

**NEPAL PEACE TRUST FUND**  
**MINI REVIEW REPORT (Final Draft)**

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By:

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## Acronyms

CA	: Constituent Assembly
CMCCO	: Cantonment Management Central Coordinator's Office
CPA	: Comprehensive Peace Agreement
CPN-M	: Communist Party of Nepal–Maoists
DAG	: Donor Advisory Group
DoR	: Department of Roads
DUDBC	: Department of Urban Development and Building Construction
DWIDP	: Department of Water Induced Disaster Prevention
DWSS	: Department of Water Supply and Sewerage
EC	: Election Commission
EVM	: Electronic Voting Machine
Fund Rules:	Peace Fund Operation (Proceedings) Rules or
GoN	: Government of Nepal
IA	: Implementing Agency
IDP	: Internally Displaced People
IP	: Implementing Partner
JFA	: Joint Financing Agreement
MoES	: Ministry of Education and Sports
MoF	: Ministry of Finance
MoPPW	: Ministry of Physical Planning and Works
MoPR	: Ministry of Peace and Reconstruction
NPC	: National Planning Commission
NPTF	: Nepal Peace Trust Fund
NRB	: Nepal Rastra Bank
PD	: Programme Document
PFOPR	: Peace Fund Operation (Proceedings) Rules
SC	: Steering Committee
Secretariat	: Peace Fund Secretariat
TC	: Technical Committee
VE	: Voter Education

# **Nepal Peace Trust Fund Mini-Review 15 November, 2007**

## **Executive Summary:**

The NPTF has now been operating for six months, in a fragile and sensitive political and security macro environment. Despite this, the NPTF has successfully managed to disburse substantial sums to kick start the implementation of several key areas of the CPA, using both national and international funds. Eight projects are currently being implemented utilizing US\$ 25m of national and international funds.

But as government recognizes, many NPTF procedures and processes have yet to be established, or are not yet being adequately followed. Establishing and implementing these procedures promptly will be essential to maintaining the credibility of the fund and attracting additional international contributions.

### **Immediate development of NPTF Action Plan**

To achieve this, it is recommended that an action plan for implementing agreed recommendations from this review be immediately developed - with timescales, benchmarks and allocation of responsibilities. Implementation progress should be regularly reported to the Steering Committee and Donor Advisory Group.

### **Political inclusiveness of decision making**

As a key peace support instrument, it has been formally recognized in NPTF documentation<sup>1</sup> that the Maoists should be involved in fund decision making – whether they are in or out of government. With the Maoists now outside of government, arrangements for such participation need to be agreed upon.

### **Prioritization**

Given the fluid macro environment within which NPTF operates, it is not easy deciding on which technical areas of the NPTF should be prioritized for funding, and through which projects. However, guidance on strategic allocation and criteria for individual project selection urgently needs to be developed and/or further refined. Greater clarity should also be provided on exactly what can and cannot be funded through the NPTF (e.g. permanent infrastructure, salaries, allowances, etc). This all needs to be developed by the Secretariat and approved by the Steering Committee.

### **Government/Donor communication**

Communications between the GoN and donors needs to be improved. It is recommended they meet formally on a monthly or bi-monthly basis, with discussions going beyond presentation of funding gaps to exploring substantial technical and strategic issues. This will complement what needs to become a more timely and comprehensive flow of information through the formal reporting process.

### **Monitoring and financial accountability:**

Monitoring of the ongoing and forthcoming projects must be dealt with as a priority to ensure transparency and accountability in the utilization of the funds. The monitoring should be

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<sup>1</sup> Provision 23 of PD “Even before an Interim Government is formed, the arrangements of the Peace Fund will provide for an active participation by the Communist Party of Nepal (Maoist) in its Steering Committee and decision making process”

<sup>1</sup>Article 15 of JFA “A prerequisite to Donors’ support through the Peace Fund is that the GON will identify priorities for funding and manage each component of the Peace Fund in consultation with the Communist Party of Nepal (Maoists), even before an interim government is formed.”

conducted by the IAs and reported as part of their regular progress reports. The Secretariat must develop a M&E strategy and perform monitoring of the NPTF funded activities. The TC should ensure that all project proposals submitted for their review include a comprehensive M&E section that will be implemented during and at the end of each project. Likewise, financial accounting of funds disbursed must commence immediately and be reflected in the four monthly progress reports.

### **Strengthening of the Secretariat**

Responsibility for developing many of the outstanding procedures and guidelines lies with the fund Secretariat. Strengthening the Secretariat is therefore seen as central to strengthening the functioning and performance of the NPTF. It is recommended that the Secretariat be substantially expanded to include four sections;

- Financial Management
- Monitoring and Evaluation
- Programme Management
- Administrative Support

Options for recruiting the requisite expertise for these sections are provided, as are pros and cons of the Secretariat being located in the MoF or MoPR.

### **Technical Assistance**

Given the central importance of building up a strengthened and more capable Secretariat, supporting this should be a central part of the TAs' remit. It is therefore recommended that either both, or at least one, of the current TAs be located in the same Ministry as the Secretariat.

### **Government/public communication**

The NPTF is not simply a funding mechanism; it is a diverse peace support programme. To a large extent it is of course hostage to political agreement at the national level. But within its technical limits it can nonetheless impact positively or negatively on the progress of peace agreement implementation, and the public perception of such progress. Operating efficiently is one part of achieving this, but developing and implementing a proactive public communications strategy will also be of benefit.

### **Donor ear-marking of funds:**

The ear-marking of contributions by the majority of donors has hampered the flexibility of Fund management to allocate funds based on changing priorities.

### **Background:**

Following the signing of the CPA on 21 November 2006, a number of donors indicated their desire to support urgent GoN efforts to implement the Comprehensive Peace Agreement (CPA) commitments. To provide a channel for such support, the GoN created the NPTF. The *Joint Financing Agreement* (JFA) for the NPTF was signed between the GoN and a group of donors in February 2007, and implementation of the Fund commenced thereafter.

The overall objective of the NPTF is to support the implementation of the CPA through the provision of grants in the following areas:

- a. Management of Camps and Reintegration of Former Combatants;
- b. Rehabilitation of Internally Displaced People (IDPs);
- c. Election of Constituent Assembly (CA);
- d. Strengthening of Law and Order and Police Administration; and
- e. Support to the Peace Process.

In recognition of the need to improve delivery through the fund, donors offered one national and one international advisor to the GoN. The national adviser has been in place since 20 June 2007, while the international adviser joined on 27 September 2007.

On the GoN side there is disappointment at the relatively modest international contributions and future commitments to the fund. The Budget Statement highlighted a shortfall of over \$150m between GoN estimated CPA implementation costs and the current combined commitments of government (\$37.6m) and donors (\$23.7m).

For their part, donors are seeking reassurances relating to the functioning of the fund to date. Indeed, in many cases securing additional commitments to the fund may depend on demonstrating its performance and functionality. Moreover, donors feel they have shown extraordinary flexibility and support towards government by providing and continuing to provide funding to the fund when most of the preconditions agreed to in the JFA and PD have yet to be implemented<sup>2</sup>.

In order to generate a renewal and increase of commitment to the NPTF by both GoN and donors, it was agreed to hold a mini review of the fund. The purpose of the review is: to assess the functioning and performance of the NPTF and to, if necessary, make recommendations for its improvement. The overall aim is to increase the NPTF's potential as an aid instrument to support the GoN's implementation of the CPA. This includes addressing the need to scale up financial contributions (particularly international) to the fund and disbursement through the fund to deliver tangible results on the ground. The review had six objectives (see reference 1 for Review TOR), and the report's findings and recommendations are broken down according to these objectives. It has been carried out by the NPTF International and National Technical Advisors during the month of October, 2007. The review has taken the form of a review of key documents and numerous interviews with a broad spectrum of fund stakeholders including donors, fund management and fund recipients (see Annex 9 for list). The team thanks everyone for their cooperation.

### **Current status of NPTF:**

A stocktaking of the NPTF progress so far is represented in the following annexes which include:

- Overall Cost of Peace through NPTF: Annex 1.
- Pledges and Contributions to NPTF as of September 2007: Annex 2.
- Sector Based Programme Buildup and Allocation as of September 2007: Annex 3
- List of Approved Projects and their Implementation Status as of September 2007: Annex 4
- List of Pipeline Projects as of October 2007: Annex 5
- Implementation status of the applicable clauses of the PD, JFA and Fund Rules: Annex 7

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<sup>2</sup> Provision of strategy, log frame, costed action plan for each Peace Fund component and identifying clear priorities and funding criteria for the peace fund, JFA clause 37,

## Findings and Recommendations:

### **Objective–1: *Propose Improvements in the Mechanisms for Communication Between GoN and Donors, and A Strategy for The GoN to Attract Additional Donor Pledges.***

#### **a. Findings:**

The mechanisms involved in the management of NPTF provide internal communication within and between the partners. The GoN structures for the NPTF management include the Steering Committee, Technical Committee and Secretariat. Each committee includes representatives from different line ministries and departments to ensure wider dissemination of NPTF related information within GoN.

The DAG meets regularly and has representation in the SC as an observer. In advance of SCs, the DAG is expected to receive copies of each project proposal along with the TC's recommendations. Currently copies of proposals are being shared in advance but not with comments of the TC. Minutes of the SC are being received.

The newly appointed Technical Advisors are playing a bridging role between the GoN and donors through their participation in the TC and DAG meetings.

The JFA<sup>3</sup> provides for regular consultations between GoN and DAG. The draft of the agreed minutes of all meetings should be sent by the GoN to donors within 7 days of the meeting and donors should provide their comments on it within 2 working days. The MoF is expected to participate in the DAG meetings. Currently no regular consultative meeting is taking place between the GoN and DAG and MoF has not yet been represented in the DAG meetings.

JFA<sup>4</sup> states that the GoN and Donors should meet to review and endorse the financial management report, and agree on bilateral disbursements on a trimester basis. In practice no such meetings have been held.

The review team also held meetings with the representatives of donors and banks who have not yet joined the Peace Fund. The European Commission committed to update its HQ with the new development on the Peace Fund in view of a possible EC contribution under the Instrument for Stability; and expressed in being acquainted with the recommendations of the mini-review as well as with the GoN response thereto in the mini-review meeting. Other donors didn't have any comments at this stage but interested to receive the mini-review report.

#### **b. Recommendations:**

- 1) Hold monthly or bi-monthly meetings between GoN and donors to discuss technical progress, challenges, pipeline projects and priorities for the programme. This will ensure timely flow of information in a rapidly changing situation.
- 2) The Secretariat should ensure the DAG is provided with a copy of each project document and the TC's recommendations at least 7 days prior to an upcoming SC meeting<sup>5</sup>.

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<sup>3</sup> JFA article 18, 25, 28 and 32

<sup>4</sup> JFA article 36

<sup>5</sup> article 33 of JFA

- 3) The secretariat should ensure prompt circulation to all partners of accurate minutes of all meetings. This will further enhance the flow of information, providing a regular update on NPTF progress, fund earmarking and allocation; pipeline projects and can serve as an effective tool for planning.
- 4) The DAG should meet monthly or at least bi-monthly to provide timely inputs to the SC as spelled out in the JFA<sup>6</sup>. This is particularly needed during the first year of NPTF that requires frequent SC meetings and consultations among partners.
- 5) The GoN should participate in the DAG's meetings as indicated in the JFA<sup>7</sup>. Similarly, DAG's participation in the TC meetings at the technical level is recommended to ensure further quality inputs in the process.
- 6) Each Implementing Partner should appoint a focal point. The Focal Points will meet regularly, preferably monthly, at the Secretariat to report on progress made, discuss implementation issues and their respective work plans. The donors may participate in this meeting at the technical level. This will ensure continuation, synergy, interaction among implementing partners, building on successful stories, timely progress report, and lesson learned.
- 7) A **resource mobilization strategy** needs to be developed to attract additional donor resources toward the NPTF. The strategy may include (but not be limited to):
  - strategic plans for each sector under the NPTF that identify priority areas, resource requirement and gaps both technical and financial;
  - timely provision of the four monthly technical and financial reports;
  - joint GoN/donor field visits and feedback from the programme beneficiaries;
  - media communications strategy to better engage national and international media (i.e. publicize good news/ human interest stories; publish better overviews of programme progress);
  - goodwill ambassadors for further public awareness on NPTF role towards CAP implementation;
  - achievement oriented public website and mechanism for its real-time update;
  - creation of financial mechanism that allows individuals, private sector and interested organizations to contribute in the NPTF;
  - full implementation of procedures for transparency and accountability in the use of fund;
  - sustainability of the impact and exit strategy for the programme i.e. IDP return and rehabilitation, reintegration of x-combatants, etc
  - creation of brochures for PR purposes;
  - It is acknowledged that progress in the peace process and donor's perceptions in the management of funds have direct impact on the donor contributions to NPTF. Thus provision of the mini-review action plan to the wider donor community and keep them regularly updated with the implementation of the agreed recommendations, will positively contribute toward resource mobilization.

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<sup>6</sup> article 31 of JFA

<sup>7</sup> Article 32 of JFA

- 8) Further engagement of GoN with donor representatives in Nepal who have not yet joined the NPTF. Conduct regular presentations and updates for the larger donor community in Nepal. In addition, it is recommended to discuss the NPTF adherents in the local level donors' meetings that are held in the MoF.

**Objective – 2: *Make Suggestions on how the Structure, Management and Procedures of the Fund, as Articulated in the PD and JFA, Could be Brought Up-to-date (as foreseen in para 8 of JFA) to Improve Fund Performance, Taking into Account Evolving Political and Operational Circumstances.***

The imperative to disburse funds promptly in post conflict Nepal in order to support timely implementation of the peace agreement is well recognized. Likewise, the political sensitivity of the macro environment is recognized. In such circumstances, fund management have done well to successfully allocate and disburse NPTF financial resources to projects under all five of the major areas identified in the PD. However, many procedures and guidelines have yet to be developed or fully implemented.

The JFA requires development of a strategy, log frame, and costed action plan for each Peace Fund component and identifying clear priorities and funding criteria for the peace fund<sup>8</sup>. None of these have been fully developed so far.

The Fund Rules describe mechanisms and structures for the management of the fund such as: Steering Committee; Technical Committee; Fund Secretariat; mechanism for programme and financial management; and monitoring. Despite the fact that more than 70% of available funds have already been released to the projects, the comprehensive criteria for project prioritization, appraisals and evaluation still need to be developed; a fully staffed and functional Secretariat as per the Funds Rules<sup>9</sup> still needs to be established; and the SC membership still needs to be expanded as per Fund rules to ensure wider inclusion<sup>10</sup>. In addition, no strategy for M&E exists and the release of funds to the projects has not followed the agreed procedures<sup>11</sup>.

The Fund Rules identifies the structure and management of the NPTF as follows:

**Steering Committee (Findings):**

The SC is the highest body in decision making and allocation of NPTF resources that is chaired by the Minister of Finance. Members include Minister for Home Affairs; Minister for Physical Planning and Works; Vice-chairperson of the NPC; Chief Secretary of the GoN; Secretary, MoPR; and Secretary of the MoF. The Prime Minister is yet to designate two other Ministers to the SC (as foreseen by Fund Rules).

The SC meetings are called by the chair of the SC as per necessity. The two SC meetings so far have convened in the MoF (on April 11 and June 28, 2007) and have led to the allocation and transfer of the available NPTF resources. The Home Minister did not participate in both of these meetings.

While the full transfer of the approved funds to each project is in contrast to the Fund Rules, the decision was made to do this in order to minimise delays in the process and to expedite project implementation. However, this may be contributing to the delays and inadequate reporting by the implementing agencies.

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<sup>8</sup> article 37 of JFA

<sup>9</sup> Rule 17 of PFOPR

<sup>10</sup> Rule 6 of PFOPR

<sup>11</sup> Rule 10(2) of PFOPR

### **Steering Committee (Recommendations):**

- 9) Two other Ministers to the SC should be designated by the Prime Minister. Programme Document<sup>12</sup> and JFA<sup>13</sup> elaborate on the expected combination of the SC and the need for inclusive decision making processes. In their absence from government, the involvement of CPN-M in decision making also needs to be addressed.
- 10) The existing TOR of the SC as outlined in Fund Rules<sup>14</sup> should be reviewed to incorporate the key roles and responsibilities of the SC, its chair, members and secretary along with the timelines, frequencies and requirements for its meetings. The TOR should also include procedures for project presentation, evaluation and selection.
- 11) The SC receives from the TC project proposals that meet all technical requirements. However, its role is not just to approve all projects but to prioritize areas for support based on political imperatives and overall fund availability. A process for deciding on such prioritization needs to be established.
- 12) The MoPR, being the focal ministry for the implementation of CPA, may wish to scale up its participation in the SC to ministerial level.
- 13) Minutes of the SC decisions should be recorded and circulated among stakeholders in a timely manner;

### **Technical Committee (Findings):**

The TC structure as identified in the Fund<sup>15</sup> is established and functional. The TC has been able to review projects and submit them, along with their recommendations, to the SC for approval. The TC meetings are convened by the Secretary of MoPR and held in the same Ministry. It has met nine times so far.

It is intended that the TC review, appraise and evaluate projects on technical merits. However, in the absence of a programme approach and lack of comprehensive technical criteria for prioritization among and within each sector, the TC process so far is project based and financially focused, with little examination of the technical strengths and weaknesses of projects.

A format for project proposals is provided in the Fund Rules<sup>16</sup> but 5 approved projects do not fully comply with these requirement. Further, the format provided is inadequate, and should be reviewed and improved as per recommendation 15.

### **Technical Committee (Recommendations):**

- 14) A comprehensive TOR for the TC should be developed, which incorporates roles, responsibilities, accountabilities and its relationship with the SC, Secretariat and IAs.

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<sup>12</sup> Provision 23 of PD “Even before an Interim Government is formed, the arrangements of the Peace Fund will provide for an active participation by the Communist Party of Nepal (Maoist) in its Steering Committee and decision making process”

<sup>13</sup> Article 15 of JFA “A prerequisite to Donors’ support through the Peace Fund is that the GON will identify priorities for funding and manage each component of the Peace Fund in consultation with the Communist Party of Nepal (Maoists), even before an interim government is formed.”

<sup>14</sup> Rule 8 of PFOPR

<sup>15</sup> Rule 9 of PFOPR

<sup>16</sup> Schedule-1 of PFOPR.

- 15) The format for project proposals should be reviewed to include the following:
- Risk factor;
  - Mechanism for consultation and coordination with other partners and projects contributing toward the same objectives;
  - Action plan;
  - Gender and Human Rights;
  - Beneficiaries
  - Lessons learned; and
  - Reporting

The format can further emphasize the implementation strategy, monitoring, evaluation, impact analysis etc.

- 16) Members of the TC should have the right expertise, and discussions of the TC should mainly focus on the technical quality of submitted projects (not just their budget). Thematic specific working groups should be established within TC tapping on existing expertise available with the Ministries, UN Agencies and Local/ International Organizations.
- 17) The TC should review submissions in light of their compliance with the Fund Rules and “criteria for project review and approval” - to be developed.
- 18) The TC should be expanded in its membership to include representatives from a Women’s group, a Human Rights Associations and generic Civil Society. This will contribute to greater engagement of civil society in the NPTF;
- 19) The Technical Advisors and relevant section of the Secretariat (see below) should participate in the TC meetings.
- 20) Minutes of the TC meetings should be circulated among the participants within two working days and the final draft along with the list of projects reviewed in the respective TC meeting, should be sent to SC and DAG within 7 working days;

### **Peace Fund Secretariat (Findings):**

The Secretariat<sup>17</sup> is established within the MoF and is expected to be staffed by 8 full-time employees that include Director; Under Secretary – Office of the Financial Comptroller General; Account Officer; Section Officer; Computer Operator; Driver and Helpers. Should the Secretariat require additional human resources; the Fund Rules provides that such additional resources ‘must’ be provided by the MoF upon request by the Secretariat. Until October 2007 a Joint Secretary was appointed to the Secretariat on a part time basis. As of October, a full time director has been designated, but with no support staff. Lack of a fully staffed and functional Secretariat has contributed to:

- Lack of timely drafting, translation and sharing of the minutes of meetings and its documentation;
- Inconsistent and late sharing of project proposals along with the TC recommendations with the DAG;
- Delayed drafting and distribution of the progress reports;
- No project monitoring.

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<sup>17</sup> Rule 17 of PFOPR

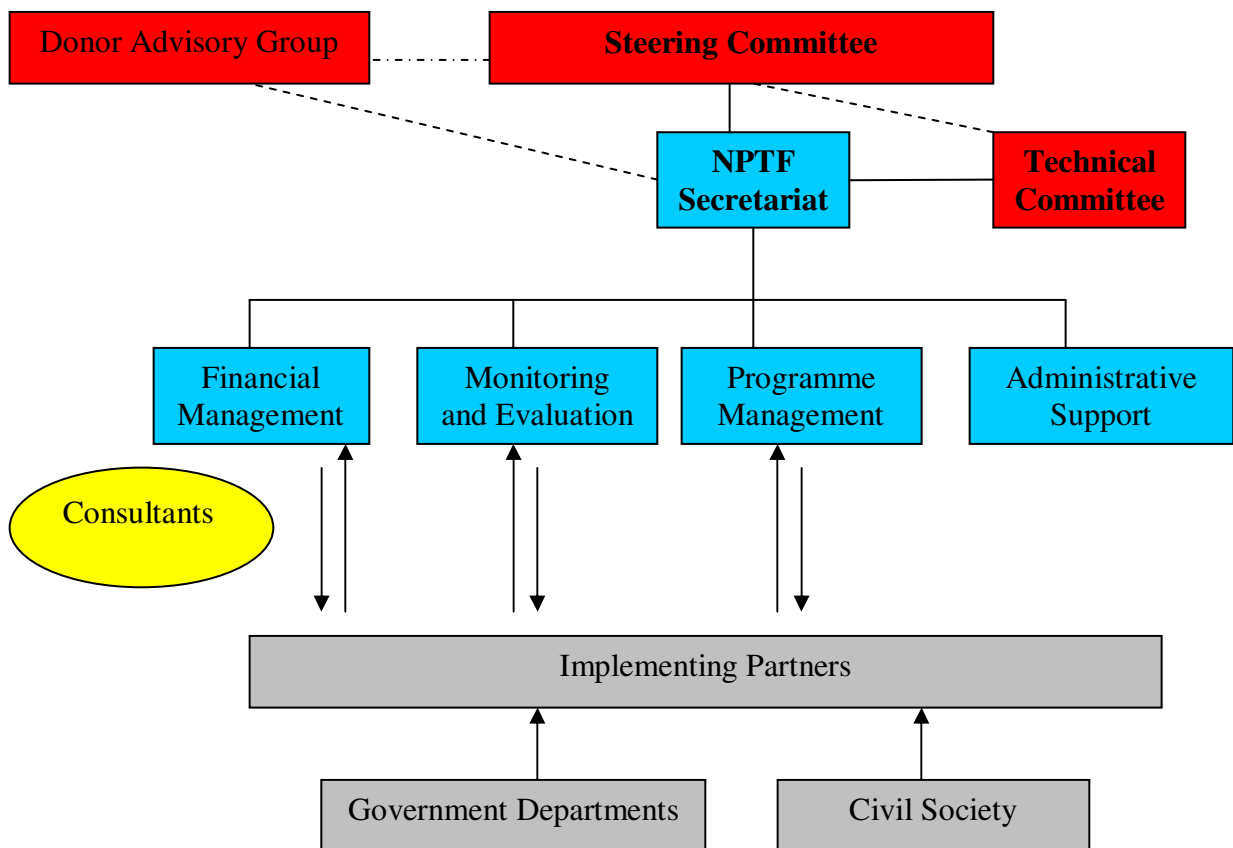
The Secretariat is central to ensuring a successfully functioning NPTF. It provides administrative and management support for the implementation of NPTF and plays a vital role in ensuring adherence and compliance of all partners to the agreed procedures. It is thus crucial to ensure a fully functional Secretariat is established and empowered to undertake these responsibilities.

**Peace Fund Secretariat (Recommendations):**

- 21) To adequately fulfill its functions, four sections should be established within the Secretariat, under the control of the Secretariat Director, as follow;
- a) Programme Management
  - b) Monitoring and Evaluation
  - c) Financial Management
  - d) Administrative Support

A draft organizational structure for the Secretariat and its place within the larger NPTF setup is presented below.

**Draft NPTF Organizational Structure:**



- **21.1 - The Director:** will be responsible for the overall management of the Secretariat. He/She should develop an annual action plan for the Secretariat and ensures its timely implementation. He/She should also be responsible for effective communication with all NPTF stockholders;

- **21.2 - The Programme Management section:** will support design and formulation of programme/projects by the implementing agencies; provide ongoing training and capacity development for the IAs; ensure risk management; and assist the TC and SC during programme review and appraisal. ToR should be developed;
- **21.3 - Monitoring and Evaluation section:** will conduct rapid needs assessments to establish baseline data for each sector; undertake regular and ad-hoc monitoring of the ongoing projects; conduct mid-term and final evaluations; assist the IAs in establishing their internal monitoring procedures; assist the SC and TC during the review and appraisal processes. ToR should be developed;
- **21.4 - Financial Management section:** will manage every single details of the financial aspects of the NPTF including support to the IAs in formulation of their project budget; financial analysis of the NPTF; review of IAs financial management capacities; review and comment on IA's financial reports; follow up on the release of installments based on the IA's satisfactory reports; overview the transactions with the bank; communicate with the DAG on financial matters, etc. This section will also assist the SC and TC during the review process and ensure compliance of the IAs with financial rules agreed upon in the JFA and the PD. ToR should be developed.

22) The above sections can be staffed by one; or a combination, of the following options:

**Option 1:** secondments of staff from the MoF, MoPR and other line ministries. The secondment will need to be full time and for the duration of the NPTF. The selection will need to be in line with the required expertise for the job and through a panel that will include the TAs. The selected staff should further be trained by the TAs and/or the local institutions to enhance their technical expertise.

**Option 2:** New recruitment of staff for each unit of the Secretariat based on merits and best practices to ensure inclusiveness and quality performance. In view of the temporary nature of such recruitment, an attractive package could be offered to secure the right expertise for the job. The TAs can provide on the job training for the new recruits.

**Option 3:** a replication of the GoN/UNDP mechanism for the implementation of National Execution (NEX) projects where the GoN as the executing agency requests UNDP to implement all or part(s) of a project. Under this modality UNDP provides local/international expertise and services to GoN. UNDP administrates the supports and services while the technical and substantive parts are managed by the line ministries. This has proven to be a sound mechanism.

**Option 4:** Outsourcing the Secretariat to civil society. The role of civil society in this modality is similar to that of UNDP.

23) If government opts for options 2, 3 or 4, it could be financed through one of the following:

**Option 1:** a management support project could be developed and approved by the SC, utilizing NPTF programme resources; or

**Option 2:** a management support project could be funded though the 1% administrative cost referred to in article 35 of the JFA and Rule 21 (1) of Fund

Rules. This will require an amendment to the JFA to allow mobilization of this provision to cover personnel costs;

- 24) **Location of Secretariat:** In view of the technical and managerial responsibilities of the Secretariat and developments since the signing of the JFA, the SC may wish to review the location and line of reporting of the Secretariat. The Secretariat is currently located in the MoF, however, during the mini-review it has frequently been discussed whether or not the Secretariat be relocated to the MoPR. This is a decision for the Government of Nepal to take, but to help the decision making process, the following are pros and cons of the Secretariat being located in the MoF:

**Pros:**

- Secretariat Director is a senior employee of the MoF;
- Better access to financial records in the ministry;
- Expertise in financial management, budget and auditing;
- Large number of employees at the national and local level and willingness (as per the JFA) to appoint more staff to Peace Fund;
- Has Chair of Steering Committee – therefore has good access to SC;
- Existing influence over Implementing Agencies;
- Institutional memory of Peace Fund and previous experience of donor cooperation and fund management;
- Representation of GoN in United Nations Trust Fund and other related forums;
- MoPR is an Implementing Agency – potential conflict of interests if also the Secretariat (M&E of its own projects, for example);

**Cons:**

- Peace Fund is seen more as a pot of money than as a programme. The aim is not to disburse funds, but to have a positive impact on the peace process;
- Inadequate expertise in programme design and management; affecting ability to support the Technical Committee on technical evaluation of projects, and to develop and implement M&E of projects and programme;
- Chair of Steering Committee – conflict of interests;
- Pursuing Peace Fund projects - business as usual;
- The Technical Advisors are located in the MoPR;
- Technical Committee is coordinated by MoPR;
- Mandates and thus responsibilities of MoPR vis-à-vis MoF toward the implementation of Comprehensive Peace Agreement;

***Objective – 3: Provide Specific Recommendations on how Monitoring and Evaluation of Progress Made on Delivering Tangible Outcomes through the Fund can be Improved.***

**a. Findings:**

The Programme Document and JFA spell out the following requirements that are needed for M&E of NPTF and measuring the progress:

- PDA<sup>18</sup>: priorities be based on detailed needs assessment and formulated in consultation with the donors, the UN and other partners. The PD further requires establishment of the monitoring mechanism during the first reporting period;

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<sup>18</sup> Article 21 of Programme Document.

- JFA<sup>19</sup>: development of a strategy, log frame and costed action plan for each Peace Fund component as a condition for the release of the donors' first installment to NPTF;
- Annex B (log frame) of JFA is expected to be developed within one month from the establishment of the NPTF.

None of the above has yet been fully achieved.

#### **b. Recommendations:**

- 25) A Monitoring and Evaluation Strategy for the Peace Fund should be developed. The strategy should set out the objectives, scope, frequencies, make-up of the team and associated cost to carryout regular and ad-hoc monitoring both at the programme as well as project levels. The monitoring should measure progress against the agreed indicators outlined in the project documents. It should also be used to verify the project progress report;
- 26) All approved and proposed project should incorporate a M&E section that elaborates on the project's internal M&E process (this should be done retrospectively for those projects already approved)
- 27) The M&E report should serve as a tool for the release of subsequent financial installment to the project;
- 28) The M&E findings and recommendations should be documented and circulated to SC, TC and DAG.
- 29) Annual audit should be conducted as foreseen in the Programme Document<sup>20</sup>.
- 30) A mid-term and final evaluation of the programme should be planned.

***Objective – 4: Propose Improvements to Current Mechanisms for Prioritizing Allocations Between the Five Technical Areas of the Fund, and Between Proposed Projects Within the Same Technical Area. Provide an Analysis of Current Major Funding Gaps and of any Duplication in Funding.***

#### **a. Findings:**

Annexes 1 – 5 provide an overall financial picture of the NPTF and foreseeable gaps.

The fragility and changing nature of the macro environment in which the NPTF is operating makes priority setting difficult. Many aspects of the peace agreement that the NPTF was set up to support are subject to ongoing negotiation. Forecasting when there will be political break-through and hence when resources will be required to support related technical implementation is often impossible. Likewise, fund management frequently mentioned during this review that the ear-marking of contributions by the majority of donors (see below) has severely hampered their flexibility to allocate funds based on changing priorities.

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<sup>19</sup> Article 37 of JFA.

<sup>20</sup> Article 49 of Programme Document

The Programme Document states that donors can un-earmark or earmark their contributions to the NPTF. Thus, Denmark has earmarked its full contribution for the electoral and other specified purposes. Similarly, Finland has also earmarked this year's contribution for the CA purposes. Norway has earmarked half of its contribution for the Management of Camps and Reintegration of Combatants. The SDC has also earmarked 1/3<sup>rd</sup> of its contribution for the purposes of the MoPR. On the other hand, DFID's contribution is not earmarked.

However, despite these constraints, more can be done to improve fund prioritisation.

#### **b. Recommendations:**

- 31) Where possible, a sector needs assessment of the five areas covered by the NPTF is recommended. An overall needs assessment will identify neglected areas within each sector, and the gravity of the needs.. It will further support the SC in the prioritization and decision making process;
- 32) Revision of the existing criteria for Evaluation of Project Proposals in light of significance and contribution to the implementation of the CPA; relevance; practicality; quality of proposal and adherence to the established NPTF standards and procedures, accountability; institutional capacity of the Implementing agency; inclusiveness of women; minorities and disadvantaged group as beneficiaries and participants.
- 33) Develop concept paper/log frame for each of the 5 sectors that serve as integrated part of the NPTF Programme Document. To the extent possible, the concept papers will incorporate overall objectives, specific objectives, list of achievable, tangible outputs and the required human and financial resources; strategy for implementation and coordination;
- 34) Detailed annual action plan for each of the 5 sectors along with activities that contribute toward the overall sector objectives, quarterly budget and timeline for implementation. The action plan will also identify linkages between different components and activities within each sector;
- 35) Linkages between NPTF and other initiatives contributing toward the same objectives should be build up to draw a comprehensive picture for each sector and avoid duplication of efforts. A sector based mapping of activities funded by GoN, bilateral, UN agencies and developmental partners will greatly contribute to this effect.
- 36) Donors' contributions should be un-earmarked at the programme level. This will allow allocation of funds by the fund management according to the emerging priorities.

#### ***Objective – 5: Advice on Contents of the Log Frames for Each of the Five Work Areas of the Peace Fund to be Used to Monitor Progress and Report on Performance (Ref 15. JFA/Para 46 PD).***

##### **a. Findings:**

The log frames are referred to and agreed upon in the JFA and other related documents as a requirement for the implementation of the NPTF programme. The log-frames would

establish indicators for the monitoring and evaluation of the progress made under each sector. However, comprehensive log frames are yet to be developed.

**b. Recommendations:**

- 37) Long frames for each sector as per annex B of the JFA need to be developed immediately. These log frames will serve as an integrated part of the NPTF programme document; set the target for each sector; include activities and inputs necessary to achieve the sector objectives. Annex 7 represents sample log frame for a component of the Election Commission for the 2007. This log frame will be expanded to include all components of the sector for the programme lifecycle.

***Objective – 6: on the Basis of the Review, Make Suggestions for any Changes Deemed Necessary to the ToR or the National and International TA’s to the Fund.***

**a. Findings:**

National and International advisors have joined the programme on 20 June and 27 September, 2007 respectively for a period of 6 months. Based on the current TOR that is very comprehensive and inclusive, the TAs work out of the MoPR while expected to support the NPTF at all levels – copy of the TORs attached. The mini-review significantly contributed to the TAs’ understanding of the NPTF and challenges ahead. In the absence of a fully functional fund secretariat, the TAs have also been filling the gap supporting the Secretariat.

**b. Recommendations:**

- 38) TAs should have more focused TORs;
- 39) TAs should increasingly get engaged in the training and capacity building of the Secretariat; Technical Committee as well as the IPs;
- 40) TAs should contribute to developing standard processes and procedures for the management of NPTF;
- 41) Following a decision on the location of the Secretariat, both TAs or at least one should be stationed in the same ministry where the Secretariat is located.
- 42) Until a fully functional Secretariat is established, the TAs should continue to support the Secretariat;
- 43) TAs should participate in the TC meetings as well as the relevant DAG meetings. They should also provide technical inputs in the SC meetings.

**NPTF Financial Control Mechanism:**

**Findings:**

The Fund Rules, JFA and PD have incorporated a number of measures in order to address the issue of financial accountability:

- a) Requiring the NPTF to adopt international financial management standards (including UNDP procurement procedures);

- b) Allowing donors at any point during the lifecycle of the NPTF, to ask the SC to commission an independent performance related audit of the operations of the Fund to identify progress, area for improvement and key lesson learned;
- c) Requiring the GoN to publish quarterly financial reports for the fund;
- d) Conducting Joint Progress Reviews every year with donors under the GoN leadership;
- e) Annual audits by the Office of the Auditor General.

The PD states that the MoF is responsible to ensure that the financial management capacity of the fund recipients are appropriate before entering into agreement with them.

NPTF funds are disbursed from the MoF to the implementing line ministries and must follow the Central Government Financial Administrative Rules as defined by the GoN.

According to the JFA<sup>21</sup>, projects can be retroactively financed, but requires prior approval of the DAG.

According to JFA the Donors can request the GoN for all relevant information on NPTF procurement practices and provide access to all related documents.

The Fund Rules also provides that the monitoring of the project will be based on the returns that is to be yielded by the project and also that the release of additional fund to the Implementing Agencies is conditional to the satisfactory progress of the project implementation.

**Accounting policies:** The Fund Rules<sup>22</sup> provide budgeting and utilization classification, however, there is little evidence to suggest that these reporting formats are being complied with. In general, there is a lack of budgeting and expenditure information for project financed by the NPTF. To date no detailed, multi year overall budget for the NPTF exists. Budget for specific proposals are often not consistent with the classifications outlined in the Fund Rules.

The above provisions are yet to be adequately implemented. In addition, no single expenditure report is available from the IPs to analyze reported outputs against its corresponding costs.

#### **Recommendations:**

- 44) The measures listed under the above findings should effectively be implemented;
- 45) The SC should set a limit for the utilization of fund under exceptional circumstances. The JFA and Fund Rules provide the SC to waive competitive bidding requirements in exceptional circumstances. The Fund Rule<sup>23</sup> gives the SC discretion to disburse funds for 'emergency purposes', but does not provide a ceiling.
- 46) In the case of recurring expenses such as the monthly payment to the combatants in the cantonments a blanket approval should be agreed upon to avoid delays and possible consequences.

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<sup>21</sup> Article 12 of JFA

<sup>22</sup> Fund Rules chedule 3, 7, 8, 9 and 10

<sup>23</sup> Rule 11 of PFOPR

- 47) Flow of information among different components of NPTF management needs to be improved. In particular sharing of information on financial management should be shared with the MoPR to enhance the coordination between the technical and financial aspects of the programme.
- 48) Accounting policies and budget classification and coding should clearly be defined. Project activities should be implemented as budgeted. Any major changes to the project and/or its budget must be approved by the SC prior to its implementation. Project expenditure must be inline with the approved budget and its breakdown, coding and classification.

## Annex 1: Overall Cost of Peace through NPTF

(Figures in million)

SN	Work Areas	Total Forecast		Allocated by NPTF		Hard Pipeline Projects <sup>*</sup>		Soft Pipeline Projects <sup>**</sup>		Remarks
		Equiv. US\$	Rs.	Equiv. US\$	Rs.	Equiv. US\$	Rs.	Equiv. US\$	Rs.	
1	Cantonment management and rehabilitation of the combatants of the Maoists	70.00	4550.00	39.45	2564.10	39.59	2573.60	-9.04	-587.7	Includes Project C2 (need SC's approval)
2	Rehabilitation of displaced people	30.00	1950.00	5.72	371.60	15.39	1000.00	8.89	578.4	
3	Election of the Constituent Assembly	19.00	1235.00	6.21	403.40	11.61	754.40	1.18	77.2	
4	Security strengthening	77.00	5005.00	0	0	27.48	1786.00	49.52	3219	
5	Support to peace process	10.00	650.00	0	0	5.15	334.50	4.85	315.5	
	<b>Total</b>	206.00	13390.00	51.38	3339.1	99.22	6448.50	55.40	3602.4	

\* Projects being review/endorsed by the Technical Committee or being developed

\*\* Initiatives to be formulated within 6 months.

## Annex 2: Pledges and Contributions to NPTF - as of September 2007

(Figures in millions)

	Demand		Pledges			Liquidated <sup>*</sup>			Un-liquidated <sup>**</sup>			Remarks
	Equiv. US\$	Rs	Original currency	Equiv. US\$	Equiv. Rs	Original currency	Equiv. US\$	Equiv. Rs	Original currency	Equiv. US\$	Equiv Rs	
<b>GoN</b>			Rs.2442.9	37.6	2442.9		22.2	1442.90	Rs1000.0	15.38	1000.0	
<b>UK</b>			UKP 6.1	12.5	812.5	UKP 2.2	4.5	316.18	UKP 3.9	8.0	496.32	
<b>SDC</b>			CHF 1.5	1.3	80.9	CHF 1	0.87	53.91	CHF 0.5	0.43	26.96	One third is remaining
<b>Denmark</b>			DKK 20.0	3.6	234.0	DKK 20.0	3.6	239.92	-	-	-	
<b>Norway</b>			NOK 13.0	2.2	143.0	NOK 13.0	2.2	144.81	-	-	-	
<b>Finland</b>			Euro 3.0	4.1	267.3	Euro 3.0	1.37	89.10	Euro 2.0	2.73	178.2	Commitment is Euro 1 million/ yr
<b>Donors total</b>				<b>23.7</b>	<b>1537.7</b>		<b>12.54</b>	<b>843.92</b>		<b>11.16</b>	<b>693.78</b>	
<b>Grand total</b>	<b>206.0</b>	<b>13390.0</b>		<b>61.3</b>	<b>3980.6</b>		<b>34.74</b>	<b>2286.82</b>		<b>26.54</b>	<b>1693.78</b>	

\* funds already transferred to the NPTF account

\*\* funds committed but not transferred yet

### Annex 3: Sector Based Programme Buildup and Financial Allocations - as of September 2007

(Figures in million)

Work areas	Total Deposits in the NPTF		Approved NPTF Project Budget		Disbursed from NPTF		Actual Cash Balance in the Bank		Remarks
	Equiv. US\$	Rs.	Equiv. US\$	Rs	Equiv. US\$	Rs	Equiv. US\$	Rs	
Cantonment management and rehabilitation of the combatants of the Maoists			39.45	2564.1	17.29	1123.9			Includes project C2 (Need SC's approval)
Rehabilitation of displaced people			5.72	371.6	3.85	250.0			
Election of the Constituent Assembly			6.21	403.4	3.69	240.0			
Security strengthening			0	0	0	0			
Support to peace process			0	0	0	0			
Miscellaneous					0.2	13.4			Task force & transportation expenses
<b>Total</b>	<b>34.74</b>	<b>2286.82</b>	<b>51.38</b>	<b>3339.1</b>	<b>25.03</b>	<b>1627.3</b>	<b>10.23</b>	<b>664.62</b>	<b>Includes returned unspent amount - Rs 5.1 million</b>

#### Annex 4: List of Approved Projects and Implementation Status - as of September 2007

S. N.	Project Name	Geographical Coverage	Project Budget (Figures in millions)			Project Implementation		Implementing Agency	Output		Remarks
			Total cost (Rs/US\$)	NPTF (Rs/US\$)	Disbursed (Rs/US\$)	Expected Starting Date	Expected Completion Date		Expected	Actual	
<b>A. Cantonment management and rehabilitation of the combatants of the Maoists</b>											
A1	Construction of temporary shelters in the cantonment sites	Jhapa, Sindhuli, Chitwan, Rolpa, Nawalparasi, Surkhet, Kailali	108.3/ 1.7 (revised)	108.3/ 1.7	108.3/ 1.7	Mid April,07	Mid July,07	CMCCO, DUDBC/ MoPPW	Construction of 1000 temporary shelters to accommodate 15,000 combatants	820 buildings are constructed and 180 are under construction	
A2	Basic Infrastructure building in cantonment sites	All 28 cantonment sites	290.3/ 4.5	175.3/ 2.7	175.3/ 2.7	Mid April,07	Mid July,07	CMCCO, DUDBC/ MoPPW,	1. Installing electricity supply <sup>8</sup> 2. Building internal roads <sup>8</sup> 3. Houses <sup>8</sup> 4. Drinking water supply <sup>8</sup> 5. Installing telephone lines <sup>8</sup>	1 Completed 2 Completed 3 Completed 4 Completed 5 Completed	Outside NPTF fund of Rs 115.0 m (\$1.8 m) is also used in this project
A3	Construction of access roads to cantonment sites	All 28 cantonment sites	502.6/ 7.7	355.8/ 5.5	355.8/ 5.5	Mid April,07	Mid July,07	DoR/ MoPPW	1 Construction of 265 Km of gravel roads 2 Opening 48.4 Km tracks 3 Construction of drainages <sup>8</sup> 4 Construction of structures <sup>8</sup>	1 135Km constructed – 230 Km made accessible 2 38Km opened 3 70% Completed 4 65% Completed	Outside NPTF fund of Rs 146.8 m (\$2.3 m) is also used in this project
A4	Cantonment Infrastructure Development	All 28 cantonment sites	253.4/ 3.9	138.3/ 2.1	138.3/ 2.1	Mid April,07	Mid July,07	DUDBC/ MoPPW,	1 UN personnel's toilet -7 2 UN personnel's kitchen -7 3 Container base and fencing -7 4 Platoon toilet -181 5 Platoon Kitchen -252 6 Health Centre -31 7 Barbed fencing <sup>8</sup> 8 Miscellaneous constructions <sup>8</sup>	1 Completed 2 Completed 3 Completed 4 116 completed/ 65 under construction 5 165 completed/ 87 under construction 6 21 completed/ 10 under construction 7 17,356 meters completed 8 Completed	Outside NPTF fund of Rs 115.1 m (\$1.8 m) is also used in this project
A5	Basic need fulfillment of the combatants	All 28 cantonment sites	1786.4/ 27.5	1786.4/ 27.5	346.2/ 5.3	Mid April,07	Mid July,08	CMCCO	Monthly distribution of Rs 60 per day to all combatants to fulfil their monthly basic needs.	Distributed for period till mid October 2007	
<b>Sub-total (Cantonment management group)</b>			<b>2941.0/ 45.3</b>	<b>2564.1/ 39.5</b>	<b>1123.9/ 17.3</b>						

<sup>8</sup> The expected outputs are not quantified

S. N.	Project Name	Geographical Coverage	Project Budget (figures in millions)			Project Implementation		Implementing Agency	Output		Remarks
			Total cost (Rs/US\$)	NPTF (Rs/US\$)	Disbursed (Rs/US\$)	Expected Starting Date	Expected Completion Date		Expected	Progress so far	
<b>B. Rehabilitation of displaced people</b>											
B1	Special Programme for IDPs	All over the country	371.6/5.7	371.6/5.7	250.0/3.8	July, 07	Dec, 07	MoPR	<p>Around 50,000 IDPs will get relief package</p> <ul style="list-style-type: none"> <li>▪ Daily expenses: Rs. 60/ day/ person only for 2 months</li> <li>▪ Education support: Rs.1, 000/ child below 16 yr</li> <li>▪ Transportation: Rs. 300 -1,000/ person</li> <li>▪ House Construction/ Repair: Rs. 10,000/ Rs, 5000</li> <li>▪ Loan for Agriculture Inputs/ tools: Rs. 10,000/ Rs. 10000</li> </ul>	<ol style="list-style-type: none"> <li>1 25,000 IDPs are identified</li> <li>2 Guideline of relief and rehabilitation packages developed</li> <li>3 Started on October 7, 07</li> </ol>	
<b>C. Election of the Constituent Assembly</b>											
C1	Voter Education for the CA Election	All over the country	153.4/2.4	153.4/2.4	121.1/1.9	Mid July,07	Mid Sep,07	EC	<ol style="list-style-type: none"> <li>1. Billboards –175</li> <li>2. Stickers -100,000</li> <li>3. Posters (different languages) - 1, 200,000</li> <li>4. Pamphlets -2,600,000</li> <li>5. Local VE projects- 75 districts</li> <li>6. SMS messages –3</li> <li>7. Radio announcements: <ol style="list-style-type: none"> <li>a. jingle -6</li> <li>b. spot- 6</li> <li>c. spot in 16 languages-17</li> <li>d. educational program-24</li> <li>e. radio drama- 6</li> </ol> </li> <li>8. TV broadcast and VE materials: <ol style="list-style-type: none"> <li>a. jingles -3</li> <li>b. 5 min tele-dramas- 3</li> <li>c. 30 min tele-films- 2</li> <li>d. 30 min talk shows -6</li> </ol> </li> <li>9. Training and monitoring materials: <ol style="list-style-type: none"> <li>a. Flipcharts VEVs - 20,000</li> <li>b. EC guidelines 10,000</li> <li>c. VEV bags- 9231</li> </ol> </li> <li>10. TOT (HQ) - 30 pax</li> <li>11. Regional Training – 308 pax</li> </ol>	<ol style="list-style-type: none"> <li>1. 175 printed</li> <li>2. 100,000 printed</li> <li>3. 94,000 printed</li> <li>4. 1,800,000 printed-reprint being done 16 languages</li> <li>5. Selection being done</li> <li>6. Will be conducted</li> <li>7. Radio announcements: <ol style="list-style-type: none"> <li>a. Completed</li> <li>b. 2 Completed</li> <li>c. Completed</li> <li>d. Completed</li> <li>e. Being produced</li> </ol> </li> <li>8. TV broadcast and VE mat: <ol style="list-style-type: none"> <li>a. 2 jingles Completed</li> <li>b. Being produced</li> <li>c. Being produced</li> <li>d. Being produced</li> </ol> </li> <li>9. Training and monitoring</li> </ol>	

									12. District Training –9231 pax 13. VEV mobilization – 8400 pax 14. Impact evaluation of direct outreach programme –1 15. Conferences (HQ and district)	materials: a. Printed b. Completed c. produced 10. Completed 11. Completed 12. Completed 13. Deployed 14. Being planned 15. Being conducted	
C2	Election Officials & Employee Training	Kathmandu, Biratnagar, Pokhara, Nepalgunj, Dhangdhi	250.0/ 3.8	250.0/ 3.8	118.9/ 1.8	Mid Aug,07	Mid Sep,07	<u>EC</u>	1. Master TOT (senior election experts)-25 pax 2. Regional training for returning officers' District Election Officers, and training focal points –390 pax 3. Training in the use of electronic machine TOT on EVM – 15 pax 4. Technical Training on Computer operations –80 pax 5. Training on account management – 75 pax	1. Completed for 18 pax 2. Completed for 389 pax 3. Completed 4. Completed for 75 pax 5. Completed for 73 pax	The project is yet to be approved by the Steering Committee
<b>Sub-total (CA election group)</b>			<b>403.4/ 6.2</b>	<b>403.4/ 6.2</b>	<b>240.0/ 3.7</b>						
<b>GRAND TOTAL (with project C2)</b>			<b>3716.0/ 57.2</b>	<b>3339.1/ 51.4</b>	<b>1613.9/ 24.8</b>						
<b>GRAND TOTAL (except project C2)</b>			<b>3466.0/ 53.4</b>	<b>1648.9/ 47.6</b>	<b>1495.0/ 23.0</b>						

## Annex 5: List of Pipeline Projects - as of October 2007

(Figures in million)

S. N.	Project Name	Geographical Coverage	Total cost (Rs/US\$)	Expected Starting Date	Expected Completion Date	Implementing Agency	Expected Output	Status	Remarks
<b>A. Cantonment management and rehabilitation of the combatants of the Maoists</b>									
1	Basic need of Combatants	All 28 camp sites	1,662.5/ 25.6	Recurrent	Recurrent	<u>CMCCO</u>	Monthly distribution of Rs 60/ day to all combatants to fulfill their basic needs.	Recurrent	
2	Development of essential utilities	19 cantonment sites around Nawalparasi, Sindhuli, Rolpa, Dang & Jhapa	8.7/ 0.1	NA	NA	<u>DWSS/ MoPPW</u>	Installation of drinking water supply systems	Submitted to the TC	GTZ, DFID and NEWAH have done in other 9 cantonment sites
3	Development of Educational Facilities	In all 28 cantonment sites	258.0/ 4.0	NA	NA	<u>MoES</u>	<ul style="list-style-type: none"> <li>▪ Following facilities in all camps: <ul style="list-style-type: none"> <li>▪ Library</li> <li>▪ Sports and recreational materials</li> <li>▪ Computer and email services</li> <li>▪ Orientation on peace education</li> <li>▪ Education to children of victims</li> </ul> </li> <li>▪ Scholarship on school education to a total of 13450 children</li> </ul>	Submitted to the TC	
4	Construction of Bailey Bridges	Cantonment sites	117.0/ 1.8	NA	NA	<u>DoR/ MoPPW</u>	Installation of bailey bridges (195m long) in: <ul style="list-style-type: none"> <li>▪ Tila – 1</li> <li>▪ Dashrathpur – 3</li> <li>▪ Talband - 1</li> </ul>	Proposal being revised to include TC's comments	
5	River Training on Khahare river	Surkhet	6.1/ 0.1	NA	5 weeks	<u>DWIDP/ MoPPW</u>	Embankment of 60 meters of riverside and 1020 meter of top layer	Submitted to the TC	
6	Cantonment Infrastructure Development	All 28 camps	322.2/ 5.0	NA	NA	<u>DUDBC/ MoPPW</u>	<ul style="list-style-type: none"> <li>▪ Temporary sheds - 215</li> <li>▪ Meeting Hall – 4</li> <li>▪ Water Supply – 4</li> <li>▪ Health Center – 3</li> <li>▪ Electrification of sheds – 987</li> <li>▪ Internal road – 22.7 Km</li> <li>▪ Kitchen – 171</li> <li>▪ Toilet – 368</li> <li>▪ Internal pipeline work – 118</li> <li>▪ Water tank – 2</li> <li>▪ Store – 16</li> <li>▪ Playground – 2</li> <li>▪ Fencing – 48.7 Km</li> </ul>	Proposal ready for submission to the TC	

7	Specialized and primary health care	As necessary in all camps	73.1/ 1.1	NA	NA	<u>MoHP</u>	-	Project being developed	
8	Building temporary shelters	As necessary in all camps	106.0/ 1.6	NA	NA	<u>DUDBC/ MoPPW</u>	Building 1000 shelters to accommodate 15000 combatants	Project being developed	
9	Strengthening of the Cantonment Management Central Coordinator's Office	Kathmandu	20.0/ 0.3	NA	NA	<u>CMCCO</u>	-	Project being developed	
<b>Sub- total (Cantonment management group)</b>			<b>2573.6/ 39.6</b>						
<b>B. Rehabilitation of displaced people</b>									
10	Rehabilitation of IDPs	All over the country	1000.0/ 15.4	NA	NA		-	Project being developed	
<b>C. Election of the Constituent Assembly</b>									
11	Deployment of Polling Officers	All over the country	754.4/ 11.6				<ul style="list-style-type: none"> <li>▪ 20883 permanent polling centers</li> <li>▪ 300 temporary polling centers</li> <li>▪ Deploying 125123 permanent staffs, &amp;</li> <li>▪ 108872 volunteers in the polling centers</li> </ul>	Recommended by TC to the SC	
<b>D. Security strengthening</b>									
12	Strengthening of the Nepal Police	All over the country	1016.8/ 15.6	NA	NA	<u>NP</u>	<ul style="list-style-type: none"> <li>▪ Communication equipments such as: <ul style="list-style-type: none"> <li>▪ HF set –100</li> <li>▪ Mobile – 200</li> <li>▪ HH – 9610</li> <li>▪ CDMA Handset– 600</li> <li>▪ Battery – 530</li> <li>▪ Solar – 220</li> </ul> </li> <li>▪ Security equipments including body protector and gears for 20000 pax</li> </ul>	Proposal being revised to include TC's comments	
13	Strengthening of the Armed Police Force	All over the country	379.2/ 5.8	NA	NA	<u>APF</u>	<ul style="list-style-type: none"> <li>▪ Communication equipments such as: <ul style="list-style-type: none"> <li>▪ VHF set - 25</li> <li>▪ HF Man pack – 255/ 10</li> <li>▪ VHF/ UHF Repeater - 6</li> <li>▪ VHF base station – 100/ 20</li> <li>▪ VHF mobile set – 55</li> <li>▪ Hand held set – 1000</li> <li>▪ CDMA – 144</li> <li>▪ Mobile set – 720</li> <li>▪ Solar panel – 120</li> <li>▪ AHC battery – 60</li> </ul> </li> </ul>	Proposal being revised to include TC's comments	

							▪ Security equipments for 19860 pax		
14	Support to investigation activities	All over the country	80.0/ 1.2	NA	NA	<u>NIB</u>	-	Project being developed	
15	Support to maintenance of law and order	Kathmandu	310.0/ 4.8	NA	NA	<u>MoHA</u>	-	Project being developed	
<b>Sub - -total (Security strengthening group)</b>			<b>1786.0/ 27.5</b>						
<b>E. Support to peace process</b>									
16	Strengthening of the Resource Centre and Capacity Enhancement in the MoPR	Kathmandu	10.0/ 0.2	NA	One year from the starting date	<u>MoPR</u>	<ul style="list-style-type: none"> <li>▪ Logistics, furniture, facilities, space improvement, and furnishing <ul style="list-style-type: none"> <li>▪ Computers – 7</li> <li>▪ Color printers – 3</li> <li>▪ Multimedia set – 1</li> <li>▪ Audio visual equipment set – 1</li> <li>▪ Air conditioners – 4</li> <li>▪ Photo copy machine –1</li> </ul> </li> <li>▪ Capacity enhancement trainings, etc</li> </ul>	Recommended by TC for approval of the SC	
17	Peace communication campaign	All over the country	124.5/ 1.9	NA	NA		-	Project being developed	
18	Mobilization of non governmental sector in the awareness raising programs on the Constituent assembly election	All over the country	200.0/ 3.1	NA	NA		-	Project being developed	
<b>Sub - total (support to peace group)</b>			<b>334.5/ 5.2</b>						
<b>GRAND TOTAL</b>			<b>6448.5/ 99.3</b>						

### Annex 6: Implementation Status of Fund Rules, PD and JFA Applicable as of October 2007

SN	JFA para	PD para	PFOR Rule	Provision	Status
1	11/ 22/ 26/ 38/ 46	26/ 41/ 46	15(1)	<ul style="list-style-type: none"> <li>Donors support, disbursement of instalments, and release of funds will be based upon satisfactory results of the four monthly financial and performance management report produced by GoN.</li> <li>The first report may be brief but subsequent ones should be comprehensive in the format as Annexes C and D of JFA</li> <li>The reports have to be provided to donors at least a week in advance of the Donor meetings</li> </ul>	<ul style="list-style-type: none"> <li>No conditionality on the release of Donor's contributions to the projects have been applied.</li> <li>The first Progress Report is produced by the GoN on October 2, 2007</li> </ul>
2	-	19/ 20	3(3)/ 3(4)/ 17	A separate bank account of the NPTF is opened at the Nepal Rastra Bank and is administered by the NPTF Secretariat situated at the MoF.	Bank account established and functional
3	-	-	18/ 19	<ul style="list-style-type: none"> <li>MoF designates a Joint Secretary as the Director in the Secretariat</li> <li>Secretariat will have 3 officers and 4 supporting staffs</li> </ul>	A full time Director and an officer have been appointed so far.
4	-	-	15(2)	The Fund must make public the statement of assistance of cash and commodities and its expenditure every four months in the format provisioned in the PFOR.	The Secretariat has published statements in May and September 07.
5	12	-	-	Retroactive financing is conditional and also requires prior approval of the Donor Advisory Group (DAG).	Expenses have occurred without the approval of DAG.
6	14	46	-	Log frames have to be developed in consultation with donors for each of the five work areas within one month.	Not done
7	15	23	-	The priorities for funding should be set in consultation with the Nepal Communist Party - Maoists	No formal mechanism exists
8	18/ 25/ 28	-	-	Regular consultations have to be held between GoN and Donors - the draft of agreed minutes should be sent by GoN to donors within seven days and donors provide comments within two working days.	Meetings are held on an adhoc basis - Minutes are not drawn
9	22/ 36/ 37	-	-	<ul style="list-style-type: none"> <li>Donors and GoN meet to review and endorse the financial management report, and agree on bilateral disbursements on a trimester basis - Donor's contribution will be disbursed on four monthly instalments.</li> <li>The first instalment will be released in March 2007, upon signing of JFA and bilateral MOUs subject to the GON putting a process to develop strategy, log frame, costed action plan and identifying priorities and funding criteria.</li> </ul>	<ul style="list-style-type: none"> <li>No meetings are held.</li> <li>Except SDC and Finland, all donors disbursed their total commitment to the fund</li> <li>The strategy, log frame, costed action plan and priorities are not yet developed/finalized.</li> </ul>
10	-	44	10(2)	MoF releases 1/3 rd of the agreed allocation within 2 working days of the signing of a funding agreement with an implementing entity.	Done
11	22	25	-	Donor can earmark its contribution	Except DFID, all donors have earmarked their contributions
12	23	-	-	GON should immediately acknowledge the receipt of contributions in writing.	Not done
13	30	31/ 32	6/ 7	A Steering Committee (SC), chaired by the Finance Minister and attended by the	Done

				representatives of the Donor group as advisor, should convene.	
14	31/ 32	34/ 35/ 36	-	<ul style="list-style-type: none"> <li>• A Donor Advisory Group (DAG) should be set up by the MOF to review performance and advice the SC – meet every four months</li> <li>• The selected donor, who will also act as the focal point to interact with the GoN, will chair the DAG - it will also have MoF's representative in it.</li> </ul>	<ul style="list-style-type: none"> <li>• GoN has not created such Group.</li> <li>• MoF is not represented in the DAG meetings</li> </ul>
15	33/ 34	22/ 37/ 38	9(2)	<ul style="list-style-type: none"> <li>• A Technical Cell is established in MoPR to support the activities of the Steering Committee.</li> <li>• The cell should also review issues as inclusion, discriminated groups, and needs of women, in accordance with UN Security Council Resolution 1325.</li> <li>• The TC should forward the proposals to the SC, with its recommendations, and also provide a copy to the DAG.</li> </ul>	<ul style="list-style-type: none"> <li>• A Technical Committee is located in the MoPR but it has not been able to address issues related to women and disadvantaged groups in their meetings.</li> <li>• DAG receives copies of proposal but not the TC's comments.</li> </ul>

## Annex 7: LOGICAL FRAMEWORK

**Project: Voter Education Programme for Constituent Assembly Election** (draft Log Frame is mainly based on available information in the approved Project Document).

Objectives	Measurable Indicators	Means of Verification	Important assumptions
Peace implementation Objective			
<i>Wider problem the programme/project will help to resolve</i>	<i>Quantitative ways of measuring or qualitative ways of judging times achievement of the goal</i>	<i>Cost-effective methods and sources to quantify or assess indicators</i>	<i>External factors necessary to sustain objectives in the long run</i>
<b>To develop and implement an inclusive Voter Education Campaign for the Constituent Assembly Election.</b>	<ul style="list-style-type: none"> <li>• Electoral and institutional capacity of the EC of Nepal in the area of voter education and public outreach developed;</li> <li>• Permanent Voter Education Unit with capacity to conduct VE campaigned established;</li> <li>• Direct outreach VE programme implemented;</li> <li>• Acceptance of the outcome of the CA Election by various stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Effective interaction between the Technical Advisors and the EC;</li> <li>• Communication and feedback from the regional and local electoral offices;</li> <li>• Training of Voter Education Volunteers, Supervisors, District Election Officers and Election Commission HQ;</li> <li>• Awareness of local communities on Constituent Assembly Election;</li> <li>• Voter Education Unit functional</li> </ul>	<ul style="list-style-type: none"> <li>• Political stability in the country;</li> <li>• Required legal framework in place;</li> <li>• Required Human and Financial resources available;</li> <li>• Cooperation among stockholders;</li> <li>• Timely holding of CA Election;</li> </ul>
<b>Immediate Objectives</b>			<b>(Immediate Objective to Peace Implementation Objective)</b>
<i>The immediate impact of the programme/project on an area or target group re the change or benefit to be achieved by the programme/project</i>	<i>Quantitative ways of measuring or qualitative ways of judging timed achievement of purpose</i>	<i>Cost-effective methods and sources to quantify or assess indicators</i>	<i>External conditions required in order for the programme/project to contribute to reaching the long term goal</i>
<ul style="list-style-type: none"> <li>• Provide voters with timely and accurate official electoral information that encourages and</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive Voter Education (VE) package prepared in a timely manner and ready for</li> </ul>	<ul style="list-style-type: none"> <li>• Focus groups and workshops on VE materials.</li> <li>• Close coordination with donors</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic partnership with donors financing VE programmes through NPTF;</li> </ul>

<p>facilitates their meaningful participation in the CA election;</p> <ul style="list-style-type: none"> <li>• Ensure that all eligible voters, including minorities and other vulnerable groups have access to electoral information, mobilizing community centres and civil society organizations;</li> <li>• Promote the EC as an electoral management body solely responsible for implementing credible elections in Nepal</li> </ul>	<p>implementation/distribution throughout the country;</p> <ul style="list-style-type: none"> <li>• Well-trained team of Voter Education Volunteers implementing direct outreach programme at Village Development Council Level.</li> <li>• Ongoing media campaign according to approved timelines.</li> </ul>	<p>funding Voter Education projects.</p> <ul style="list-style-type: none"> <li>• UNMIN Electoral Assistance Office daily involvement with Voter Education policy; advice on policy and implementation of Voter Education programme</li> </ul>	<ul style="list-style-type: none"> <li>• Institutional partnership with UNMIN and other stakeholders, which will support the project implementation by providing input to proposed VE strategy, plans and materials;</li> <li>• Special partnership with JICA Nepal Country Office by deploying a VE Expert to work as a VE advisor to the EC in the Western Regional Office;</li> <li>• UNMIN EAO will play a major role in articulating policy advice to the EC of Nepal</li> </ul>
<b>Outputs</b>			<b>(Outputs to immediate objective)</b>
<i>The specifically deliverable results expected from the programme/project to attain the objective</i>	<i>Quantitative ways of measuring or qualitative ways of judging timed production of outputs</i>	<i>Cost-effective methods and sources to quantify or assess indicators</i>	<i>Factors out of programme project control which, if present, could restrict progress from outputs to achieving programme/project objectives</i>
<b>Activities</b>	<b>Inputs</b>		<b>(Activity to output)</b>
<i>Tasks to be done to produce outputs</i>	<i>This is a summary of the programme/project budget (sub-budgets and total)</i>		<i>Factors out of programme/project control which, if present, could restrict progress from activities to achieving outputs</i>
<ul style="list-style-type: none"> <li>• Public information campaign through printed and electronic media, TV and Radio;</li> <li>• Direct Outreach campaign implemented throughout the country;</li> <li>• Printed materials distribution throughout the country;</li> </ul>	<p>Printed Material: US\$ 490,978.00  Direct Outreach: US\$ 277,337.00  Local EV US\$ 86,955.00  PI: US\$ 1,359,710.00  Other Services: US\$ 8,450.00  Total: US\$ 2,223,430.00</p>	<ul style="list-style-type: none"> <li>• Acknowledgement of the receipt of fund by the Implementing Partners;</li> <li>• Monitoring of the printed and electronic media;</li> <li>• Progress reports;</li> </ul>	<ul style="list-style-type: none"> <li>• Timely availability of the required funds to the project;</li> <li>• Availability of the required technical expertise;</li> <li>• Security;</li> </ul>

### Annex 8: List of People Met / Interviewed

<b>Name</b>	<b>Organisation</b>	<b>Title</b>
Kikkan Haugen	Embassy of Norway	Minister Counselor
Finn Thilsted	Embassy Of Denmark	Ambassador
Jean Marc Clavel	SDC	Country Director
Chris Touwaide	European Commission	Attaché
Laxmi Sharma	ADB	Project Officer
Jorg Frieden	UNMIN	Senior Advisor- Peace Support Nepal
Takeshi Shihara	Japanese Embassy	First Secretary
Pirkko-Liisa Kyöstiä	Embassy of Finland	Chargé d'Affaires a.i.
Simon Arthy	DFID	Conflict Advisor
Bella Bird	DFID	Head of Office
Krishna Hari Baskota	MoF	Joint Secretary
Sushil Jung Rana	Election Commission	Secretary
Purna Kadariya	MoPPW	Secretary
Kishore Thapa	MoPPW	Joint Secretary
Tulasi Prasad Sitaula	Department of Roads	Director General
Surya Bhakta Sangachhe	Dep of Urban Dev & Building Construction	Director General
Jagdish Chandra Pokharel	NPC	Vice Chairman
Awanindra Kumar Shrestha	Cantonment Management Central Coordinator's Office	Coordinator
Vidyadhar Mallik	MoF	Secretary
Krishna Gyawali	MoF	Joint Secretary
Rajib Upadhya	World Bank	External Affairs Specialist