

PRIORITY PLAN FOR THE UNITED NATIONS PEACE BUILDING FUND NEPAL 2012

Country: Nepal

Summary:

Total amount of envelope requested:	USD 8 million
Start Date and Duration of Priority Plan Implementation:	May 2012 (2 years)
PBF Priority and Outcome Areas covered by the Priority Plan:	<u>PBF Priority Area 1</u> : Support to Implementation of Peace Agreements and Political Dialogue <u>PBF Priority Area 2</u> : Promote coexistence and peaceful conflict resolution

1. The UN Secretary General declared Nepal eligible for funding from the second window of the UN Peacebuilding Fund (PBF) in December 2007. The decision was based on the need to sustain the peace process with flexible and rapid actions, using the UN Peace Fund for Nepal (UNPFN) as the mechanism for channeling fast disbursing UN support to peace building. In Nepal, the PBF uses the governance and decision-making arrangements of the UNPFN mechanism and the UNPFN Executive Committee approves and allocates funding. Seven PBF-funded projects have been approved previously, programming all \$10 million contributed through the first PBF country envelope to Nepal.

2. The first PBF country envelope has achieved a number of crucial results in support of Nepal’s peace-building process. However, Nepal still requires significant international peace-building support given its still evolving transitional context. Therefore, the UNPFN is submitting a second Nepal Priority Plan and requesting a second country envelope of \$10 million from the PBF. Additional PBF funding in 2012 would arrive at a time of particular heightened expectations of progress in the peace process. The signing of the Seven-Point Agreement between the main political parties in November 2011 and progress since February 2012 in partly emptying the Maoist army cantonments through the voluntary retirement of over 13,000 combatants are significant and concrete demonstrations of renewed political commitment to the Comprehensive Peace Agreement (CPA).

A. Peacebuilding Context and Role of the UN System

Overall Peace-Building Context¹

3. Major challenges lie ahead as Nepal works through its transition towards peace. Nepal remains in a critical transition phase after a decade-long internal armed conflict that claimed more than 17,000 lives.² While the CPA signed on 21 November 2006 halted the fighting, neither side considered itself defeated.

4. There have been a number of historic achievements since the parties signed the CPA, including the: maintenance of the ceasefire and monitoring of arms and armies, firstly by the UN Mission in Nepal and then by national authorities since January 2011; election of the Constituent Assembly (CA) on 10 April 2008 in a generally peaceful and orderly process; peaceful declaration of Nepal as a federal democratic republic; discharge of 4,008 verified minors and late recruits from the Maoist army in 2010 and their ongoing social and economic reintegration back into society; discharge of

¹ The following context overview is primarily drawn from the context analyses laid out in the ‘Nepal Peace and Development Strategy 2010-15’ (PDS) and the ‘UN Peace-Building Strategy for Nepal 2011-12’. Both can be accessed at: <http://www.un.org.np/thematicareas/pds>.

² The Ministry of Peace and Reconstruction has received over 17,000 registered claims of people who were killed during the conflict.

over 13,000 Maoist army personnel from cantonments through the ‘voluntary retirement’ process; significant preparatory work on the drafting of a new constitution; removal of all minefields across Nepal; and the commencement of interim relief payments to the conflict-affected (though, this currently excludes the victims of torture and sexual violence).

5. Notwithstanding these landmarks achievements, many critical CPA commitments are awaiting full implementation. Components of the CPA currently ‘in progress’ include the: integration of the over 9,000 verified Maoist army personnel remaining in cantonments³; finalization of the new constitution (including the form of government and plans for future federal state restructuring); development of new measures to end discrimination and exclusion; finalization of the laws to establish the required transitional justice commissions (both a Truth and Reconciliation Commission (TRC) and a Commission of Inquiry on Disappearances (COID)) and substantive movement on transitional justice for conflict-related crimes; ‘democratization’ of the Nepal Army and wider security sector reforms; and progress on land reform and property return. There is mixed progress on achieving the wider political, economic and social transformation envisioned in the CPA—such as universally accepted fundamental human rights, the rule of law, social justice and equality, independent judiciary, monitoring by civil society, people’s right to information, transparency and accountability in the activities of political parties, people's participation and the concepts of impartial, competent, and fair administration.

6. Looking at the next two years (2012-13), achievement of the following eleven key benchmarks would demonstrate successful implementation of the more immediate security, political and legal transitional provisions of the CPA:

Benchmark 1: implementation of a consensually agreed process for the integration of 6,500 Maoist army personnel into the Nepal Army;

Benchmark 2: commencement of the social and economic resettlement of non-integrated Maoist army personnel through processes that adhere to international standards and guidelines;

Benchmark 3: commencement of processes for the democratization of the Nepal Army and wider security sector transformation, in line with international standards and guidelines;

Benchmark 4: successful completion of the social and economic rehabilitation of verified minors and late recruits discharged from the Maoist army in 2010 and all children affected by conflict, in adherence to international standards and guidelines (including UNSCR 1612);

Benchmark 5: development and adoption of a new constitution that restructures the state to meet the diverse aspirations of Nepalis, in accordance with Nepal’s international treaty obligations⁴;

Benchmark 6: agreement on a national plan of action for the implementation of the new constitution, particularly for federal state restructuring and progressive realisation of social, economic and cultural rights;

Benchmark 7: credible, legitimate and socially inclusive implementation of voter registration and future national and local elections—in accordance with international human rights standards and in an environment free from violence—as important steps in ensuring a smooth transition from an interim period and contributing to national reconciliation;

Benchmark 8: establishment of the TRC and COID by adopting a comprehensive legislative framework in line with international human rights standards and best practices, ensuring the

³ The parties have negotiated that the Nepal Army will only accept up to 6,500 personnel to be integrated from the Maoist army, with those who are unsuccessful being re-assigned to voluntary retirement or resettlement packages.

⁴ These obligations include the International Covenant on Civil and Political Rights, the Convention on the Elimination of All Forms of Racial Discrimination, the Convention on the Elimination of All Forms of Discrimination against Women, and the Convention on the Rights of the Child.

safe participation of traditionally excluded groups, children and women in transitional justice processes;

Benchmark 9: adoption and implementation of a comprehensive policy on reparations (that would include the victims of sexual violence and torture), complemented by an outreach strategy that ensures all conflict victims can access their entitlements;

Benchmark 10: prosecution of serious cases of human rights violations, committed both during and after the conflict, ensuring proper accountability; and

Benchmark 11: implementation of the comprehensive national IDP policy and guidelines.

7. However, energies in Nepal have been predominantly focused on issues related to the immediate peace process, often at the expense of the longer-term peace-building transition. While the above CPA benchmarks are important, it is equally necessary to recognize that making a start on the long-term structural reforms at the heart of the CPA is every bit as urgent. With over five years having passed since the signing of the CPA and deep-rooted development issues that led to the armed conflict remaining largely unaddressed, there are risks that disillusionment with the process could undermine public support for peace and the continuing root causes could generate new future conflicts. Therefore there is a pressing need to begin delivering on aspirations for reformulating national values in terms of rights, equality, inclusion and embarking upon the fundamental political, socio-economic and governance transformations outlined in the CPA. Recognizing this, Nepal's development partners have agreed (in the Nepal Peace and Development Strategy – see below) to support the eight long-term issues of: social inclusion; rule of law; security sector transformation; land reform; good governance; equality and inclusive growth; state restructuring; and employment acceleration.

8. Great flexibility will be required in the years ahead given the fluid and highly politicized context. Nepal's wider peace-building transition is challenged by the absence of authoritative and independent national peace-building strategy and mechanisms for 'monitoring the peace'. There is also an absence of institutionalized approaches for resolving key political roadblocks that emerge during the course of CPA implementation. As a result, the underlying power-sharing arrangements foreseen in the CPA were short-lived, with one or other major party in opposition almost constantly since the CPA's signing. There have been a variety of contradictory views between (and within) the main parties, hindering full implementation of CPA commitments and sustained cooperation. Therefore, the peace process has become characterized by a series of ad hoc political agreements between the parties that repeat the commitments of previous agreements and then, often, leave these in turn unimplemented. This reflects both a continuing deficit of trust between the parties as well as a genuine difficulty in finding a way forward on some intractable problems. Adding to this, the path towards federalism is highly contentious and potentially destabilizing, with an increase in identity-based political movements and the emergence of new political actors. Greater investment is needed in confidence-building and constructive dialogue as an integral part of development programming. Relying on the 'third-party impartial' role of the UN and elements of its specialized expertise, the UNPFN is positioned to support catalytic initiatives designed to break ground on contentious issues while enhancing dialogue and confidence. While most observers are cautiously optimistic, threats to peace in Nepal remain real and the situation remains unpredictable.

9. Positively, all the major political parties forged a new consensus on 1 November 2011 by signing the Seven-Point Agreement. This agreement paved the way for a more inclusive government and articulated some basic new and credible benchmarks for moving CPA implementation forward. It gave particular new momentum for forward progress on negotiations for the integration and voluntary retirement of the Maoist army, finalizing the transitional justice commission laws and resolving outstanding issues in formulating a new constitution. The agreement paved the way for the CA to extend the deadline for the finalization and passage of a new constitution before 28 May 2012.

Government's Support to the Peace-Building Process

10. Multiple governments established since the signing of the CPA have, as of yet, not produced any comprehensive 'national peace-building strategy' or 'programme' to direct the implementation of Nepal's long-term transformation as laid out in the CPA. However, there has been significant efforts and commitment by government to peace-building. Within such a fractured political context, government has moved forward to tackle key priorities through a practical approach and launched issue-specific strategies, policies and instruments, including the: National Human Rights Action Plan; National Plan of Action for Children Affected by Conflict; National Action Plan on UNSCRs 1325 and 1820 on women's leadership in peace-building and conflict prevention (and also emphasizing the prevention of and response to conflict-related sexual violence); National Plan of Action on Bonded Labour; and National Master Plan of Action on Child Labour.

11. Several other strategies related to or reinforcing the peace-building are in development, such as the National Plan of Action for Youth Employment in Nepal for 2010–2017 and the National Plan of Action on the implementation of ILO Convention 169. The government's new Three Year Plan for 2010/11–2012/13 was completed in 2011 and includes components that are dedicated to 'Peace, Rehabilitation and Inclusive Development' and to 'Good Governance and Human Rights'. On the ground, the MoPR has established 'local peace committees' in all 75 districts and in over a quarter of the over 4,000 Village Development Committees (VDCs) in Nepal. The government has also solely supported the costs of subsistent payments to the Maoist army personnel over the course of their many years in the cantonments and the recent payment packages to over 13,000 Maoist army personnel choosing 'voluntary retirement' – these two investments alone costing the government tens of millions of dollars over the last five years.⁵

12. The principle national instrument for collective financing and coordination of peace-building is the Nepal Peace Trust Fund (NPTF), established in February 2007 and now administered by the Ministry of Peace and Reconstruction (MoPR). Chaired by the Minister for Peace and Reconstruction, the NPTF Board includes representatives from across government ministries and the five largest political parties in the CA in order to ensure its political inclusiveness. It is designed as the primary channel for donors and government to finance the peace process and is focused on four sectoral clusters: cantonment management and integration / rehabilitation of Maoist combatants; assistance to conflict affected persons / communities; promotion of security and transitional justice; and support to constituent assembly, elections and peace-building initiatives at national and local levels. Since inception, 24 NPTF projects have been completed and are 19 ongoing, with a total programme budget of over \$140 million (of which approximately \$84 is from government funds). Additional funding has been pledged to the NPTF and it is expected that the Fund's strategic contribution to peace building will increase as its implementation modalities continue to strengthen. It is expected that the NPTF will be renewed in 2013 for perhaps an additional three years. In parallel to the NPTF is the Technical Cooperation Pool of the MoPR, which is mandated to implement a strategy of capacity development and technical assistance in support of the Ministry's organizational, policy and programme development objectives.⁶

Nepal Peace and Development Strategy

13. Responding to the need for the articulation of a common context analysis and strategic roadmap to support the wider peace-building process, Nepal's international development partners launched the 'Nepal Peace and Development Strategy, 2010-15' (PDS) in January 2011. Developed over the course of 2010 by a cross-section of local and international actor and benefitting from discussions with different parts of government, the strategy articulates how development partners could assist Nepal in the years ahead to realize the development agenda embedded in the CPA. It makes the case for ensuring development investments are ready, when called upon, to assist with both the

⁵ The NPTF has also recently approved a project of approximately \$6 million for rehabilitation support of former combatants who are recent / new mothers and disabled former combatants (as well as disabled conflict-affected people).

⁶ The latest information regarding previous and expected funding contributions to the NPTF is included at Annex A.

short-term challenges as well as the all-important long-term transition issues reflected in the CPA. The strategy is, in effect, an 'offer of support' by development partners in specific areas that could help Nepal build the kind of peace which will be irreversible. Importantly, the strategy also looks at how development partners can increase their contribution to peace and development in Nepal by working in different ways.

14. It is important to recognize that the PDS is used by development partners (including the UN) as a guiding strategic framework; it is not a comprehensive 'programme' document with a detailed and 'costed' set of programme interventions, but outlines the core peace-building priorities that development partners can support in Nepal. Over the course of its implementation, development partners are expected to integrate these priorities into their own strategies and promote the development of sectoral strategies that can then lead to specific sector programme frameworks.

The Role of the UN in Support to Peace-Building in Nepal

15. Current UN support to peace-building in Nepal is defined by the 'UN Peace-Building Strategy for Nepal 2011-12', while the UNPFN serves as the principle financing instrument for joint UN peace-building support interventions.

16. The UN Strategy outlines the scope of UN action necessary to achieve critical peace-building benchmarks in Nepal until the commencement of the next UNDAF in 2013. Situated within the overall framework of the PDS, it provides a platform to integrate the comparative development, human rights, political and humanitarian strengths of the UN and to improve UN peace-building policy, planning and programming in Nepal. The UN Strategy identifies four key priority approaches for UN peace-building support over the next two years: support Nepal to achieve the above eleven immediate benchmarks in the peace-process; catalyze progress on the long-term structural transformation agenda embedded in the CPA (as identified in the PDS); strengthen the linkages between peace-building in Nepal and global UN mechanisms and standards; and provide leadership and the means of coordinating strategic and coherent international peace-building support to Nepal. The next UNDAF for 2013-17 (currently in development) will take-over as the principle strategic framework for UN support to peace-building when it commences. Outcomes 1-5 of the next UNDAF have integrated most of the core PDS long-term issues. Outcome 7 will support "strengthening of core national capacities to consolidate the peace process and prevention of potential relapses into conflict" with an expected total programme envelope over five years of up to \$57 million.

17. Established in 2007 under the UN Mission in Nepal as a complementary and linked instrument to the NPTF, the UNPFN finances initiatives where the UN has specific comparative advantages and can add value,⁷ particularly through cross agency support. The transfer of UNPFN management in early 2009 from UNMIN to the RC/HC corresponded with a revision of its terms of reference, leading to increased transparency, government ownership, alignment of activities with national priorities and focus on wider peace-building issues in accordance with the evolution of Nepal's context. In four years, the UNPFN has committed over \$32 million to 19 projects implemented by 12 UN agencies.⁸ The UNPFN funds projects within five cluster areas: cantonment and reintegration of former combatants; elections, governance and mediation; security; recovery and quick impact; and rights and reconciliation.

18. Importantly, the UNPFN operates on the principle of subsidiarity to the NPTF and government interventions on peace-building. UNPFN projects support state mechanisms and the Fund only

⁷ The 2011 Independent Review of the UNPFN (<http://mdtf.undp.org/factsheet/fund/npf00>) identified five key comparative advantages of the UN and UNPFN instrument – the UN can: i.) address politically sensitive issues as an 'impartial third party'; ii.) rapidly respond to urgent short-term requirements and gaps when national capacities are constrained; iii.) provide certain specialized expertise, services and capacity development that do not exist in country; iv.) 'import' institutional capacity to reduce the need for costly national investments on very short-term peace-building priorities; and, iv.) can mobilize global funding instruments to maintain support to countries in extended transition, ensuring that previous peace-building investments are protected.

⁸ The UNPFN has received contributions from the UN Peacebuilding Fund and the governments of Canada, Denmark, Norway, Switzerland and the United Kingdom.

approves activities when the UN has a specific comparative advantage; projects need to demonstrate that proposed activities can be implemented by no one other than the UN. This was highlighted in the 2011 Independent Review of the UNPFN:

“The UNPFN and NPTF are recognized by both government and donors as complementary thematic instruments contributing to peace-building and not competing institutions. UN coherence and complementarities with the NPTF are based on the distinct UNPFN features that are also acknowledged by the government: neutrality, technical expertise, flexibility and rapid intervention capacity and mandate to promote and implement international instruments.”

19. The Review found that, while “the NPTF is engaged in wide and large scale peace-building activities (e.g. mass reconstruction projects, employment generation activities, benefits payments for Conflict-Affected Persons), the UNPFN on the other hand complements the NPTF activities by bringing additional expertise (e.g. mine action) and cross-sectoral capacities (e.g. transitional justice).” This Priority Plan has been specifically designed through a consultative joint-planning exercise with the NPTF to ensure that there is no overlap between the two Funds and that UNPFN funded activities complement those of government.

Results Achieved in Nepal To-Date with PBF Resources⁹

20. UNPFN and PBF funding have achieved considerable successes and a strong foundation has been laid for future programming. The Independent Review of the UNPFN carried out in 2011 found that that the UNPFN is “seen as an efficient and effective funding mechanism to support the peace process in Nepal.” More specifically, the Review found that: the UNPFN’s support to peace-building in Nepal has made an important contribution to the peace process in the country; the UNPFN’s experience shows that the UN can engage in new and innovative approaches to peace-building which can contribute to the positive outcome of the peace process; and the UNPFN has supported innovative pilot activities that are likely to prove to be significant for future peace-building.

21. PBF funded projects have ensured that key components of the CPA and the Agreement on Monitoring of the Management of Arms and Armies have been achieved, such as supporting the clearance of all 55 minefields in Nepal, UNMIN’s verification of the Maoist army and improving the reproductive health status of all female Maoist combatants and many women in the communities immediately surrounding the cantonments (11,161 women in total). PBF funded projects supported the planning and monitoring of the discharge of children from the Maoist army cantonments in 2010 in line with UNSCR 1612, as well as the crucial subsequent monitoring and reporting to the SRSG for Children Affected by Armed Conflict on grave child rights violations and the compliance with the discharge Action Plan in Nepal. In addition, PBF funding has ensured that 3,443 informally and self released ‘children associated with armed forces and armed groups (CAAFAG) and other children affected by armed conflict (CAAC) in 29 districts are being effectively rehabilitated and reintegrated into communities in adherence with international law and guidelines.

22. In the realm of transitional justice, PBF Funded projects have: laid the foundations for legislation to establish the commissions for truth and reconciliation and disappeared persons, as well a draft reparations policy; established a network of over 9,000 conflict victims across 22 districts and engaged them in extensive national consultations on transitional justice policy and legislation development; established a reference archive of over 25,000 documents relating to human rights violations from during the conflict; and established a national Transitional Justice Resource Centre. The government is now better equipped with draft SOPs, implementation guidelines, process flows and forms required for providing a range of future reparations benefits, including a draft comprehensive outreach strategy. These templates are now being tested and used in support of the

⁹ The 2011 Independent Review of the UNPFN (<http://mdtf.undp.org/document/download/7246>) includes a catalogue of key achievements accomplished by projects as of the end of 2010 and the UNPFN Mid-Year Narrative Progress Overview for 2011 (<http://mdtf.undp.org/document/download/7855>) summarizes results as of September 2011.

joint MoPR and World Bank 'Employment / Self Employment Service' programme. PBF Funding has also improved the participation and protection of women and the delivery of services to conflict affected women in line with UNSCRs 1325 and 1820: documenting 643 cases of sexual violence from during / after the conflict in 12 districts, providing 3,410 survivors with psychosocial counseling, and providing reproductive and general health services to 27,461 women and girls.

23. Lastly, the PBF funded 'Jobs for Peace' project increased opportunities for productive employment and income generating activities for un(der)employed and marginalized poor youth as a contribution to national peace building and poverty reduction in two conflicted affected districts. During the project, a total of: 37,108 of work days were generated from infrastructure development; 3,219 jobs were created through skills enhancement training; 2,905 jobs were created through youth led-enterprises; 3,826 trained youth were employed through cooperative reinforcement; and 9,721 youth were employed through youth-led projects. The project created a peaceful environment in the targeted districts as it was found through consultations with communities that jobs creation for youth contributed to a decrease of youth involvement in socially disruptive activities. The pilot approaches of the Jobs for Peace project now provides an important model for scaling-up by the government and other actors.

24. Outside of the projects themselves, the UNPFN as an instrument has provided 'added value'. The Independent Review found that the:

"UNPFN is seen by a significant majority of respondents as making the UN system an effective peace-building partner to the government and people of Nepal. The creation of [the] UNPFN as a funding mechanism for UN agencies to implement peace-building projects has contributed to the increase of national capacity to build and manage the peace".

25. The Review also found that the UNPFN added value to UN support of peace-building in Nepal because it "harnessed the different types of expertise required for peace-building by opening funding to significantly more UN agencies than previously", "encouraged real partnerships between the government and the UN in Nepal", "significantly enhanced UN agencies collaboration" and engaged "UN agencies involved in development to be more strongly involved in peace-building". Overall, the UNPFN provides a portal for the entire UN family in Nepal to coordinate as one on peace-building in its engagement with the NPTF and government.

26. Lastly, but importantly, the \$10 million in PBF contributions to the UNPFN has partly helped to leverage over \$22 million in further donor contributions. It is expected that a second PBF country envelope to Nepal would again assist greatly in leveraging additional funding to the UNPFN.

B. Strategic Framework

Process to Develop the Priority Plan

27. Since the launch of the PDS and enhancement of liaison and alignment efforts by the UNPFN with the NPTF since 2010, greater cohesion and coordination has been achieved across the peace-building sector. The PDS is now the principle analytical and strategic planning framework for development partners and has been adopted as the basis for operational planning by the NPTF. The NPTF has become the principle mechanism for coordinating government, donors and the UN peace-building activities. The arrival of these key strategic and coordination mechanisms has been supported in large part through efforts and support from the UNPFN and the Resident and Humanitarian Coordinators Office (RCHCO).

28. While these key strategic peace-building frameworks are in place, they are as of yet not 'programmed' and costed; the Priority Plan cannot simply lock-in to an existing programme framework. Instead, the UNPFN has used these existing strategic frameworks and mechanisms as

the starting point for a joint NPTF-UNPFN planning and consulting exercise with government, UN, donor and civil society stakeholders to develop the Priority Plan.

29. The joint exercise began with an initial review by the UNPFN Support Office that identified 14 possible areas for PBF support.¹⁰ This was followed by a joint NPTF-UNPFN strategic planning workshop on 10 November 2011 and a series of subsequent joint NPTF-UNPFN cluster working group dialogues through November and December 2011. This consultative and exploratory process developed a shared understanding amongst all stakeholders of the new challenges the peace process is facing and the need for continued targeted support to certain focus areas, as well as delineating the comparative advantages of the NPTF, UNPFN and others to address these. Stakeholders found that UNPFN should provide targeted and specialized ('niche') technical, policy, coordination and advocacy support to existing/planned NPTF projects. Stakeholders also found that the UN (utilizing its role as an impartial third party actor, its various specializations, and its capacity for inter-agency programming) continues to be well placed to begin moving forward certain aspects of the peace-building process that may be problematic for the government to fund at this stage. The joint planning and consultation process ensured the greatest possible degree of alignment and complementarity between the NPTF, UNPFN and the peace-building activities of other development actors and the avoidance of future overlaps. As a result of the process, the NPTF has developed a set of clear planning priorities and a project pipeline for 2012-13 and stakeholders have identified clear strategic outcomes that should be included in this Priority Plan. Donors, government and the UN country team were briefed on the draft Priority Plan and copies were shared for a period of further consultation and feedback before this final draft was reviewed and approved by the UNPFN Executive Committee.

Benchmarks and PDS Priorities Excluded from the Priority Plan

30. It is important to note that the joint planning and consultation process excluded a number of current key short-term peace benchmarks for consideration in the Priority Plan; these had already seen significant successful UNPFN support or were otherwise already being addressed by other actors (government, UN or other international development partners). These excluded benchmarks included:

<i>Short-term CPA benchmarks</i>	<i>Previous, ongoing and planned actions already addressing benchmarks</i>
<i>Benchmark 1: implementation of a consensually agreed process for the integration of 6,500 Maoist army personnel into the Nepal Army</i>	Political negotiations for the integration of 6,500 Maoist army personnel are ongoing – under the mandate of the Special Committee and the Nepal Army, with support from MoPR
<i>Benchmark 2: commencement of the social and economic resettlement of non-integrated Maoist army personnel through processes that adhere to international standards and guidelines</i>	Over 13,000 former Maoist combatants have been discharged under 'voluntary retirement' – under the mandate of the Special Committee, with funding / support from MoPR
	Germany/GIZ (w/ Norway): Support of Measures to Strengthen Peace Process (STPP) - \$ 11.1 million (Sep 2007 - Jun 2013): <i>Support to training and education in civilian trades for Maoist combatants in the cantonments</i>
	Norway (w/ Germany/GIZ): Preparing for the rehabilitation of Maoist Combatants in the cantonments - \$ 2.6 million (2010-2012): <i>Support to training and education in civilian trades for Maoist combatants in the cantonments</i>
	USAID: i.) Sajhedari: Good Governance, Community Development, Conflict Mitigation and Peace Building - \$6.25 million (Summer 2012- 2017): <i>The program will focus for a direct benefit communities absorbing ex-combatants through inclusive planning process, dispute resolution, capacity building and local services;</i> ii.) Conflict Mitigation Activities(CCF) - \$1.2 million (summer 2012 – 2015): <i>Conflict Mitigation and Peace Building, program will bring together conflicting groups within communities, including male and female former combatants, through a people-to-people approach to local development and community peace building</i>

¹⁰ These options were identified based on a survey of what other actors (government, donor, UN and civil society) were already doing and planning to do within the PDS framework and on the existing comparative advantages of the UN in Nepal.

	<i>and alternative dispute resolution</i>
<i>Benchmark 4: successful completion of the social and economic rehabilitation of verified minors and late recruits discharged from the Maoist army in 2010 and all children affected by conflict, in adherence to international standards and guidelines (including UNSCR 1612)</i>	UNPFN: Addressed through UNPFN project United Nations Interagency Rehabilitation Programme (UNPFN/A-7) - \$11.3 million (ends May 2012)
	UNPFN: Addressed through UNPFN project Monitoring, reporting and response to conflict related child rights violations (UNPFN/A-8 / UNPBF/NPL/E-2) - \$2.6 million (ends May 2012)
<i>Benchmark 5: development and adoption of a new constitution that restructures the state to meet the diverse aspirations of Nepalis, in accordance with Nepal's international treaty obligations</i>	UNDP: Already supported by the UN through the ongoing UNDP 'Support to Constitution Building Programme in Nepal'
	IDEA – International Institute for Democracy and Electoral Assistance: Support to Constitution Making and Implementation - \$ 3.15 million from Norway and \$520,000 from Finland (2009-2012)
	JICA: Constitutional Assembly support (policy dialogue, training and exposure visits) - \$600,000
	USAID: Monitoring Nepal's Peace Process and Constitution Drafting Process - \$ 1 million (September 2009 - October 2012): <i>Observes Government of Nepal's implementation of the peace process, the constitution drafting process, and the Election Commission's voter registration efforts with a focus on local level impact</i>
<i>Benchmark 7: credible, legitimate and socially inclusive implementation of voter registration and future national and local elections—in accordance with international human rights standards and in an environment free from violence—as important steps in ensuring a smooth transition from an interim period and contributing to national reconciliation</i>	UNDP: Already supported by the UN through the ongoing UNDP 'Election Support Programme' (with \$ 2.25 million from Norway)
	JICA: Electoral Commission support (training and exposure visits) - \$600,000
	Norway: IFES – International Foundation for Electoral Systems - \$ 1.1 million (2009-2012, will probably continue): <i>Support to election commission on CA and legislation</i>
	NPTF: Already supported by the ongoing NPTF project 'Continued Voter Registration Programme Phase II'
	USAID: Monitoring Nepal's Peace Process and Constitution Drafting Process - \$ 1 million (September 2009 - October 2012): <i>Observes Government of Nepal's implementation of the peace process, the constitution drafting process, and the Election Commission's voter registration efforts with a focus on local level impact</i>
<i>Benchmark 8: establishment of the TRC and COID by adopting a comprehensive legislative framework in line with international human rights standards and best practices, ensuring the safe participation of traditionally excluded groups, children and women in transitional justice processes</i>	UNPFN: i.) Partly addressed through UNPFN project Peace through Justice: Transitional Justice Project (UNPFN/E-2 / UNPBF/NPL/B-3) - \$2 million (ended Dec 2011); ii.) Partly addressed through UNPFN project Ensuring recognition of sexual violence as a tool of conflict in the Nepal peace building process through documentation and provision of comprehensive services to women and girl victims/survivors (UNPFN/E-5 / PBF/NPL/B-4): \$2.1 million (ends April 2012)
	NPTF: i.) Will be further addressed through the NPTF project 'Support to Establishment of Truth & Reconciliation Commission' – pipeline; ii.) Will be further addressed through the NPTF project 'Support to Establishment of Commission on Disappeared Persons' – pipeline
	Denmark: Considering additional support to Transitional Justice - \$400,000 (tbd)
<i>Benchmark 9: adoption and implementation of a comprehensive policy on reparations, complemented by an outreach strategy that ensures all conflict victims can access their entitlements</i>	UNPFN: Partly addressed through UNPFN project Fairness and Efficiency in Reparations to Conflict-Affected Persons (UNPFN/E-4 / UNPBF/NPL/E-1): \$1 million (ended Dec 2011)
	NPTF: i.) Will be further addressed through the NPTF project 'Truth & Reconciliation Commission, Reparation Fund' – pipeline; ii.) Will be further addressed through the NPTF project 'Commission on Disappeared Persons, Reparation Fund' – pipeline
<i>Benchmark 10: prosecution of serious cases of human rights violations, committed both during and after the conflict, ensuring proper accountability</i>	UNPFN: Future prosecution efforts supported by outputs from UNPFN projects: Fairness and Efficiency in Reparations to Conflict-Affected Persons (UNPFN/E-4 / UNPBF/NPL/E-1): \$1 million (ended Dec 2011) and Ensuring recognition of sexual violence as a tool of conflict in the Nepal peace building process through documentation and provision of comprehensive services to women and girl victims/survivors (UNPFN/E-5 / PBF/NPL/B-4): \$2.1 million (ends April 2012)
	The TRC and COID are expected to take the lead on prosecutions and have yet to be established.
	Denmark: Human rights and justice - \$7.4 million (Jan 2009 - Dec 2013): <i>Advancing</i>

	<i>a safe and non-violent environment for all Nepalese to live in dignity and free from fear through support to human rights monitoring, reporting and advocacy and enhanced access to justice for poor and marginalised women and men</i>
Benchmark 11: implementation of the comprehensive national IDP policy and guidelines	NPTF: A National IDP Policy was approved by government in 2007 but not yet implemented pending approval of Procedural Directives from Cabinet – existing funding and support from the ongoing NPTF project ‘Special Program for Rehabilitation of IDPs’

31. The joint planning and consultation process also assisted in excluding a number of key long-term PDS priority areas from consideration from the Priority Plan – these included:

Long-term PDS priorities	Previous, ongoing and planned actions already addressing long-term PDS priorities
<i>Social Inclusion</i>	JICA: Gender Mainstreaming and Social Inclusion - \$ 4.3 million (Feb 2009 - Jan 2014) Norway: i.) Inter Party Women’s Alliance - Ensuring Equal Representation in Policy and Decision Making - \$ 6.46 million (2011-2014): <i>Support for gender equality and women’s empowerment</i> ; ii.) Sankalpa: Empowerment of Women for Political and Social Justice - \$ 2.15 million (2011-2014): <i>Support for gender equality and women’s empowerment</i>
<i>Good governance</i>	Denmark: i.) Inclusive democracy: <i>Promoting an inclusive and democratic political culture and system through support for reform and strengthening of democratic actors and institutions and enhanced public dialogue and communication (\$7.2 million) (Jan 2009 - Dec 2013)</i> ; ii.) Local governance: <i>Supporting local governance and community development to reduce poverty through inclusive, responsive and accountable local governance and participatory community-led development that will ensure increased involvement of marginalised and disadvantaged groups in the local governance process. (\$13.7 million) (Jan 2009 - Dec 2013)</i> JICA: Participatory Watershed Management and Local Governance project - \$ 4.9 million (Aug 2009 - Jul 2014)
<i>Equality and inclusive growth</i>	Denmark: Denmark and the Government of Nepal are formulating a new Growth and Employment Programme aimed at increasing economic growth and employment. This will cover the PDS areas “equality and inclusive growth” and “employment acceleration”. Germany: Improvement of Livelihoods in Rural Areas in Far West (ILRA) - \$ 5.1 million + \$ 468,000 (WFP) + \$ 415,000 (FAO) = total \$ 5.98 million (Sep 2009 - Aug 2013)
<i>Employment acceleration</i>	Denmark: Denmark and the Government of Nepal are formulating a new Growth and Employment Programme aimed at increasing economic growth and employment. This will cover the PDS areas “equality and inclusive growth” and “employment acceleration”.

32. These PDS priority areas will also be addressed more comprehensively over the long-term as fundamental components of the upcoming UNDAF (2013-17) and, therefore, were not seen as appropriate for the UNPFN instrument. In addition, other development partners (e.g. World Bank) and government initiatives (e.g. NPTF and MoPR) have much greater comparative advantages than the UN to implement activities in many of these priority areas.

Selected PBF Priority Areas and UNPFN Strategic Outcomes

33. The joint NPTF-UNPFN planning and consultation process has identified eight UNPFN Strategic Outcomes for consideration in this second Nepal Priority Plan:

- | |
|--|
| <ol style="list-style-type: none"> 1. Citizens’ confidence in security sector institutions has increased as a result of these intuitions becoming more capable, accountable and responsive to Nepal’s diverse society 2. Citizens’ confidence in the judiciary and criminal justice system has increased as a result of these institutions becoming more capable, accountable and responsive to Nepal’s diverse society 3. Nepal’s leaders are prepared to develop a national plan of action for the implementation of the new constitution, particularly for federal state restructuring and progressive realisation of social, |
|--|

economic and cultural rights

- 4. Nepal's leaders are prepared to develop a national transition plan for implementation of land reform and property return**
- 5. The risks of unrealistic expectations and misinformation to the peace process are mitigated through an effective communication strategy and public dissemination of independent peace tracking information**
- 6. An inclusive and gender-representative culture of dialogue and conflict transformation is expanded and strengthened, contributing to conflict prevention and social cohesion during Nepal's transitional peace-building process**
- 7. Improved participation and protection of women, the delivery of services to conflict affected women and strengthened inclusive elements of the Nepal peace process in line with UNSCRs 1325 and 1820**
- 8. Children affected by armed conflict are effectively rehabilitated and reintegrated into communities in adherence with international law and guidelines**

34. The selected Strategic Outcomes reflect a best fit for PBF funded peace-building support for the next two years, as situated within the framework of the PDS, aligned with national and NPTF priorities and where the specific comparative advantages of the UN enable it to have catalytic and strategic impact in Nepal. The Priority Plan is not intended to be comprehensive or to reflect the total contribution of the UN to peace building in Nepal. Major components of the peace process (e.g. rehabilitation for former Maoist combatants, infrastructure reconstruction, recovery and basic services, interim-relief payments to conflict affected people, good governance, employment generation and other key immediate CPA benchmarks) will be taken forward largely through other means and by other actors.

35. The Strategic Outcome areas selected for the Priority Plan will ensure that the UN is catalytic by 'breaking the ice' on some of the most politically sensitive issues (e.g. planning for implementation of land reform and property return; planning for implementation of state re-structuring; security sector and police; justice transformation) of the peace-building agenda. Equally important, the provision of niche technical, policy, coordination and advocacy support will help increase momentum on government-owned initiatives for crucial issues (e.g. implementation of the NAP on UNSCRs 1325/1820; implementation of the NPA on Children Affected by Armed Conflict; 'peace tracking' and communications; peace-building dialogue and collaboration) that have so far not received adequate attention. Therefore, interventions and support with the Priority Plan are designed to complement planned catalytic efforts of government as well as catalyze action in new areas by applying required technical and financial inputs where there are critical gaps.

Women's Needs, Gender Equality and Empowerment of Women in Peace-Building

36. The Priority Plan places utmost importance on integrating gender issues and the promotion of women in peace and security, which has been included as a specific Strategic Outcome in the Priority Plan (predominantly in support of the Nepal National Action Plan (NAP) on UNSCRs 1325 and 1820). The UNPFN will also support the Nepal UN Country Team as a pilot to implement the Secretary-General's Seven-Point Action Plan on gender-responsive peace-building. UNPFN projects will be used specifically to promote four points from the Action Plan: post-conflict financing (ensuring that 15% of funds are applied to projects directly promoting gender and women in peace and security); women's representation in post-conflict governance; rule of law; and economic recovery. Therefore, beyond the Strategic Outcome focused on the NAP On 1325 and 1820, it is expected that there will be numerous projects located under other Strategic Outcomes that will also focus specifically on gender equality and the promotion of women, such as for example in police capacity building or peace-building dialogue. At least 15% of PBF funds under the Priority Plan will be allocated to projects that have women's needs, gender equality and empowerment of women in peace-building as the principle objective (i.e. Gender Marker 3). In addition, all remaining projects will be required

to have women's needs, gender equality and empowerment of women mainstreamed or as a significant objective (i.e. Gender Marker 2).¹¹

C. Institutional and Management structures and processes

Institutional and Management Structures

37. In-country programming of PBF funding will be managed within the framework of the pre-existing and tested mechanism of the UNPFN. The UNPFN Executive Committee, chaired by the UN RCHC with a donor representative (Danish Ambassador) and a government representative (the Director of the NPTF), directly manages funds and approves projects. The NPTF Board (chaired by the Minister of Peace and Reconstruction) provides policy oversight and a 'Donor Group' (consisting of donors contributing to one or both of the funds) serves as an advisory body to the NPTF Board and UNPFN Executive Committee. The Donor Group meets regularly with government to review progress, complementarity of the UNPFN to the NPTF and to ensure that the NPTF is utilized as the primary mechanism to achieve peace-building coherence and coordination.

38. The UNPFN Executive Committee is responsible for: formulating strategic outcomes for funding rounds; reviewing project proposals presented for funding approval; providing recommendations to implementing agencies; and prioritizing funding. Approval is achieved by consensus by all members. The Executive Committee is assisted in the technical assessment of proposals for PBF funding by a joint NPTF-UNPFN thematic cluster-expert, consisting of technical experts from government, civil society, donors and UN agencies. The governance structure of the UNPFN involves representatives from government, donors, civil society and UN at various stages of the proposal development and approval process, ensuring that projects are highly relevant and fill a gap in the overall support to the peace process.

39. The Executive Committee is supported in its decision-making process by the UNPFN Support Office, which is responsible for: liaison with donor agencies and implementing UN agencies; ensuring that the technical review process is undertaken; conducting quality control of project proposals and preparing them for the Executive Committee.

Implementation capacity of Recipient UN Organizations and Implementing Partners

40. The UN is uniquely placed to provide a core set of additional services critical for the support of peace-building in Nepal in the years ahead. These services include: management of sensitive activities requiring impartial third-party engagement; specialized technical support of national actors on a wide range of issues; access to global best practices in peace-building; expert analysis on peace-building issues; and support to the wider international community on strategy and coordination. The UN in Nepal has a demonstrated track record in these areas. It played a vital third-party role in response to capacity support requirements for the 2008 CA elections, in implementing the politically sensitive discharge and rehabilitation of verified minors and late recruits from the Maoist army cantonments in 2010 and in implementing the monitoring and reporting mechanism for compliance with the UNSCR 1612-mandated Action Plan on the release and reintegration of verified minors.

Engaging stakeholders (sustaining financial support, mobilizing national stakeholders)

41. Cohesive engagement with stakeholders on peace-building in Nepal has progressively improved over time. As noted in Section A, the government has moved forward on a number of key initiatives for addressing the peace process. The PDS now provides strategic direction and the NPTF acts as the principle coordination mechanism for peace-building. The UNPFN Support Office has played an increasingly important role in supporting the NPTF in its wider peace-building coordination activities, both across the UNCT but also with donors and civil society. Complementarity between the UNPFN

¹¹ To note, the project 'Gender Responsive Recovery for Sustainable Peace' (UN Women, ILO and FAO – US\$ 898,800) has also been approved under the PBF 'Gender Promotion Initiative in 2011.

and NPTF is at its highest level, with the two funds sharing many governance and management mechanisms and the UNPFN Support Office being partly co-located at the Secretariat for the NPTF. Overall, government and donor financial commitments to peace-building remain moderately strong and at a consistent level. While some donors are gradually reducing investment in peace related activities, others are maintaining and even increasing these investments.

Civil society engagement

42. There is no specific civil society role in the executive decision making structures of the UNPFN. In a context with such an overwhelmingly politicized civil society community and fundamental contention over credibility and claims of 'representation', it is impossible for the UNPFN to select an appropriate civil society representative to the Executive Committee. Doing so could fatally compromise the legitimacy of the Fund. However, the UNPFN does in-build steps to ensure the inclusion of and consultation with civil society. The principle means for civil society engagement with the Fund is the inclusion of civil society participants in the cluster-expert group mechanism used to conduct a technical peer review of projects. Civil society representatives also participated in the 10 November 2010 joint NPTF-UNPFN planning and consultations workshop, and many of the subsequent cluster consultation meetings held afterwards. While only UN agencies can be implementing partners for the UNPFN, past experience has shown that agencies frequently 'sub-contract' components of projects to civil society partners for implementation and many projects are implemented in partnership with civil society organisations.

Project Proposal Review and Selection Processes

43. As with the first PBF country envelope to Nepal, the UNPFN cannot pre-determine projects in the Priority Plan as it will operate a 'competitive funding round' modality. The experience of the Fund has been that this competitive modality increases quality in the design of proposals, encourages cross-mandate and joint-agency applications and promotes more dynamic and catalytic programmes.

44. The competitive funding round modality is effectively a 'tendering' process structured around the Strategic Outcomes of the Priority Plan. Projects will be assessed and vetted according to a set of UNPFN criteria and standards. Competing project proposals will firstly need to meet the requirement of addressing at least one of the Strategic Outcomes in the Priority Plan. Proposals must demonstrate that the project will have a tangible impact in their given area, catalyze strategic change and be linked and coherently coordinated with the relevant peace-building activities of other national and international actors. However, while the intended objective of proposals (i.e. the *what* of the project) is important, the approach (i.e. the *how of* the project) will also be thoroughly evaluated. Proposals will also be assessed by the following cross-cutting criteria:

- whether agencies have the capacity to implement the project;
- how interventions will provide a vital complement to existing national priorities and efforts and/or catalyze new action by applying required technical and financial inputs where there are critical gaps;
- how the project will support state mechanisms and implement activities only where UN agencies have specific comparative advantages (including the provision of technical assistance, where the agencies will have to demonstrate a comparative advantage over the MoPR Technical Cooperation Pool);
- articulation of measures to undertake conflict sensitive project implementation;
- how projects build upon previous achievements, including how they will building upon previous foundations, add value by extending into a 'new phase' or consolidate and scale-up proven good practices;
- how the UN can forge links between the state and non-state actors;
- strong collaboration with relevant government agencies and/or other stakeholders, including how the project is coordinated with any relevant sector wide strategies;

- a strong focus on ‘capacity development’ of national stakeholders and how the *approach* to capacity development is likely to be effective in building relevant institutional capacity that is sustained *after* the end of the project (including clearer strategies of ‘sustainability’ and hand-over to national authorities).

45. The UNPFN Support Office is currently further elaborating the ‘Guidelines for UNSCR 1325 implementation in proposal selection’ (developed by Nepal’s development partners through the Peace Support Working Group on UNSCR 1325) in order to enhance its ability to assess during the review and selection of projects whether gender equality and the empowerment of women in peace-building are integrated in project design.

D. Monitoring and Evaluation Plan

46. The Results Matrix in Section F outlines broad performance indicators that are aligned to the peace-building benchmarks and PDS priority areas outlined in Section A. This matrix sets the first scope for future monitoring and reporting, which will be fine-tuned and finalized once the competitive funding round is completed and the final portfolio of projects is determined. The potential ‘Immediate Results’ (output delivery) of PBF-funded UN activities show indicative budget allocations and the funding efforts of the NPTF and other development partners (e.g. bilateral governments, etc). These potential areas of UN support are drawn from the PDS Action Plan and suggestions raised during the joint NPTF-UNPFN consultation phase to develop the Priority Plan. The Priority Plan Strategic Outcomes and Immediate Results are positioned in the Results Framework to demonstrate how they link to key Nepal peace-building priorities as well as relevant ongoing and expected peace-building support from national and international actors.

47. In designing the next UNPFN funding round (which will be based on the programme framework of this Priority Plan), the UNPFN Strategic Results Framework will be further elaborated to determine:

- performance indicators for measuring and reporting on overall outcomes of the total programme;
- to what extent the UNPFN specific results achievements can be used to report against PBF PMP indicators if applicable within the given project specific context; and
- how to establish reliable baselines for assessing and measuring progress against strategic outcomes in the future

48. Implementing agencies are required to undertake monitoring and evaluation of projects against the outcome indicators of Results Framework and in accordance with the provisions of the projects and their own agency procedures. The UNPFN Support Office also maintains an overview of the progress of the Fund and the individual projects in close collaboration with the UNDP Multi Donor Trust Fund office that serves as the administrative agent of the UNPFN.

49. Since 2010, the UNPFN Support Office has developed and instituted a number of enhanced practices and tools to improve the monitoring and evaluation of projects. Importantly, all UNPFN projects must carry-out independent end of project evaluations and standard UNPFN project evaluation guidelines have been developed to ensure continuity across all projects. A Strategic Results Framework has been formulated for the Fund in order to monitor and evaluate the composite impact of funded projects on peace-building efforts and their higher-level contribution to peace consolidation in Nepal. This is supported by a project update system that enables the UNPFN to track project results against the Results Framework on a quarterly¹² and mid-year basis¹³, rather than just through annual project reports. The Support Office has also instituted procedures for the

¹² UNPFN project quarterly updates are available at: <http://mdtf.undp.org/factsheet/fund/npf00>.

¹³ The UNPFN Mid-Year Narrative Progress Overview for 2011 is available at: <http://mdtf.undp.org/document/download/7855>

pre-review of annual project reports before they are submitted to the PBSO in order to strengthen quality assurance and a results-based reporting approach in reporting. Lastly, since 2011, the UNPFN Support Office now conducts quarterly joint field monitoring visits with the NPTF, MoPR and donors to the project sites of both Funds.

50. The Executive Committee organized an Independent Review of the UNPFN's in 2011, documenting lessons learned, the effectiveness of the Fund and achievements accomplished since the inception of the Fund in 2007. The results of the Review were positive and a number of useful recommendations for improving aspects of the Fund's management were outlined. In response to the recommendations of the Review, the Executive Committee has approved a 'UNPFN Action Plan' address the Review's recommendations. Both the Review and the UNPFN Action Plan have been shared with the NPTF Board, the Donor Group and the Peace Building Support Office. It is expected that a second review / evaluation will be scheduled at the end of 2013, building upon the previous review and outlining options for the future of the Fund.

51. As required by the PBSO, the UNPFN will continue to ensure the timely submission of project quarterly updates, the monitoring of project progress and results, advise the PBSO of project amendments in a timely manner, and report twice yearly to the PBSO on achievements of the PBF portfolio based on the results indicators specified in the approved project documents.

E. Risks

52. Over five years since the CPA was signed, the peace process continues to face a range of risks that could reverse the achievements and jeopardise its consolidation. Timely implementation of appropriate initiatives within the identified priority areas will help to mitigate risks. Implementation of the CPA has been slow, non-linear and un-predictable; however, this is the very nature of a peace-building process. As a mitigation strategy, the UNPFN and UN RCHCO are heavily engaged with government and development partners to maintain a high level of dialogue, information sharing and coordination in the peace-building sector. This ensures common understandings of the changing context and enables more cohesive and coordinated planning for responding to the volatility of the peace process.

53. Supplementing the context overview provided at the start of the Priority Plan, specific risks in the peace process that may have impact on the programme areas of the Priority Plan are identified below:

54. **Democratization of the Nepal Army and security sector:** This is an integral element of the CPA that has received little attention. The precise definition is somewhat contested but is largely taken to mean strengthening democratic control and accountability of the Nepal Army, increasing the social representativeness of its ranks and ensuring its greater adherence to rule of law and human rights standards. Though a plan has been submitted to the cabinet, it still remains pending. This evolution of the Nepal Army is a corollary to the broader peace-building target of developing a security sector (including the Armed Police Force and Nepal Police) that enjoys the public's full trust, as well as being effective, appropriate, affordable, inclusive and accountable.

55. **Constitution-drafting:** There has been notable progress in this fundamental task, but it is uncertain how much of the new draft constitution will be agreed upon by the already extended deadline of 28 May 2012, whether the new constitution will be in line with international human rights standards to which Nepal is party and whether it will sufficiently meet public expectations. It may still be feasible for the CA to declare a new constitution by the May deadline in which the defining character of certain questions are settled, though not necessarily fully elaborated or implemented. Public skepticism about reaching this deadline is increasingly palpable. Madheshi and

other identity groups are vocal about the agitation and political instability that may ensue if their concerns are not addressed in a new constitution or if the drafting deadline lapses again. It is unknown at this point whether the political parties will be able to agree a plan of action to resolve major issues of contention in the draft constitution by the May deadline.

56. Implementation of federal state restructuring: While federal state restructuring is seen by many as the primary instrument to deliver the aspirations of the peace process, the path towards federalism remains contentious, potentially destabilizing and could see an increase in identity-based political movements. Implementing a new structural model will necessarily cut into entrenched political, economic and social interests; the process could intensify identity and caste-based tensions and generate considerable resistance. The release of the final detailed results of the 2011 national census (tentatively September 2012) could become a lightning rod for protest as its results could do much to define the new federal structure, including resource allocations. Restructuring will be exacerbated further in the event of insufficient planning and consultation for the implementation of state restructuring, or taking too long to implement – both potentially provoking reactions from historically disadvantaged groups who expect to benefit from federalist restructuring. Regardless of the pace of progress on this most contentious issue of the constitution-drafting process, consultation and planning for a phased implementation of restructuring needs to begin immediately.

57. Return of conflict-era seized property and land reform: Re-iterating the provisions of the CPA, the Seven-Point Agreement between major political parties stated that conflict-era seized land would be returned to rightful owners by 23 Nov 2011. However, there have only been a handful of emblematic cases of land return since the Agreement. Though a critical component of the CPA, finalizing the return of all land seized during the conflict will be a complex and potential volatile process that could significantly raise local tensions and even instigate local conflict. Much of it is no longer in the direct possession and control of the UCPN-M and re-distributed to third parties. Land ownership at the local level is also often contested and complicated by mix of local politics, interests and informal arrangements. The destruction of cadastral maps and land records during the conflict is a major unresolved issue that provokes disputes over landownership and land rights. Underlying this complexity is the intrinsic link between land return and a wider process of land reform agreed to in the CPA. Landlessness and insecurity of tenure are major causes of rural poverty, social injustice, food insecurity and local conflict, as well as being linked to social inclusion, employment creation and inclusive growth. It is also of great importance to improve women's access to land in any future national land reform process, as well as to redress their unequal access to land in any processes to return property seized during the conflict. Land is of central importance to Nepalis as agriculture remains the mainstay livelihood for most. It will be difficult to separate the return of seized property from the wider expectations and fundamentals of wider land reform.

58. Accountability for human rights violations, establishment of key transitional justice institutions and measures to address the human rights root causes of conflict: Addressing conflict-era and other human rights violations will be one of the most tangible signals that Nepal is moving towards sustainable peace by ending impunity and moving towards a culture of greater accountability, but the challenges are significant. Considerable political will must be dedicated to prosecuting those responsible for human rights violations and establishing the Commission of Inquiry on Disappearances (COID) and the Truth and Reconciliation Commission (TRC) in line with the international human rights standards and practices. Once eventually established, these commissions will require substantial material and technical assistance. In addition to the establishment of these mechanisms, the obligation to prosecute serious human rights and humanitarian law violations through the regular criminal justice system, as part of the transitional justice process, will constitute a crucial but even greater challenge. Because the UN is prohibited from supporting processes that grant amnesties for serious crimes or violations of international law, the UN would not be able to support the transitional justice process in Nepal if any 'blanket' amnesty provisions are included in the transitional justice process. Further measures should also

address the specific human rights root causes of the conflict and appropriate remedial measures to ensure that conflict does not happen again. Such measures include the review and enactment of legislation, policies and measures to protect and promote the rights of the most marginalised individuals and groups in society and to promote access to justice for the victims of human rights violations. Initial steps towards eradicating historical marginalisation and entrenched discrimination reflect sustainable progress of the peace process. However, it is unclear at this point whether there is sufficient political will for many of the above human rights benchmarks to be accomplished.

F. Results Framework with Indicative Budget Allocations

As noted above, the 'Results Indicators' at the outcome level will be formulated after the accomplishment of the competitive funding round. The table below reflects the overall results cascade, starting at the highest-level with the core peace-building benchmarks and PDS priorities, followed by the scope for UNPFN strategic outcomes. The reference to the PBF PMP outcomes and indicators serves as a first guidance for the future scope of monitoring and reporting on results. The Framework below presents a series of potential Immediate Results for PBF-funded support against each UNPFN Priority Plan Strategic Outcome which have been drawn from the PDS Action Plan and recommendations raised during the joint NPTF-UNPFN planning exercise.

Results Matrix with Indicative Budget Allocations				
Nepal Peace-Building Priorities	UNPFN Priority Plan Strategic Outcome (and links to PBF PMP)	Immediate Results (output delivery)	Indicative Budget Allocations	
			Ongoing / expected peace-building support from national & other donors	PBF
<p>Benchmark 3: Commencement of processes for the democratization of the Nepal Army and wider security sector transformation, in line with international standards and guidelines</p> <p>PDS Priority Area: Rule of Law</p> <p>PDS Priority Area: Security Sector Transformation</p>	<p>1. Citizens' confidence in security sector institutions has increased as a result of these intuitions becoming more capable, accountable and responsive to Nepal's diverse society</p> <p><i>(contributing to PBF PMP Result 1: Security sector reform and judiciary systems put in place and providing services...that reinforce RoL</i></p> <p><i>Indicator 1.1: National armed forces / police perform their duties...addressing security concerns of target population)</i></p>	<p>Mindful of the emerging rule of law sector strategy, potential output delivery areas of PBF funding could include:</p> <ul style="list-style-type: none"> • Accountability and transparency of policing strengthened • Mechanisms in place to enhance independent civilian oversight on complaints and human rights vetting of police; • Police inclusivity improved due to increased representation of women and traditionally excluded communities; • Police performance and responsiveness to society's needs enhanced with respect to the Convention on the Rights of the Child and International Justice for Children standards/guidelines; • Comprehensive strategic, policy and legal frameworks developed within clear parameters of international instruments, obligations and efficient coordination of police operations. 	<p>Denmark</p> <ul style="list-style-type: none"> ○ Police support programme - \$3.98 million (Jun 2011 - Dec 2013); & Police Modernisation Programme (\$2 million); ○ Support to public security and the wider peace process (International Alert/Saferworld) - \$880,000; ○ Support to public security and the wider peace process (Search for Common Ground) - \$1.1 million <p>Norway (UN Women)</p> <ul style="list-style-type: none"> ○ Promoting Gender Responsive Security Sector (PROGRESS) - \$ 270,000 (2009-2012): 	\$6 million
<p>PDS Priority Area: Rule of law</p>	<p>2. Citizens' confidence in the judiciary and criminal justice system has increased as a result of these institutions becoming more capable, accountable and responsive to Nepal's diverse society</p> <p><i>(contributing to PBF PMP Result 1: Security sector reform and judiciary systems put in place and providing services...that reinforce RoL</i></p> <p><i>Indicator 1.2: Communities use justice systems to resolve conflicts without recourse to violence ensuring HR of women / girls in particular)</i></p>	<p>Mindful of the emerging rule of law sector strategy, potential output delivery areas of PBF funding could include:</p> <ul style="list-style-type: none"> • Implementation of the Supreme Court Action Plan technically assisted; • Performance and responsiveness of the courts to society's needs improved; • New Civil Code, Civil Procedures Code, Penal Code designed and implemented; • Independence of the judiciary, NHRC and other oversight mechanisms strengthened with reduced political interference; • Capacities improved to prosecute cases (including white-collar and politically motivated crimes and crimes against women and children) and court judgments enforced; • Inclusivity of all judicial services with public access to formal justice mechanisms or to alternative dispute mechanisms enhanced especially for women and socially excluded groups • Judiciary and courts system address the needs of women and children, in full respect of the Convention on the Rights of the Child and International Justice for Children standards/guidelines; • Mechanisms in place that support effective supervision, oversight and bridging of informal justice systems. 	<p>Key national stakeholders to consider:</p> <ul style="list-style-type: none"> ○ MoLJP; NHRC; MoHA; Supreme Court; Nepal Bar Association; Civil society <p>JICA</p> <ul style="list-style-type: none"> ○ Civil code support (Assistance to GON Civil Code Taskforce) - \$700,000 	

<p>Benchmark 6: Agreement on a national plan of action for the implementation of the new constitution, particularly for federal state restructuring and progressive realisation of social, economic and cultural rights</p> <hr/> <p>PDS Priority Area: State Restructuring</p>	<p>3. Nepal's leaders are prepared to develop a national plan of action for the implementation of the new constitution, particularly for federal state restructuring and progressive realisation of social, economic and cultural rights</p> <p><i>(No links to PBF PMP)</i></p>	<p>Mindful that no sector strategy yet exists in this issue area, potential output delivery areas of PBF funding could:</p> <ul style="list-style-type: none"> • Existing legislation reviewed to implement the new constitution with implementation of legislative initiatives and the development of new legislation; • Processes of state restructuring supported in terms of resource mobilization, government architecture, staff support, timing, oversight and accountability, and likely costs; • Early plans developed to support the transition process, including financial and technical assistance to a State Restructuring Commission, if formed; • Mechanisms developed for effective coordination and information-sharing between eventual new levels of government and development partners; • Cost analysis and administrative implications of state restructuring. 	<p>NPTF</p> <ul style="list-style-type: none"> ○ Considering need to establish at least 2 projects to assist on the implementation of the new constitution and expected state restructuring programme; ○ Potential linking NPTF projects: <ul style="list-style-type: none"> – Drafting of New Laws and Regulations under the New Constitution / Support to amendments of Laws after Promulgation of the New Constitution (MoLJP) – pipeline (concept only) – Technical support to the establishment of provinces – pipeline (concept only) <p>Key national stakeholders to consider:</p> <ul style="list-style-type: none"> ○ Constituent Assembly; District Administration; Ministry of Local Development (MoLD); MoLJP; NHRC; civil society
<p>PDS Priority Area: Return of conflict-era seized property</p> <hr/> <p>PDS Priority Area: Land reform</p>	<p>4. Nepal's leaders are prepared to develop a national transition plan for implementation of land reform and property return</p> <p><i>(contributing to PBF PMP Result 2: Conflicts resolved peacefully and in a manner that supports the coexistence of all relevant actors/groups that were involved in conflicts that undermine peace-building efforts Indicator 2.3: Mechanisms in place to peacefully address disputes grounded in competition for access to land and use of limited resources)</i></p>	<p>Mindful that no sector strategy yet exists in this issue area, potential output delivery areas of PBF funding could include:</p> <ul style="list-style-type: none"> • Policy-makers well prepared on a property restitution/returns policy, strategy and mechanisms; • Process and mechanisms established for the return of property seized during and after the conflict, including an independent inventory of seized property and independent and impartial property dispute arbitration mechanisms; • National packages for bonded laborers and their families in the agricultural sector designed and implemented; • Cadastral maps / land records restored; • Decentralized land management systems piloted at VDC level with stocktaking of land disputes and use of alternative dispute resolution systems; • Increased women's access to land and property and tenancy rights secured with law reform including inheritance legislation; • Community / public dialogue facilitated on land reform for developing and implementing a national land policy and a national land-use and planning policy (with associated legislation); • Institutional land management capacity-building, focusing on cadastre, land administration, land management needs, a computer-based land information system, and the survey, analysis, mapping and protection of public and government land. 	<p>NPTF</p> <ul style="list-style-type: none"> ○ Considering need to establish projects to assist implement of a wider land reform process as envisioned in the CPA; ○ Potential linking NPTF project: <ul style="list-style-type: none"> – Support to Land Reform (Ministry of Land, Reform and Management (MoLRM)) – pipeline (concept only) <p>Key national stakeholders to consider:</p> <ul style="list-style-type: none"> ○ MoLRM
<p>PDS Priority Area: Acting proactively to manage risks</p>	<p>5. The risks of unrealistic expectations and misinformation to the peace process are mitigated through an effective communication strategy and</p>	<p>Mindful that no sector strategy yet exists in this issue area, potential output delivery areas of PBF funding could include:</p> <ul style="list-style-type: none"> • Establishment of a nationally agreed independent monitoring mechanism for the peace process and the increased sharing of information on potential risks to the development space during 	<p>NPTF</p> <ul style="list-style-type: none"> ○ Developed projects and concepts that would ensure greater awareness of and clearer public expectations about the peace process including ongoing projects on: public information - radio campaign to highlight peace

	<p>public dissemination of independent peace tracking information</p> <p><i>(No links to PBF PMP)</i></p>	<p>Nepal's transition.</p>	<p>achievements to-date; and to capacitate the NPTF/MoPR to independently 'track the peace process' in collaboration with other partners in order to ensure credibility; and peace and solidarity advocacy promotion;</p> <ul style="list-style-type: none"> ○ Potential linking NPTF projects: <ul style="list-style-type: none"> – Peace Promotion Campaign through the Media (Radio Nepal) – ongoing – Peace Campaign for Solidarity and Unity at the Local and National Level (MoPR) – pipeline (concept note) – Tracking the Peace Process (NPTF) – pipeline (concept note) <p>Key national stakeholders to consider:</p> <ul style="list-style-type: none"> ○ Ministry of Peace and Reconstruction (MoPR) <p>JICA</p> <ul style="list-style-type: none"> ○ Promoting Peace Building & Democratization through the Capacity Development of the media Sector In Nepal - \$3 million (Nov 2010 - Oct 2013) <p>USAID</p> <ul style="list-style-type: none"> ○ Planning project 'Conflict Mitigation Activities(CCF)' with \$ 6 m (summer 2012 – 2014). 	
--	---	----------------------------	---	--

<p>PDS Priority Area: Support to key institutions and mechanisms for peace</p>	<p>6. An inclusive and gender-representative culture of dialogue and conflict transformation is expanded and strengthened, contributing to conflict prevention and social cohesion during Nepal's transitional peace-building process</p> <p><i>(contributing to PBF PMP Result 2: Conflicts resolved peacefully and in a manner that supports the coexistence of all relevant actors/groups that were involved conflicts that undermines PB efforts Indicator 2.1: Effective partnerships and procedures in place that maintain regular inclusive policy dialogue to address issues of conflict, instability and political participation Indicator 2.4 Evidence of women assuming leadership / responsibilities in peace relevant sectors and functions)</i></p>	<p>Mindful that no sector strategy yet exists in this issue area, potential output delivery areas of PBF funding could include:</p> <ul style="list-style-type: none"> Inclusive and gender-representative local conflict transformation mechanism in place, political dialogue and mediation activities, including linking through LPCs and other local mediation mechanisms. 	<p>NPTF</p> <ul style="list-style-type: none"> Supports conflict transformation and dialogue in Nepal with funding for capacity and expansion of the local peace committees to manage the claims process for 'conflict affected people' and act as a mechanism for dispute resolution at the local level during the transitional period Potential linking NPTF projects: <ul style="list-style-type: none"> Mediation and Local Peace Committees (MoPR) – ongoing <p>Key national stakeholders to consider:</p> <ul style="list-style-type: none"> MoPR <p>Germany</p> <ul style="list-style-type: none"> Civil Peace Service (ZFD) - \$ 5.1 million (current phase ends Dec 2014): Capacity-building for conflict-transformation (inclusive mediation); Support of the Forum for the Protection of Public Interest and the Forum for the Protection of People's Rights; Support of other development cooperation programmes in conflict sensitivity; Empowerment of marginalized groups in the peace process; <p>JICA</p> <ul style="list-style-type: none"> Strengthening Community Mediation Capacity for peaceful and Harmonious Society - \$2.8 million (Jan 2010 - Sep 2013): Sindhuli and Mahautari districts;
<p>PDS Priority Area: Support to key institutions and mechanisms for peace</p>	<p>7. Improved participation and protection of women, the delivery of services to conflict affected women and strengthened inclusive elements of the Nepal peace process in line with UNSCRs 1325 and 1820</p> <p><i>(No links to PBF PMP)</i></p>	<p>Mindful of the emerging resources available to the NAP on UNSCRs 132 and 1820 and the prerogative of national actors to own implementation of the NAP, potential output delivery areas of PBF funding could include:</p> <ul style="list-style-type: none"> specific coordination, policy and technical advisory support to the High-Level Steering Committee (HLSC) for the implementation of the NAP; implementation of specific components of the NAP where the UN has a clear comparative advantage, such as: civil society mobilization and coordination, rehabilitation support for victims of conflict-related sexual violence, etc.; establishing emergency operations centres for women and supporting gender-based violence interventions delivered by women's groups and local governance mechanisms. 	<p>NPTF</p> <ul style="list-style-type: none"> Government leadership role on women and peace-building being operationalized through a NPTF-funded support projects Potential linking NPTF projects: <ul style="list-style-type: none"> Implementation of the NAP for UNSCRs 1325 & 1820 (MoPR, MoWCSW) – ongoing and pipeline (concept) <p>Key national stakeholders to consider:</p> <ul style="list-style-type: none"> Ministry of Women, Children and Social Welfare (MoWCSW); HLSC on UNSCRs 1325 and 1820; MoPR <p>Finland</p> <ul style="list-style-type: none"> UNSCR 1325 related programme with UN Women is planned - \$1.78 million (2012 - 2015)
<p>PDS Priority Area: Interim support to the conflict-affected</p>	<p>8. Children affected by armed conflict are effectively rehabilitated and reintegrated into communities in adherence with international law and guidelines</p>	<p>Mindful of the emerging resources available to the NPA on Children Affected by Armed Conflict and the prerogative of national actors to own implementation of the NPA, potential output delivery areas of PBF funding could include:</p> <ul style="list-style-type: none"> specific coordination, policy and technical advisory support to the 	<p>NPTF</p> <ul style="list-style-type: none"> Government leadership role on children affected by armed conflict (CAAC) through the launching the National Plan of Action (2011) to be supported by an NPTF-funded project

\$2 million

	<p><i>(contributing to PBF PMP Result 3: Youth, women and other marginalized members of conflict affected communities act as a catalyst to prompt the peace process and early economic recovery Indicator 3.2: Sustainable livelihood opportunities for conflict affected children in conflict affected communities)</i></p>	<p>implementation of the NPA on CAAC – e.g. civil society mobilization and coordination/technical advisory support to government management of the NPA;</p> <ul style="list-style-type: none"> • implementation of specific components of the NAP where the UN has a clear comparative advantage, such as: civil society mobilization and coordination, provision of education support to boys and girls affected by armed conflict, psychosocial counseling for conflict-affected children, etc.; • monitoring those discharged in line with UNSCRs 1325 and 1612; • implementation of reforms related to justice for children; • effective rehabilitation and reintegrated of children affected by armed conflict into communities in adherence with international law and guidelines. 	<ul style="list-style-type: none"> ○ Potential linking NPTF projects: <ul style="list-style-type: none"> – Implementation of the NPA for UNSCR 1612 (MoPR, MoWCSW) – pipeline (concept note) <p>Key national stakeholders to consider:</p> <ul style="list-style-type: none"> ○ MoWCSW; MoHA; MoPR <p>AusAid</p> <ul style="list-style-type: none"> ○ CAAFAG - \$1.2 million (2011 - 2013-2014): supporting Save the Children and UNICEF 	
--	--	--	---	--

ANNEX A

Funding of the Nepal Peace Trust Fund (NPTF)

The table below provides an overview of donor and Government of Nepal contributions to the NPTF. It is taken from the 'NPTF Progress Report No. 13 (mid-July 2011 – mid-November 2011)', which accounts for all contributions as of 16 November 2011:

Total funding to the Nepal Peace Trust Fund – as of 16 Nov 2011				
SN	Source	Received by NPTF (NRs)	Received by NPTF (approx US\$)	As % of total NPTF funding
1	DFID	1,515,238,960	\$20,203,186	14.51%
2	NORWAY	723,923,220	\$9,652,309	6.93%
3	SWITZERLAND	436,583,629	\$5,821,115	4.18%
4	FINLAND	395,131,511	\$5,268,420	3.78%
5	DENMARK	239,926,415	\$3,199,018	2.30%
6	EU	238,725,000	\$3,183,000	2.29%
7	Germany	94,470,552	\$1,259,607	0.90%
8	Refunded to Donors	-151,514,461	-\$2,020,192	-1.45%
9	Total Donors	3,492,484,826	\$46,566,464	33.45%
10	Total GoN	6,947,072,710	\$92,627,636	66.55%
	Grand Total	NRs 10,439,557,536	\$139,194,100	100.00%

Future expected funding of the Nepal Peace Trust Fund (NPTF)

The table below provides an overview of expected future donor contributions to the NPTF for the next two years and was obtained from the NPTF Donor Secretariat (DfID). It is important to note that these figures are tentative and premised on progress in the peace process and the NPTF's compliance with its disbursement criteria:

Current tentative additional funding to the Nepal Peace Trust Fund		
Donor	2011-12 (approx US\$)	2012-13 (approx US\$)
DFID	\$8,013,698	\$4,808,219
Norway	\$1,424,657	\$2,136,986
Finland	\$1,369,863	\$2,054,794
Denmark	\$2,136,986	\$1,780,821
Switzerland	\$5,479,452	\$2,191,780
EU	\$9,863,013	\$10,958,904
Germany	\$1,369,863	\$1,369,863
Total	\$29,657,534	\$25,301,369

Funding the Technical Cooperation Pool for MoPR and NPTF capacity building

Contributions to Technical Cooperation Pool for MoPR and NPTF capacity building

- Germany \$2.6 million for "TC-Pool for Capacity Development of MoPR / NPTF"
- Germany \$2.6 million for GIZ TA support to the NPTF Peace-Fund Secretariat