

Executive Summary

This evaluation of the international support to the peace process in Nepal focuses on the contributions made by Denmark, Switzerland and Finland in the period from 2006 to May 2012. The contributions by these focal development partners are viewed in the context of support from other development partner countries, especially where provided through joint funds. The evaluation adopted a theory-based approach, building on the idea that the logic of a programme can be formulated in a 'theory of change'. In a first step, the evaluation mapped the focal development partners' conflict analyses, which pointed to four drivers of conflict: poverty, power relations, inequality and violence. Secondly, the evaluation uncovered an implicit theory of change: The changes to be brought about by the full implementation of the Comprehensive Peace Agreement (CPA) would contribute to a sustainable peace in Nepal, and development partners could assist this through their support for implementation of the agreement. While this statement was very general, it did show a common determination to support the CPA and a belief that the CPA was an appropriate vehicle for furthering peace. Thirdly, the evaluation adopted the CPA as a common yardstick against which the performance of the focal development partners' support could be measured. It was also noted that some activities were not aimed at the CPA objectives. Using traditional OECD/DAC programme evaluation criteria, in the fourth step, the evaluation then sampled programmes and processes to determine whether they had been

relevant, effective, efficient, and had produced sustainable impact. Finally, the evaluation assessed how development partner coordination mechanisms have contributed to the peace process.

The evaluation included a broad focus on the different mixes of implementing channels used by the three development partners. These have included nationwide pooled funded mechanisms which explicitly address peacebuilding goals such as NPTF and UNPF. Other mechanisms have supported an enabling environment for peace in the country such as RDIF. The Development partners have also funded more discrete projects working directly with communities, for example via NGOs. The nature of this support has been both in financial and technical assistance.

Support has been delivered with and through the GoN and also channelled to support civil society initiatives.

The evaluation used a range of research tools, including analysis of project portfolios, key informant interviews, documentary research, and a development partner survey. The findings were validated through the circulation of the draft reports by EVAL to key stakeholders and the reference group.

The nature of the peace process meant that there were risks that the outcomes – and certainly the impact – of individual development partner interventions would be lost in the complexity of contributing variables. The evaluation sought to turn this into an advantage by comparing the different approaches. In addition, the focal development partners have supported not only the joint funds, but also broader human rights and good governance issues, along with development, which addressed some of the structural causes of the conflict in Nepal. In order to lower the risk of overwhelming complexity and lack of any links between inputs and outcomes, the evaluation specifically concentrated on activities in support of national implementation of the CPA.

Context

Nepal is a landlocked country on the slopes of the Himalayas, with a population of 26.6 million. It is bordered by the Tibet autonomous region of China to the north, and India to the west, south and east. Being wedged between two large and powerful neighbours, both of them regional giants, has forced Nepal to maintain a balance in its foreign policy.

From 1768 to 2008, Nepal was an independent monarchical state. The feudal economic and political system depended on hierarchies of gender and caste/ethnicity, which contributed to widespread poverty and discrimination. Elections in 1990 led to a Congress Party government, and one branch of the Communist Party of Nepal (Unified Marxist-Leninist – UML) became the largest opposition group. In 1996, the other branch of the Communist Party of Nepal (Maoist – CPN-M, later UCPN-M) launched the “People’s War” against Nepal’s feudal monarchy and multiparty democracy. The conflict intensified from 2001 onwards, and peace negotiations failed

in 2001 and 2003. In early 2006, seven main political parties and the Maoists came together in a “people’s movement” to press for change. By November that year, the Government and Maoists signed the CPA, ending 10 years of armed conflict.

The CPA covered a comprehensive list of issues aimed at transforming Nepali society. Some of these issues were supported by the international development partners, some were effectively dealt with by Nepali parties only, and others were largely left aside by the Nepali parties. These points are still held up as the objective of the peace process, and progress can be measured against these, while further specifying the criteria and the level of ambition implied in the agreement.

The Constituent Assembly (CA), for example, was elected in April 2008 and began to serve as an interim parliament pending the drafting and ratification of a new constitution and fresh elections. The CA abolished the monarchy and declared Nepal a republic, thereby also achieving several CPA objectives. Yet this peace agreement was followed by the rise of other smaller armed conflicts, especially in the Terai region, and Nepal has not achieved the political stability and economic progress envisaged by the CPA. The political parties have continued to debate many of the key issues, and the CA was extended several times before it was dissolved in May 2012 because it failed to agree on a new constitution. New elections have been scheduled for 2013.

Support to the peace process

Official Development Assistance (ODA) to Nepal from 2006 to 2011 totals nearly US\$ 4.4 billion, annually accounting for 5-6 per cent of Nepal’s gross national income and development partner contribute about one quarter of the national budget. While there are no combined records of the financial support to the peace process, the evaluation team estimates it at US\$ 300-400 million for the period evaluated. Much of this assistance is provided through three joint funds: The Nepal Peace Trust Fund (NPTF) is a government-development partner funding mechanism established in 2007 specifically to support the peace process. With annual development partner contributions of US\$ 10-20 million, the government itself has more than doubled the external funding, allowing the Fund to disburse US\$ 170 million to more than 50 projects during the period evaluated. While it has been troubled by slow administrative procedures and lack of capacity, this Fund is emerging as the most effective hub for development partner-development partner and development partner-government interaction and planning.

The United Nations Peace Fund for Nepal (UNPFN) was established in March 2007 at the request of development partners and the government. The Fund was created to mobilise resources for activities of clear, short-term relevance to the peace process where they could not be funded or implemented through the NPTF or other existing mechanisms. With US\$ 44.5

million contributed to UNPFN over its lifetime, the Fund is now closely co-ordinated with NPTF.

The Rights, Democracy and Inclusion Fund (RDIF), first launched in February 2006, was an initiative of the UK, Swiss, Norwegian, Australian and Danish governments for the sustainable reform of political governance in Nepal. With a US\$ 12 million budget, the Fund has been viewed as a collection of quick turnaround projects, and an evaluation concluded that the projects have been carried out in agreement with the CPA and have achieved synergy effects.

As contributors to these funds, and with direct implementation capacity in Nepal, the three focal development partners each have a long and sustained history of support.

Denmark began its development assistance to Nepal in 1973. Denmark has since then provided support within education, forestry, business development, human rights, good governance and democracy as well as access to energy. The current support to the peace process has primarily been directed through two programmes:

The Human Rights and Good Governance Programme (HRGGP), which, since 2003, has funded projects to the amount of US\$ 45 million. It has been managed by a programme implementation unit with strong technical expertise and a solid network of civil society partners. The Peace Support Programme (PSP) has, since its inception in 2007, provided US\$ 46 million to NPTF, UNPFN and civil society partners. Compared to HRGGP, with a stronger peacebuilding agenda, the PSP focused on more short-term interventions that could support the peace process. Given that 70% of PSP went through pooled funding mechanisms, Denmark thus supported the peace process in each district in Nepal.

Switzerland has 50 years of development co-operation in Nepal and has been traditionally engaged with livelihood activities in the rural areas of Nepal. The Swiss co-operation strategy for Nepal applies a whole-of-government approach, involving mainly the Swiss Development Co-operation and the Human Security Division of the Ministry of Foreign Affairs. Since 2005, this has amounted to US\$ 183 million. The Swiss Programme has a special emphasis on two geographic areas in central and in western Nepal, seeking to deepen the effect of the interventions. This includes work on livelihood and inclusion, meaningful dialogue, and conflict transformation. The third component is primarily focused on Kathmandu, specifically on work towards a harmonised bilateral and multilateral framework for the peace process.

Finland, which began its development co-operation with Nepal 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. While Finland has traditionally been a strong supporter of forestry, water, and WASH (water, sanitation and

hygiene) initiatives, it is a newer development partner on peace and conflict issues. Total funding to Nepal since 2005 is US\$ 130 million. Nearly all funding for peace process issues (US\$ 8 million) has been channelled through NPTF, and Finnish advisers have focused on women's and other human rights.

Conflict understanding and theories of change

Danida's direct support for the peace process (PSP) is not based on any formal conflict analysis at the strategic level, but, given the interaction and complementarity with HRGGP, which relies on more articulated theories of change and is framed in a conflict transformation approach, the evaluation finds this strategy appropriate and relevant for the situation in Nepal. Meanwhile, partly due to its unique Swiss Development Cooperation (SDC)/Human Security Division (HSD) set-up, Switzerland has in place comprehensive in-house conflict analysis expertise, scenario planning, regular updating of programme documents based on political developments, and monitoring that feeds back into learning. While the theory of change methodology may not feature explicitly in aid documents, it appears that Switzerland places strong emphasis on "process" and staying abreast of political developments. Finland has invested carefully in the peace process and has relied on joint mechanisms for conflict analysis at the strategic level and theory of change at the programme level – partly because no other resources were available and partly because post-conflict transition is a new area of engagement for Finland. The evaluation finds this approach appropriate for Finland's volume of aid and current resources allocated to conflict analysis.

On theories of change (ToCs), the evaluation finds a very limited usage of ToCs as a design or monitoring tool, but notes that the focal development partners have utilised other methods to ensure a match between analysis and programming. The evaluation has not, however, been able to determine whether these other tools, including scenario building, have been superior to ToC methodology.

Programme relevance

The focal development partner strategies all aim to support the CPA objectives – and, as such, signify good coherence with national peace aspirations. However, as the peace process itself is beholden to political interests and developments, certain CPA elements (such as social and economic development) have been side-lined by the joint funds. The HRGGP is an example of programming that successfully addresses an issue that NPTF does not engage with – namely, human rights. On other strategic frameworks, the evaluation notes that the comprehensive effort involved in producing the Peace and Development Strategy (PDS) has not borne fruit in terms of

alignment or harmonisation. Meanwhile, the evaluation found that NPTF 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 found the fragile states principles a useful prism through which to study the support to the peace process, and many of the evaluation questions are also reflected through this framework. The focal development donors generally have lived up to the spirit, if not the letter, of the principles, although the ambition to “Do No Harm” is particularly tricky when supporting change processes.

The evaluation also found that the mix of channels used by the focal development partners were appropriate and allowed the most effective channel to be used for different types of intervention.

Key findings: Peace process status and conclusions on donor support

The evaluation chose the CPA as a yardstick for progress on the peace process, as development partners explicitly aimed to contribute to the fulfilment of the CPA objectives.

Constituent assembly election

Under the CPA, the CA was charged both with writing the new constitution and with acting as parliament pending the introduction of the new political order by that constitution. Support from the core development partners to the electoral process was quite broad. It included support to national and international election monitoring, technical support to the Election Commission, and support for poll logistics. It also included support to civil society groups for voter education and for broader civil awareness of the whole process. The elections were a success, in that they delivered an inclusive CA that had very broad representation across Nepali society. Women and other often-marginalised groups were reasonably well represented in the CA. However, this very inclusivity may have contributed to the inability of the CA to draft a new constitution. It should be noted that the original timetable for the elections was unrealistic in the given context.

Constitution

Despite four years of effort, and the setting of repeated deadlines by the key stakeholders, Nepal has not yet achieved a new constitution. While agreements have been made on many issues, the critical outstanding point is the format of a new federal structure and the form of government. Elections for a new CA were planned for November 2012, then again rescheduled for 2013. The outlook for the adoption of a constitution is now uncertain.

All three focal development partners provided substantial support to the constitutional process. Support to the constitutional process and to the elections accounted for more than one quarter

of all Danish PSP expenditure. The Swiss provided constitutional technical expertise and facilitation and mediation support. Finland has supported the constitutional process through its funding of NPTF (though that was not earmarked) and through the support to the International Institute for Democracy and Electoral Assistance (International IDEA).

The reason why the CA failed to agree on a constitution was that the leading political parties had conflicting objectives for the constitution and different definitions of basic principles. While development partners have provided a significant amount of support for the constitutional process, this support has turned out to be a necessary – though not sufficient – condition for the development of an inclusive constitution for Nepal.

Good governance

Many development partners present a negative picture of progress towards good and inclusive governance – a goal envisaged in the CPA. Among the Nepalese population, there is an overall lack of trust in government, partly due to high unfulfilled expectations of the peace process. Similarly, political parties are generally viewed as participating in, and contributing to, corruption, with no credible mechanisms existing to make them accountable.

The Danish HRGGP has focused extensively on good governance issues. Switzerland, meanwhile, has aimed at contributing to good governance in the domains of consolidation of the peace process and statebuilding. The latter includes helping to ensure that relevant stakeholders engage in the state transformation process and the implementation of international human rights standards, with a focus on impunity and reconciliation. The work of the Political Parties of Finland for Democracy (Demo Finland) in Nepal has also contributed towards young people's political empowerment and to constructive dialogue across party lines.

An end to discrimination

The Interim Constitution brought the promise that a new federal structure would transform Nepali society towards ending exclusion of marginalised groups. It looked likely that a federal state would lead to more representative governance structures. However, there is still a long way to go in several areas. Civil service jobs, for example, are held primarily by advantaged social groups, leaving their proportion of positions unchanged over nearly two decades.

The focal development partners have contributed to addressing class, ethnic, linguistic, gender, cultural, religious and regional discrimination through social mobilisation and empowerment of people in their project/programme areas. However, a key gap in the support of the development partners has been the inability to facilitate a reasoned debate and achieve a consensus on

accommodating multiculturalism in a context where demands for individual identity rights were becoming increasingly strident in Nepal during the years after the CPA was signed.

Cantonment and demobilisation/reintegration

The CPA included provisions both for the demobilisation and cantonment of the Maoist People's Liberation Army (PLA), and for integration into the National Army. More than 30,000 PLA combatants were registered, of which nearly two-thirds were temporarily placed in seven UN-monitored cantonments and 21 satellite camps located throughout the country. Overall, the demobilisation process was a success as the PLA was disbanded and most former combatants were removed from the military environment. Civilians generally credited the presence of the cantonments as increasing their security significantly, due to almost complete suppression of criminal activity caused by the military presence at the sites.

The core development partners supported the UN agencies with resources and some technical assistance to work with the Government and national stakeholders to implement the cantonment and reintegration processes. Support was also given via the NPTF after the departure of UNMIN. Given the complexity of the process, the donors' decision to give support to the UN was appropriate to the circumstances. The NPTF proved to be an effective body with regard to the process, and enabled greater national ownership of this sensitive issue.

Action on "the disappeared" and establishing the Ministry of Peace and Reconstruction

The Maoist conflict caused a large number of disappearances of people – a figure today estimated at between 1,500 and 5,700. The origins of the Ministry of Peace and Reconstruction (MoPR) lie in the formal peace talks initiated between the Government and the Maoists in 2001, which led to the establishment of a Peace Secretariat to provide physical, technical and other assistance to advance the peace process. MoPR has delivered relief and rehabilitation packages, principally in the form of cash transfers.

The development partner assistance for compensation for the families of the people known as "the disappeared" has been mostly channelled through the NPTF, which has enabled a good degree of national ownership over the process. While many families have received compensation, this process has been marred by political affiliations, lack of geographic outreach, and allegations of corruption. Development assistance to NGOs to support families to access compensation has been quite effective, particularly in the case of the work conducted by the NGO, the Informal Sector Service Centre (INSEC). However, financial compensation is only one part of the resolution of injustices. Where development partners have not been successful has been in getting justice – rather than just financial compensation – for people affected by the conflict. This is a broader problem with the whole peace process, reflected in the failure to establish a

Truth and Reconciliation Commission (TRC). However, the real issue is not the TRC, but the continuing impunity of those who committed serious human rights abuses.

Setting up a Truth and Reconciliation Commission

Despite the best efforts of development partners, Nepal does not have an adequate law on the TRC and on “the disappeared”. It looks very unlikely that the victims of abuses during the conflict will get justice in Nepal. Given the way the government has previously withdrawn cases from the courts, observers are concerned that amnesty decisions will be based on considerations of politics rather than justice.

The focal development partners – in particular, Denmark and Switzerland – prioritise transitional justice. Most recently, they have established a basket fund to serve as a financial and political risk-sharing arrangement. The Danish HUGOU Office was designated as the administrator, and the UK, Norway, Switzerland and Denmark became funders, with the International Commission of Jurists (ICJ) and the International Centre for Transitional Justice (ICTJ) as the implementing partners.

Respect for human rights

Since 2006, the number of human rights violations has decreased steadily. While this is a positive trend, Amnesty International notes that impunity is still widespread (Amnesty International, 2013), both for historic and current abuses. Failure to take action in several human rights cases reflects the continuing weakness of the police – in part due to lack of resources and training, but in large measure due to lack of institutional independence and accountability. There is little appetite to investigate and prosecute perpetrators of human rights abuses.

HRGGP is the cornerstone of Denmark’s human rights work. Partner organisations, beneficiaries, international organisations and also Government credit Denmark with making a unique contribution in this regard. In this area, the Swiss believe that their value added is to align closely with other like-minded development partners to gain the maximum traction.

Monitoring by OHCHR and NHRC – two key institutions mandated by the CPA to monitor the human rights situation in Nepal – achieved mixed results. Both did good work in pursuing human rights violations and reporting them. They worked as a watchdog and brought to the attention of the government instances of criminal injustice, impunity, torture and other acts of human rights violations. However, due to structural issues and the lack of political will of the government, these institutions could not work as effectively as required.

The UNMIN Mission

The UN Political Mission in Nepal (UNMIN) is given a narrow mandate to support the implementation of the CPA, including on arms management, ceasefire arrangements, and constitutional assembly elections. The intermediation of UNMIN allowed the two sides to trust each other to successfully remain in the cantonments and barracks, and to follow the CPA commitment on the military side through to completion.

Although most of the work around the demobilisation and disarmament was done by the Nepali actors themselves, there can be little doubt that UNMIN contributed to sustaining the peace. The progress of the parts of the CPA that were intermediated by UNMIN is in marked contrast to the elements of the CPA such as the development of a new constitution), which was not intermediated effectively.

Coordination

Nepal is host to a wide variety of aid coordination platforms, some of which relate more directly to the peace process. The evaluation found a remarkable lack of consensus on the issue of coordination. Some development partners were very positive, some very negative, and many eager to utilise the current structures or develop new ones. The evaluation finds this diversity of opinion to be healthy and concludes that there is no optimal model for coordination in Nepal. Particular procedures and divisions of responsibilities can continually be improved. Sector-specific coordination appears especially effective, and NPTF may be emerging as a more effective hub for development partner-development partner and development partner-government interaction and planning.

Recommendations

The evaluation produced a broad range of recommendations based on the findings in Nepal. Some of these recommendations may also serve the wider issues identified below.

Denmark's comments to the recommendations and action points proposed by the evaluation are inserted in italic below.

Denmark's general comments to the evaluation

Danida welcomes the evaluation and finds that the lessons learned on Danish, Swiss and Finnish support to the peace process in Nepal and the recommendations are useful for the development of future Danish support to the peace process in Nepal and to peace processes in other countries and settings that Danida might engage in support to.

Danida acknowledges the complex task of evaluating the results of the support of a selected number of bilateral development partners in Nepal over a period of 6 years. Despite these challenges the evaluation points to a number of positive characteristics and results of Danida's support to the peace process in Nepal.

The evaluation shows the complexity of the peace process in Nepal and Danida's high degree of ability to react to the challenges encountered along the way for the different phases of the support to the peace process and lack of consistent use of a conflict analysis framework. The evaluation also points to areas of improvement, lessons which will be taken into account in the future Danish support to peace-building, state-building and governance in Nepal. The endeavour to develop a Peace and Development Strategy was undertaken to develop a joint analysis and position on the underlying causes of the conflict and the responses needed in the short, medium and longer term. Unfortunately, the Nepali engagement in and ownership of this process was not present.

Recommendations on Programme design

1. Development partners in Nepal should continue to invest in conflict analysis with a political economy approach, and should mainstream this for all of their development interventions, i.e. paying attention to the potential impact of interventions on differing groups.

Danida has designed its programs based on a peace-building perspective and has carried out on-going conflict analysis and dialogue with partners on the implications of such analysis. At the same time, Danida acknowledges that the more systematic approach of Switzerland to on-going conflict analysis, scenario planning, and regular updating of programs based on analysis of political developments.

Danida will adopt a more systematic approach to the use of conflict analysis and mainstream conflict transformation in its future support to the peace process, human rights and democratic governance, building on existing mechanisms for analysis and systematically integrating these in a more streamlined manner in all programmes. A mainstreaming tool regarding conflict transformation in Nepal is being developed for this purpose. This same tool will be applied to the extent relevant in the other Danish supported development programs in Nepal. The tool as well as lessons learned from the use of it will be shared within the Ministry of Foreign Affairs for possible application in other relevant contexts.

2. Development partners should sharpen their strategic focus to peace-building in Nepal by:
 - a. making more explicit the underlying theory of change they are working on (whether formally adopting a theory of change or not);

- b. addressing peace-building through their whole portfolio, and not just through specific peace-building projects;
- c. jointly considering what levels are available to the development partners (including international law) to encourage stakeholders to adhere to the commitments they have made in this nationally-owned process.

Danida acknowledges the need for having an explicit theory of change supporting the strategic focus of Danida on peace-building and will seek to balance this need with the need to align to the theory of change of Danida's implementing partners and relevant development partners. As the wider Danish lessons learned from fragile and conflict-affected settings have shown, any engagement and programme must take into account the fundamental dynamics of a conflict in such situations. Hence, the root causes of the conflict and the post-conflict environment is the underlying premise for any engagement in Nepal and a peace-building lens is at the core of all programmes supported by Danida.

Addressing the root causes of conflict and fragility is key. Thus, Danida seeks among others to promote inclusiveness throughout its programmes, schools as zones of peace in its support to education, and in the support to renewable energy in rural areas focus is on improving outreach to the poorest and most marginalised segments of society. The upcoming program on Inclusive Growth will also seek to take into account exclusion and inequality among different ethnic groups and women when promoting private sector development and improving living standards. Danida will continue to strengthen its programmes by building on conflict analysis in Nepal as is also mentioned in the final section on the wider lessons learned from this evaluation.

The human rights based approach will also directly and indirectly support the efforts of peace-building by providing a more consistent focus across programs on issues of accountability, transparency, participation, empowerment and anti-discrimination, thus addressing the root causes of the conflict. It is believed that a more systematic use of conflict analysis and a conflict transformation tool will also contribute to address needs for peace-building and identify opportunities for support from Danida.

Likewise, Danida will continuously seek to encourage and support stakeholders in their implementation of the comprehensive peace process – whether they are Government, political actors, institutions and non-state actors. Joint efforts are presently done in support of among others transitional justice, follow up on the universal peer review of the UN Human Rights Council, reestablishment of democratic institutions such as the Constituent Assembly and Parliament, building the capacity of the Election Commission to hold elections, strengthening of civil security, developing a vibrant and independent civil society, and formulation of a democratic and inclusive Constitution for Nepal. These efforts are undertaken through dialogue with political parties and stakeholders, national civil society,

international non-governmental organisations, UN institutions such as the Human Rights Council and its mechanisms,

The Peace and Development Strategy, perhaps too ambitiously, developed a joint strategic framework for all support from donors to support the peace process, not only through specific peace related support, but also in all other development efforts.

Nepal has chosen not to be part of the New Deal for Engagement in Fragile States, which restricts Danida's opportunities for explicitly implementing the principles in Nepal. Nevertheless, Danida will still seek to apply the principles for engagement in this development cooperation and other engagement with Nepal through among others the use of a conflict transformation tool and more systematic use of conflict analysis.

3. Development partners in Nepal should further develop joint programming to ensure that the individual depth of action is complemented by joint breadth. Such joint programming should concentrate on specific programmes, such as the transitional justice basket fund, rather than on grand designs of comprehensive coordination, such as the PDS.

Danida will continue exploring opportunities for joint programming and in particular for strengthening national ownership and leadership in implementation and has taken the lead in developing joint support to among others civil society and the justice sector. Danida has also taken the initiative to establish a joint facility with other relevant development partners with the purpose of providing more joint support to peace-building, human rights and democratic governance.

Danida's support to national partners is already provided through joint programs such as the support to the National Human Rights Commission, the Nepal Election Commission, the Attorney General's Office, the Nepal Peace Trust Fund; the UN Peace Fund and to a number of civil society partners. Danida has been leading the efforts for increased impact and cooperation in several of abovementioned areas.

4. Development partners should make a greater effort to help increase accountability, while at the same time recognising the essentially national context of the issue. This could be done by:
 - a. including an analysis of the potential risks of corruption in project plans, and identifying mitigating measures that takes into account project beneficiaries suggestions;
 - b. continuing to advocate for greater transparency, and ensure transparency in their own operations by, for example, publishing grant details;

c. continuing to promote inclusion and voice in local government, the civil service, and their own staff, as these promote transparency, bring in different perspectives based on experience and remove the stranglehold of one group on resources.

Transparency and accountability are core principles, which guide all Danish development cooperation. As part of the Danida Transparency Initiative, all key documents related to programs and grants are published online at the Ministry of Foreign Affairs' website.

Danida thus agrees with the recommendation and measures to foster transparency and accountability are already being addressed throughout Danish supported programs. Danida will consider how to further strengthen efforts together with implementing partners. Furthermore, current efforts to mainstream a human rights based approach in all Danish supported programs will further strengthen this focus.

Furthermore, Danida expects to contribute to strengthening accountability, transparency and combat of corruption through support to strengthening rule of law, including the judiciary, and to strengthening democratic governance, including free, credible and inclusive elections, equal rights and access as well as popular participation at all levels of society.

5. Development partners should continue to work through all channels – including the UN, INGOS, Funds, NGOs, community-based organisations (CBOs), and the various levels of government – to address the deep-seated issues of inequality in Nepal, and should mainstream the addressing of inequality in their whole programme. At the same time, development partners should avoid the risks of creating parallel structures – for justice, such as local transitional justice mechanisms or other activities – that undermine the development of state capacity.

Inequality and exclusion will remain key priorities of Danish support to Nepal and will be mainstreamed in all programs as part of Danida's human rights based approach to development cooperation. Danida will continue seeking to avoid creating parallel structures, but will aim at building state capacity by continuously exploring opportunities for working through and with state institutions. Where state structures don't meet international human rights standards and obligations or sufficient capacity and will does not exist, such as in the case of transitional justice, Danida will work to meet the needs of the Nepali people through other relevant channels such as civil society and in parallel contribute to build state capacity and will.

6. Development partners should concentrate support on:

- a. implementation of the various positive policies that the government has adopted (e.g. National Action Plans on 1325 or 1820, on GBV, civil service diversity);
- b. facilitating people who are marginalised because of gender, caste, religion, politics, or geography to access the assistance that they are entitled to, under these policies or under existing laws.
- c. continued efforts to address impunity, while including reconciliation efforts that can further a process towards broader political compromises.

Danida will seek to support key policies and initiatives in support of lasting peace in Nepal based on the comparative advantages and thematic priorities of Danida in Nepal. Among Danish priorities are the fight against impunity, truth and reconciliation, inclusion and equal rights and accountability and democratic governance. In addition to this, Danida will also support the implementation of the National Human Rights Action Plan, including support to state institutions responsible for its implementation.

Danida finds that the root causes of conflict need to be addressed not only by implementation and strengthening of legal instruments, albeit important, but more fundamentally by a transformation addressing exclusion and social discrimination across society as a whole. Danida will continue to advocate for a joint donor approach to such efforts.

7. Development partners should continue to support the full implementation of the CPA, including the human rights elements. They should use the levels of influence that they have to pursue progress in those areas that can move forward under current political conditions, but should not be swayed by the political class or dominant groups' unwillingness to address either historical or ongoing abuses. Where feasible, they should engage all major development partners to ensure that a joint and clear message is delivered.

Danida agrees with the recommendation and will continue pursuing a combination of diplomatic engagement and development cooperation in support of implementation of the Comprehensive Peace Accord. Danida works together with relevant development partners in these efforts among others by using the role as lead of the donor working group regarding human rights.

Recommendations on programme management

8. Development partners in Nepal should continue to use Project Implementation Units (PIUs), as they are appropriate in a context of weak governance.

Danida intends to continue using a PIU for implementing part of the support to the peace process and to human rights and democratic governance in order to provide capacity building and technical support to partners. Danida is presently working to establish a joint PIU with other development partners having the same priorities as Danida.

9. Development partners in Nepal, and in similar contexts, should:

- a. advocate the application of a threshold to be applied whereby the proportional representation (PR) list voting system is used;
- b. advocate the adoption of realistic timetables for elections;
- c. advocate the separation of roles between the acting parliament and the constituent assembly;
- d. continue to employ a wide range of channels;
- e. place greater emphasis on voter education, and on the coordination of the efforts of different partners so that coverage of the whole country is achieved with a consistent message; and
- f. continue to support election monitoring.

Danida believes that Nepal must develop its own solutions and will refrain from being prescriptive with regard to particular election related laws. In line with the UN Charter on Human Rights and the fundamental principles of Danish development cooperation, Danida will advocate for respect for democratic principles, equal rights and inclusion and for holding elections to a new Constituent Assembly and parliament which can finalize a new democratic and inclusive Constitution for Nepal. Depending on the announcement and terms for holding elections, Danida will decide on support to holding and monitoring elections accordingly.

10. Development partners in Nepal should advocate, and support, the introduction of an improved CA process through;

- a. advocating for the setting out of general principles in the constitution, with the details to be agreed in legislation;
- b. agreeing a common advocacy position towards the peace process stakeholders;
- c. continuing to advocate that the constitution should conform to international norms.

Danida agrees with the recommendation of advocating and supporting an improved process in the Constituent Assembly and will continue seeking to develop common positions with relevant development partners in fields relevant to Danida's engagement in Nepal both at local level in Nepal and by making use of international mechanisms such as the Human Rights Council. At the same time, it must be acknowledged that the peace process in Nepal is an inherently domestic process driven by local political needs and aspirations, which development partners can only seek to contribute to through dialogue and cooperation. In general, the Danish approach in all

development cooperation emphasizes that local ownership and leadership are necessary conditions for ensuring the sustainability of any engagement.

11. Development partners should, rather than supporting organisations that cater for individual marginalised groups or sub-groups, support coalitions of such organisations, to promote a shift of focus from individual identity groups to supporting a multicultural state where different groups have to live in harmony with each other.

Danida does not fully agree with this recommendation. It is believed that both elements are important. There is a need for support to both organisations promoting rights of marginalised groups and supporting particular marginalised groups in addressing their challenges and there is a need to build alliances and networks across civil society in support of an inclusive society in Nepal.

Organisations which are representative, well-managed and work towards an aim within the framework for Danish cooperation in Nepal can be supported even if they support particular marginalised groups. Widespread exclusion and discrimination, misuse of power, lack of accountability of power holders, and limited access to political power, have been identified as some of the root causes of the conflict. Since these challenges still persist today, a firm commitment to strengthening civil society organisations, who support marginalised groups continue to be highly relevant.

12. Development partners should commission a tracer study of ex-combatants, including those disqualified as former combatants, to determine what has become of them and which elements of the assistance they received (including support in the cantonments) proved to be the most useful.

While acknowledging that addressing the issue is critical for lasting peace, Danida does not believe that this should be a key priority for Danish development efforts in Nepal. Other development partners as well as the Nepal Peace Trust Fund are planning such studies and Danida will rely on and work through these efforts.

13. Development partners should make greater use of coordination platforms to;
 - a. establish common advocacy positions;
 - b. share and advance ideas for joint and government benefit;
 - c. reduce costs by sharing administrative burdens;
 - d. advance learning through joint monitoring and evaluation;

e. leverage the investments by small and medium donors through their leadership of coordination sub-groups.

Danida agrees to this recommendation and will continue to work for expanding coordination and cooperation and for establishing common advocacy positions e.g. as lead of the working group on human rights and as lead of the broader cluster of working groups on human rights and rule of law as well as through joint support to Nepal Peace Trust Fund and other joint mechanisms for support, which build national ownership and capacity. Joint efforts will also be pursued in other fields of development cooperation, such as in renewable energy, where Danida is lead donor.

14. Development partners should:

- a. revisit the memberships of coordination forums;
- b. establish an encompassing heads of mission group, alongside the International Development Partners Group (IDPG) and NPTF (with these three being the main coordination bodies);
- c. ensure that policy discussions in the heads of mission forum are relevant for, and communicated to, the other two forums.

Danida does not agree with the recommendation regarding establishment of a heads of mission group along-side the IDPG, as the IDPG is effectively a forum for heads of missions and agencies and issues regarding the peace process are already discussed in this forum.

Wider lessons

The evaluation identified a number of wider lessons that could be applied in other fragile environments. The eight lessons are:

- Investments in political understanding have allowed development partners to provide sustainable peace process support. Such an investment is necessary in any fragile setting, and peace processes cannot be approached as development programmes only.
- Development partners have exerted moral influence, especially when working in concert – for example, 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.
- 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 nationally-owned and must allow for a narrative that builds national strength.

- The focal development partners may have attempted to gain access more broadly, but have failed to engage via 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 technical inputs being undermined by wider political processes.
- While the Danish assistance is effectively advancing several rights issues in Nepal, due diligence would demand a country programme conflict analysis to be conducted 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.
- Despite the Paris Declaration intentions, the use of a PIU was wholly appropriate in the case of Nepal. This is likely also to 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.
- While Switzerland encountered the same political obstacles as Denmark and Finland, the evaluation concludes that the whole-of-government approach by the Swiss has proved to be particularly effective in the fragile environment of Nepal – and 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.
- Smaller development partners such as Finland can leverage their impact by taking leadership in joint forums and attracting development partners to joint efforts.

Many of the wider lessons mentioned are covered by the recommendations and responses to them given in the above

Engagement in fragile and conflict-affected countries and thus engagement in Nepal is in line with the main priorities of Danish development cooperation and the Human Rights Based Approach to development cooperation adopted by Danida. The challenges of engagement in fragile and conflict-affected settings such as Nepal are often very different from those that apply in more stable development settings, and conditions can evolve rapidly as a result of changes in political context requiring different approaches and modalities of engagement. The evaluation points to a number of important areas, which generally resonate with the wider lessons learned across Danish efforts in fragile and conflict-affected settings.

A general Danish lesson learned is that efforts should build on a thorough analysis of the political economy of conflict as well as deep understanding of the drivers of conflict, and that engagement in these settings must be based

on the recognition that conflict dynamics are the fundamental condition for all engagement. Therefore, programming must take the drivers and the political economy of conflict into account and reflect on the role of engagement as an influencing factor on these terms.

Investment in political understanding and capacity to ensure that programs respond to a changing context is key to guide the focus and implementation of support to the peace process and other programs as well. In the context of Nepal, Danish programming will be further strengthened through systematic conflict analysis as the basis of engagement.

Danida will also seek to work for a coordinated approach to such analysis by the development partners and also between development partners and national stakeholders in order to reduce the gap in analysis and increase the mutual understanding of the needs in terms of peace-building. These measures will contribute to strengthening due diligence and will mitigate the general risk of violation of the Principles for Engagement in Fragile States. Further, they have the potential to strengthen risk analysis and thus seek to avoid such pitfalls as technical support being undermined by wider political processes, which the evaluation warns against.

Another general lesson is the necessity for flexible instruments, which can deliver rapid, short-term responses to sudden challenges in combination with longer term engagement, which addresses root causes and invests in fostering deeper societal development and change. Danish support to the peace process in Nepal will continue to strengthen use of tailored responses comprising both long-term investments and short-term flexible support to meet urgent challenges, such as elections and development of mechanisms for transitional justice, which comply with international standards.

Danida further recognizes the evaluation's emphasis on the importance of donor coordination in Nepal. Danida agrees that donor coordination as well as harmonisation in the field of peace-building can and should be improved and will work towards these ends through its development cooperation, diplomatic efforts and other relevant engagement. The establishment of a joint facility is one of several steps in this regard.

Danida welcomes the evaluation's recognition of the Danish success in leveraging impact as a small actor through a long standing engagement in Nepal, through its lead role in donor coordination forums as well as through a close collaboration with a wide range of partners. At the same time, Danida takes note of the recommendations of adopting a whole-of-government-approach as practised by Switzerland as an effective mechanism. Denmark has a joint service comprising of development cooperation, diplomacy and trade promotion, and is therefore already applying an integrated approach between policy dialogue and technical implementation of development support to the peace process in Nepal as well as in other countries receiving Danish development assistance. However, steps will be

taken to further streamline and coordinate Danish efforts and ensure a coherent approach to all Danish efforts in Nepal.

National ownership is not emphasized as a priority in the general tone of the evaluation, yet it lies at the core of the Danish approach to development cooperation. Without national will and leadership and political compromises, which have the buy-in of the key stakeholders in society, sustainable peace-building and state-building will not succeed. Aligning with the principles of the New Deal for Engagement in Fragile States, supporting efforts which are country-led and country-owned is a priority in all Danish support to transitions from fragility and conflict to peace and development, Nepal being no exception. Development partnerships should be based on a contract of mutual commitments, mutual responsibility and mutual accountability.