

Peace Fund (Operation) Rules, 2065 (2008)

In exercise of the powers conferred by Section 2 of the Administrative Proceedings (Regulation) Act, 2013 (1956), the Government of Nepal has framed the following Rules.

CHAPTER - 1

PRELIMINARY

1. Short title and commencement :

- (1) These Rules may be cited as the "Peace Fund (Operation) Rules, 2065 (2008)".
- (2) These Rules shall come into force at once.

2. Definition: Unless the subject or the context requires otherwise, in these Rules-

- (a) "Fund" means the Peace Fund established pursuant to Rule 3.
- (b) "Board" means the Board of Directors of the Fund established pursuant to Rule 6.
- (c) "Technical Committee" means the Technical Committee established pursuant to Rule 9.
- (d) "Project" means the program prepared by the Project Implementing Agency to implement activities as referred to in Rule 4.

- (e) "Project Implementing Agency" means the government agency, community based organization, non-governmental organization registered pursuant to the prevailing law or international organization obtaining approval pursuant to the prevailing law that are selected by the Board for the implementation of the Project.

Explanation: For the purpose of this clause, "Community Based Organization" means an organization registered pursuant to the prevailing law with the objectives of carrying out activities in the areas related with the activities of the Fund.

- (f) "Displaced" means the person or family displaced due to conflict.
- (g) "Ministry" means the Ministry of Peace and Reconstruction.
- (h) "Secretariat" means the Secretariat established by the Government of Nepal to administer the Fund.

CHAPTER – 2

ESTABLISHMENT, FUNCTIONS, DUTIES AND POWERS OF THE FUND

3. Establishment of the Fund:

- (1) A Fund named Peace Fund is hereby established.
- (2) Assistance as follows, in cash or kind, shall be credited to the Fund as referred to in Sub-rule (1): -
 - (a) Received from the Government of Nepal;
 - (b) Received from foreign governments or persons, international associations and organizations;
 - (c) Received from non-resident Nepalese;
 - (d) Received from international charity;
 - (e) Received from Nepalese associations, organizations or persons;
 - (f) Received from other sources.
- (3) The assistance received in cash as per Sub-rule (1) shall be deposited in the central treasury of the Government of Nepal.
- (4) The Board shall receive the required amount for the administrative expenses of the Secretariat and also for funding the Projects to be implemented by agencies other than that of the Government organizations, from the Government of Nepal from the amount deposited in cash pursuant to Sub-rule (3) and thereby deposit such amount by opening an account in the Nepal Rastra Bank in the name of the Fund.

- (5) The account as referred to in Sub-rule (4) shall be operated as decided by the Board.

4. **Functions, duties and powers of the Board:** The functions, duties and powers of the Board shall be as follows: -

- (a) To provide necessary support for the rehabilitation of the displaced;
- (b) To make arrangements of technical assistance as well as assistances in cash or kind necessary for the acts relating to the election of the Constituent Assembly and other entities;
- (c) To make arrangements for technical support, cash and commodities necessary for physical structure, machineries, equipment, materials, communication system and the training that are necessary for the promotion and strengthening of peace and security;
- (d) To support in managing the cantonments where the combatants of the Maoist army are confined and to rehabilitate the combatants of the Maoist army;
- (e) To assist in the setting up and operation of organizations that are related with and support in implementing the peace process, Peace Accord and other agreements related with the Peace Accord;
- (f) To assist in rehabilitation of the conflict affected individuals and families;
- (g) To develop and approve Fund's strategy and working policy; and also to develop and approve the standards and guidelines related to

selection and operation of the Project and Project Implementing Agency;

- (h) To arrange necessary financial and technical support in clearing and destroying the minefields and related improvised explosive devices and equipments, and in organizing trainings on the related field;
- (i) To arrange technical and financial support for the reconstruction, rehabilitation and maintenance of the damaged or destroyed physical infrastructures pertaining to the Government or public sector during the conflict;
- (j) To support other programs implemented in the country to contribute in the areas of peace building;
- (k) To accept technical assistance as well as assistances in cash or kind necessary for the Fund from the Government of Nepal, foreign governments, national or international organizations, associations, and native or foreign persons;
- (l) To select and approve the Project;
- (m) To select the Project Implementing Agency;
- (n) To carry out or cause to be carried out, supervision, monitoring and evaluation of the Project, and also publish four monthly progress reports by reviewing, evaluating and analyzing the progress and impacts of such Project;
- (o) To set priority between and within the sectors of activities to be supported by the Fund;

- (p) To coordinate the peace building activities carried out within the country through other sources;
- (q) To provide the details relating to the physical status, progress, and impact of the Project and expenditure statements of the technical and other assistance received, in cash and kind, from foreign governments or international organizations at the request of such governments or organizations,
- (r) To receive the service of consultants for the implementation of the Project, if necessary;
- (s) To carry out other necessary acts related with the Fund.

Explanation: For the purpose of this Rule:

- (1) "Rehabilitation of the displaced" means the acts of sending the displaced back home, rehabilitating them in the place of current residence or in another location, providing vocational skill development training, engaging them in any job, providing necessary education for the families and the children of the displaced, providing financial support or acts pertaining to social services.
- (2) "Act relating to the election" means the acts of managing trainings related to elections of the Constituent Assembly and other entities, alignment of polling centers, voters education program, purchase of stationery and other materials required for holding the election, security expenses incurred by the Election Commission for the elections, daily and traveling allowances, insurance of the deployed

election officials, and administrative expenses of the Election Commission.

- (3) "Promotion and strengthening of peace and security" means the act of reconstruction of police offices, purchase of machines, equipment, materials and vehicles necessary for peace and security, training relating to peace and security, dissemination to be made by the Ministry of Home Affairs for the purpose of peace and security and other acts related thereto.
- (4) "Cantonment management and rehabilitation of the combatants of the Maoist Army" means the acts of construction and maintenance of physical infrastructures such as, building, roads, internal roads, drinking water and sanitation, communication, access road, in the cantonments where the combatants of Maoist Army are confined; managing social infrastructure in the cantonments, temporary accommodation, nourishment, basic health care, education, sports, career development, provision of vocational or other trainings, adjustment, rehabilitation, and family and social reintegration.
- (5) "Peace Process, implementation of the Peace Accord and other related agreements" means the acts of transitional justice; conflict management; reintegration and re-socialization of the families of the displaced and conflict affected persons; awareness raising related thereto; establishment, operation and strengthening of the peace mechanisms including local peace committees; and the acts to be done to implement the Comprehensive Peace Accord and other peace related agreements,

- (6) “Rehabilitation of the conflict affected individuals and families” means the acts related to rehabilitation, reunion, re-socialization of the economically, politically, socially or by any other means affected individuals and families due to conflict; administrative or technical support necessary for returning their seized properties; support to the dependant families of the deceased persons, widows and widowers due to conflict, and injured due to land mine or any other means; scholarship for education or medical treatment facilities for such persons and children of such families; providing psycho-social support, social rehabilitation, trainings, health, nutrition, counseling and legal services.

5. Use of the Fund:

The technical assistance as well as the assistance in cash or kind received by the Fund shall be utilized and spent for the implementation of Projects and for the Secretariat.

CHAPTER – 3

ESTABLISHMENT AND FUNCTIONS, DUTIES AND POWERS OF THE BOARD

6. **Establishment of the Board:** There shall be a Board of Directors of the Fund as follows in order to operate, supervise and carry out all the functions and activities on behalf of the Fund:

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|-----|---|--------------------|
| (a) | Minister for Peace and Reconstruction | - Chairperson |
| (b) | Minister for Finance | - Co-chairperson |
| (c) | Minister for Physical Planning and Works | - Member |
| (d) | Other two ministers as designated by the Prime Minister | - Member |
| (e) | Vice-chairperson of the National Planning Commission | - Member |
| (f) | Secretary, Ministry of Home Affairs | - Member |
| (g) | Secretary, Ministry of Finance | - Member |
| (h) | Secretary, Ministry of Peace and Reconstruction | - Member secretary |

7. **Meeting of the Board:**

- (1) The meeting of the Board shall be held as per necessity with at least one meeting within three months.
- (2) The meeting of the Board shall be held on and at such date, venue and time as specified by the Chairperson of the Board.

- (3) The Member-secretary of the Board shall circulate in writing the notice and agenda for discussion in the meeting to all members prior to the commencement of the meeting.
- (4) The quorum of the meeting shall be ascertained if more than fifty percent of the members are present in the meeting.
- (5) The Chairperson of the Board shall chair the meeting of the Board and during his absence the Co-chairperson of the Board shall chair the meeting.
- (6) The opinion of the majority shall prevail in the meetings of the Board and if the opinion becomes equal on both sides, the person chairing the meeting shall cast the deciding vote.
- (7) The Board may, if it deems appropriate, invite the office bearers of the government and constitutional bodies, representatives of the political parties, representative of the Secretary General of the United Nations, the resident representative of the UN, representative of donor agencies, and other individuals to participate in its meeting.
- (8) The Member-secretary of the Board shall authenticate the decisions of the meeting.
- (9) The other proceedings relating to the meeting of the Board shall be as determined by the Board itself.

8. **High Level Peace Commission:** The Government may, if it deems appropriate, establish a High Level Peace Commission to provide necessary support in the operation of the Fund.

CHAPTER – 4
ESTABLISHMENT AND FUNCTIONS, DUTIES AND POWERS OF THE TECHNICAL
COMMITTEE

9. Establishment of Technical Committee:

- (1) To identify and also to recommend Projects to the Board, there shall be a Technical Committee as follows:
- (a) Secretary, Ministry of Peace and Reconstruction - Chairperson
 - (b) Joint -secretary, Ministry of Finance – Member
 - (c) Joint -secretary, National Planning Commission – Member
 - (d) Joint -secretary, Ministry of Physical Planning and Works – Member
 - (e) Joint - Secretary, Ministry of Home Affairs – Member
 - (f) Joint Financial Comptroller, Office of Financial Comptroller General – Member
 - (g) Two members nominated by the Technical Committee with at least one female member, having representation from among human rights and women development organizations, civil society, community based organizations, non-governmental organizations or related experts – Member
 - (h) Director of the Secretariat – Member-secretary

- (2) The Technical Committee may nominate members pursuant to the clause (g) of Sub-rule (1) for a specified time period as per necessity.

10. Meeting of the Technical Committee:

- (1) The meeting of the Technical Committee shall be held as per necessity with at least one meeting within two months.
- (2) The meeting of the Technical Committee shall be held on and at such date, venue and time as specified by the Chairperson of the Technical Committee.
- (3) The Member-secretary of the Technical Committee shall circulate in writing the notice and agenda for discussion in the meeting to all members prior to the commencement of the meeting.
- (4) The quorum of the meeting shall be ascertained if more than fifty percent of the members are present in the meeting.
- (5) The Chairperson of the Technical Committee shall chair the meeting of the Technical Committee and during his absence; a member selected by the members of the Technical Committee from among themselves shall chair the meeting.
- (6) The opinion of the majority shall prevail in the meetings of the Technical Committee; and if the opinion becomes equal on both sides, the person chairing the meeting shall cast the deciding vote.

- (7) The Technical Committee may invite the representatives of the related organizations, experts and representatives of the Project implementing agencies to participate at its meeting, if necessary.
- (8) The Member-secretary shall authenticate the decisions of the meeting,
- (9) The other proceedings relating to the meeting of the Technical Committee shall be as determined by the Committee itself.

11. Functions, duties and powers of the Technical Committee: In addition to the functions, duties and powers as provided elsewhere in this Chapter, the functions, duties and powers of the Technical Committee shall be as follows:

- (a) To develop strategy and working policy of the Fund as well as standards and guidelines for identification and operation of the Projects and the Project Implementing Agency and thereby submit to the Board for approval:
- (b) To assist the Board in carrying out inspection, monitoring and evaluation, and in reviewing and analyzing the progress and impacts of the Projects:
- (c) To prepare and thereby submit to the Board the physical and financial status, progress, and income and expenditure statements of the Projects:
- (d) To provide technical support to other Projects and programs in the areas of peace building, which are implemented or likely to be implemented through other sources.

(e) Any other acts as directed by the Board.

12. Sectoral Working Group: The Technical Committee may establish sectoral working groups, comprising of the representatives of the government agencies, international organizations and non-governmental organizations, in order to carry out the works related to the mandates of the Fund, including the detailed assessment of the Project proposals.

CHAPTER – 5

APPROVAL OF PROJECT AND DISBURSEMENT OF THE FUND

13. Proposal to be submitted:

- (1) The Project Implementing Agency interested to implement the Project shall submit a proposal to the Secretariat by explaining the details as referred to in Schedule 1.
- (2) Upon receipt of proposal pursuant to the Sub-rule (1), the Secretariat shall submit such proposal to the Technical Committee.

14. Evaluation of the Proposal:

- (1) Upon receipt of the Project proposal pursuant to the Rule 13, the Technical Committee may forward it to the related sectoral working group established pursuant to the Rule 12, for detailed evaluation.
- (2) Upon receipt of the proposal pursuant to the Sub-rule (1), the concerned sectoral working Group shall carry out technical, financial, and social evaluation based on criteria and guidelines approved in accordance with these Rules; and shall, if found suitable for implementation, submit the proposal, with its recommendation, to the Technical Committee.
- (3) Upon receipt of the proposal pursuant to the Sub-rule (2), the Technical Committee shall evaluate such proposal on the basis of rational, cost, technical standards, appropriateness and availability of the financial resources. While evaluating, the Technical Committee

shall also evaluate the proposal in accordance with Sub-rule (2) for the proposals that were not forwarded to the concerned sectoral working group for evaluation.

- (4) The Technical Committee shall, if it deems appropriate to implement the Project suitable for implementation from the evaluation carried out in accordance with Sub-rule (3), submit its recommendation to the Board for the implementation of the Project.
- (5) The Board shall, if found appropriate to implement the Project as recommended by the Technical Committee in accordance with Sub-rule (4), approve such Project.

15. Agreements to be made: Upon the approval of the proposal by the Board in accordance with Sub-rule (5) of Rule 14, an agreement relating to the implementation of the Project shall be concluded between the Secretariat and the Project Implementing Agency in such a format as specified by the Board.

16. Request to be made for an amount:

- (1) In order to implement the Project, the Project Implementing Agency shall, after entering into an agreement pursuant to Rule 15, make a request to the concerned District Treasury Controller Office for the disbursement of budget, along with the certified copies of the agreement and the authority delegated for spending.
- (2) The Project Implementing Agency shall, upon making a request for disbursement as referred to in Sub-rule (1), inform the Fund about such matter.

- (3) The concerned District Treasury Controller Office shall, upon receipt of the request for disbursement as referred to in the Sub-rule (1), disburse the amount to the concerned Project Implementing Agency as per the prevailing law.

17. Procedures for the expenditure of the Fund's resources: While incurring expenditure from the amount received from the Fund, in cash or kind, the Project Implementing Agency shall incur expenditure by fulfilling all formalities of the prevailing law relating to financial administration.

18. Expenditures to be made as per the Agreement: Notwithstanding anything contained elsewhere in these Rules, in case of having any agreement concluded between the Fund and the donor in relation to spending of the amount received as assistance from such donor, the Project Implementing Agency shall spend such amount in accordance with such agreement.

19. Advance may be provided:

- (1) Notwithstanding anything contained elsewhere in these Rules, the Secretariat may provide necessary amount from the amount deposited in the central treasury as referred to in the Sub-rule (3) of Rule 3, to the Project Implementing Agency, as an advance for the purpose of the Project corresponding to the clause (d) of Rule 4.
- (2) The advance provided pursuant to Sub-rule (1) must be settled by the Project Implementing Agency as per the prevailing law relating to financial administration.

- (3) Notwithstanding anything contained in Sub-rule (2), additional advance may also be provided to the Project Implementing Agency to implement the Project without having settled the earlier advance provided to it pursuant to Sub-rule (1).

20. Reimbursement may be received: The Project Implementing Agency may receive reimbursement from the Secretariat for the expenditures incurred during the implementation of the Project by submitting the statement of expenditures and monthly progress records as per the prevailing law relating to financial administration.

21. Account of expenditures to be maintained:

- (1) The Project Implementing Agency shall keep the account of expenditures incurred during the implementation of the Project in accordance with the prevailing law.
- (2) The Project Implementing Agency shall send the statement of expenditures to the Fund on a monthly basis.
- (3) Account of assistance provided, in cash or kind, by the donor with certain conditions, shall be maintained by the Project Implementing Agency accordingly, so as to meet the objective and purpose of the same.

22. Statements and Report to be submitted:

- (1) The Project Implementing Agency shall submit the progress record and report of its Project to the Fund on a four monthly and annual basis.
- (2) The Secretariat shall maintain the statement of technical and other assistance, cash and commodities, received by the Fund through different sources, and account of expenditure of such assistance and also making it public in every four months in the format as approved by the Board.

23. Amount not to be frozen: Notwithstanding anything contained elsewhere in the prevailing laws, the unspent balance amount of the Fund pertaining to these Rules shall not freeze at the end of the fiscal year.

24. Audit:

- (1) The concerned District Treasury Controller Office shall conduct the internal audit of the Project's account.
- (2) Notwithstanding anything stated in the Sub-rule (1), the Fund may cause to be carried out, by appointing external expert, the internal audit of the account of the Project implemented by the agencies other than that of the Government organization.
- (3) The final audit of the Project shall be carried out by the Auditor General.

- (4) In case of having any arrears while carrying out audit pursuant to Sub-rule (1), the In-charge of the Project Implementing Agency shall be responsible for such arrears and in case of having any arrears while carrying out audit pursuant to Sub-rule (2), the In-charge of the concerned Agency and the Director of the Fund shall be responsible for such arrears.
- (5) The internal and final audits of the incomes and expenditures of the Fund shall be carried out by the District Treasury Controller Office and the Auditor General respectively.

CHAPTER – 6
MISCELLANEOUS

25. Secretariat of the Fund: The Secretariat of the Fund shall be located at the Ministry.

26. Director:

- (1) There shall be a Director to act as the administrative chief of the Fund.
- (2) A Joint Secretary, working with and designated by the Ministry, shall act as the Director.
- (3) Other functions, duties and powers of the Director shall be as determined by the Board.

27. Employees of the Secretariat:

- (1) There shall be the following employees in the Secretariat: -
 - (a) Financial Management Officer (Under Secretary level)- 1
 - (b) Program Management Officer (Under Secretary level)- 1
 - (c) Monitoring and Evaluation Officer (Under Secretary level)- 1
 - (d) Administration Officer (Section Officer level)- 1
 - (e) Computer Operator- 3
 - (f) Driver- 1
 - (g) Office Support Staff - 3

- (2) The functions, duties and powers of employees of the Secretariat shall be as determined by the Board.

28. No Approval may be required: No approval may be required from any other agency for the implementation of the Projects approved by the Board in accordance with these Rules.

29. Administrative cost of the Fund: An amount, not exceeding one per cent of the total amount received by the Fund during the fiscal year, and remaining within a limit of the budget as approved by the Board, may be spent for the administrative purposes of the Fund.

30. Powers may be delegated:

The Board may, as per necessity, delegate some powers conferred on it pursuant to these Rules, to the Technical Committee or the Director of the Secretariat as required.

31. Records to be maintained:

- (1) The Fund shall maintain the updated records of the activities accomplished by it.
- (2) The Secretariat shall, upon the dissolution of the Fund, hand over records maintained pursuant to Sub-rule (1) to the Ministry.

32. Term of the Fund:

- (1) The Fund shall remain valid for three years from its establishment.

- (2) Notwithstanding anything stated in the Sub-rule (1) the Government of Nepal may, if the activities specified in these Rules are not accomplished, extend the term of the Fund for up to next three years.
- (3) The Fund shall *ipso facto* be dissolved after the expiry of the term as referred to in Sub-rule (1) or (2).
- (4) Any amount left as balance in the Fund at the time of dissolution as referred to in Sub-rule (3), shall be credited to the consolidated Fund.

33. Repeal and saving:

- (1) The Peace Fund Operation (Proceedings) Rules, 2063 (2007) are hereby repealed.
- (2) The works carried out under the Rules pursuant to Sub-rule (1) shall be deemed to have been done under these Rules.

SCHEDULE-1
(PERTAINING TO SUB-RULE (1) OF RULE 13)
THE FACTS TO BE EXPLAINED IN THE PROJECT PROPOSAL

The following facts, along with the summary of essentials, shall be required to explain while proposing a Project proposal:

- (1) General background of the Project;
- (2) Objectives of the Project;
- (3) Progress and current status of earlier Project implemented with the support of the Fund, if any;
- (4) Brief description of the Project (title, scope of work, responsible persons, starting and completion dates, description of beneficiaries, description of Projects financed by other sources and implemented to achieve similar objectives as the proposed project);
- (5) Plan and four monthly breakdown of activities concerning implementation of the Project;
- (6) Institutional modality and provision of Project personnel;
- (7) Expected four monthly outputs of the Project (to be explained quantitatively, if possible);
- (8) Estimated Project cost (including activity wise four monthly breakdown);
- (9) Provision of monitoring and evaluation of the Project;
- (10) Status of the Project (including physical and financial progresses);

- (11) Sustainability of the Project;
- (12) Potential risk and challenges during implementation of the Project and the measures to overcome them;
- (13) Other necessary acts.