

22 March 2007

Dear Dr. Ghimire,

**NEP/07/003 – Assistance to the Peace Process in Nepal (APPN)**

We are pleased to forward, for your information and record, a copy of the signed project document for NEP/07/003 Assistance to the Peace Process in Nepal (APPN). The objective of the project is to support the peace process including registration of Maoist combatants and their weapons, development and implementation of an effective strategy for the maintenance of the cantonment sites and technical support for management of the Government's Peace Fund.

We look forward to implement the project activities in close collaboration with the Ministry of Finance.

With best regards,

Yours sincerely,



Ghulam M. Isaczai  
Resident Representative, a.i.

Dr. Madhav P. Ghimire  
Joint Secretary  
Foreign Aid Coordination Division  
Ministry of Finance  
Singha Durbar  
Kathmandu

Cc: Mr. Bhuban Karki, Under Secretary, FACD/Ministry of Finance



**United Nations Development Programme, Nepal  
Assistance to the Peace Process in Nepal**

UNDAF Outcome(s)/Indicator(s): New area of work after the political changes

Expected Outcome(s)/Indicator (s):

Expected Output(s)/Annual Targets:

- Output 1:* Under the direction of the United Nations Mission in Nepal, registration of Maoist combatants and their weapons completed in accordance with the November 28 Agreement on the Monitoring of the Management of the Arms and Armies
- Output 2:* A strategic package of support for the development and implementation of a Government of Nepal plan for the effective establishment and management of cantonment areas
- Output 3:* A government-led Peace Fund with the technical assistance of UNDP and financial support of donors is established and functioning

Implementing partner: UNDP Direct Implementation

Responsible parties: N/A

Following 10 years of conflict, Nepal's main political parties (Seven Parties Alliance, SPA) and the CPN (Maoist) signed a comprehensive peace agreement (CPA) on the 21 November 2006. Prompt support is now required in a number of new areas to assist the parties' efforts to sustain and implement the peace process:

- Assistance is urgently needed to support the registration of Maoist combatants and their weapons under the direction of UNMIN;
- Technical and financial support is also required to assist the Government in the development and implementation of an effective strategy for the maintenance of the cantonment sites;
- Support to fund management and coordination is another important area as the Government grapples with the challenge of resource mobilisation, timely allocation, expenditure and tracking.

Programme Period: January to December 2007  
 Programme Component:  
 Atlas Award ID: 00046257  
 Project Title: NEP/07/003 - Assistant to the Peace Process  
 Project ID: 00054961, 00054962  
 Project Duration: 12 months  
 Management Arrangement: UNDP Direct Implementation

Total Budget                    US\$ 1,233,770

- UNDP/BCPR US\$ 123,750

Expected Contributions from:

- DFID                            US\$ 569,745
- Norway                        US\$ 540,275

Agreed by (MoF) *Bharati*  Date: March 22, 2007

Agreed by (UNDP) *Shulam M. Kaczal* Date: 22 MAR 2007  
 Under Secretary  
 Shulam M. Kaczal  
 Resident Representative, a.i.

## **Part I Situation Analysis**

### **Background**

Following 10 years of conflict, Nepal's main political parties (Seven Parties Alliance, SPA) and the CPN (Maoist) signed a comprehensive peace agreement (CPA) on the 21 November 2006. At the centre of this agreement is a commitment to conduct elections to a Constituent Assembly by mid-June 2007. Subsequently, a document detailing the modalities for the monitoring of the arms and armed personnel of both sides - the Agreement on Monitoring of the Management of Arms and Armies - was signed on 28 November and witnessed by the UN. It had already been agreed in early November 2006 that the Maoist fighters would be cantoned with their weapons under a UN-supervised single-lock system; and that the Nepalese Army would reciprocate by restricting all but essential activities and keeping a similar number of arms locked under a parallel system. On January 15, 2007 an interim constitution was promulgated and an interim Government composed of the SPA and the CPN(M) is expected to be formed soon.

There is reason to be optimistic that following the recent promulgation of the interim constitution on the 15 January 2007 the peace process will continue to develop in a positive direction. Nevertheless, despite the significant fact that the two sides have agreed to form an interim government, many obstacles will have to be overcome and details worked out in the coming months. Continued unity among the political parties (SPA) and the Maoists, cantonment of the CPN(M) People's Liberation Army (PLA), storage of arms from both sides, and tangible political and economic progress will be critical for the success of the peace process. The support of the international community will be needed to help translate the progress between the parties into a successful process of peace building and reconciliation that can bring a durable solution to the violence, and development to the people. Key to this support is the role that UNDP can play, to support Government efforts to implement the terms of the CPA, from the management of cantonment areas to effective fund mobilisation and preparations for recovery and reintegration.

The CPA and subsequent arms management agreement have led to the establishment of the seven cantonment sites for the Maoist army and stipulate that arms and ammunition are to be locked in secure stores within the cantonments. The UN has a critical role to play in monitoring arms and armies and has already moved quickly to put mechanisms in place. In a rapid response to a request from the Secretary-General, the Security Council authorized immediate deployment of 60 new personnel (35 for arms monitoring, 25 to support the electoral process) as well as an assessment team to recommend how to establish a full mission. The Secretary General's report to the UN Security Council (S/2007/7) was submitted on 11 January 2007 and on 23 January the Security Council adopted Resolution 1740 (2007) establishing the United Nations Mission in Nepal (UNMIN) for a period of 12 months, under the leadership of a Special Representative of the Secretary-General and with the following mandate:

- (a) To monitor the management of arms and armed personnel of both sides, in line with the provisions of the Comprehensive Peace Agreement;
- (b) To assist the parties through a Joint Monitoring Coordinating Committee in implementing their agreement on the management of arms and armed personnel of both sides, as provided for in that agreement;
- (c) To assist in the monitoring of the ceasefire arrangements;
- (d) To provide technical support for the planning, preparation and conduct of the election of a Constituent Assembly in a free and fair atmosphere, in consultation with the parties;
- (e) To provide a small team of electoral monitors to review all technical aspects of the electoral process, and report on the conduct of the election;

## Part II Strategy

As the peace process advances, prompt support is now required in a number of new areas to assist the parties' efforts to sustain and implement the peace process:

- Assistance is urgently needed to support the registration of Maoist combatants and their weapons under the direction of UNMIN;
- Technical and financial support is also required to assist the Government in the development and implementation of an effective strategy for the maintenance of the cantonment sites;
- Support to fund management and coordination is another important area as the Government grapples with the challenge of resource mobilisation, timely allocation, expenditure and tracking in support of a rapidly evolving peacebuilding and recovery agenda. The appropriate instruments and technical capacity will help optimise donors' engagement in support of Government efforts and ensure compliance with accounting and reporting standards.

A series of consultations have already been conducted with the Government of Nepal, donor partners and other relevant stakeholders, and UNDP has been strongly encouraged to move forward quickly to develop specific initiatives that will support the Government in these areas. This proposal outlines a series of new initiatives to address the emerging needs as described above.

### *Registration of PLA Combatants*

The total numbers of trained Maoist fighters is now believed to be around 30,000, up to 30 per cent of which may be women. It is also estimated that another 12-15,000 militia have fought alongside them, and include family members, village based cadre, and others. UNMIN, has requested UNDP to assist with the registration of Maoists combatants and their arms in the seven main cantonments. In this regard, UNDP-Nepal will engage the support of UNDP Afghanistan DDR programme to support the registration process in Nepal.

### *Environmental Damage*

While the total cost to Nepal's critical natural resource base is unknown and currently the subject of ongoing study, it is clear that 10-years of conflict has precipitated huge increases in deforestation, poaching of globally-endangered species like the one-horned rhinoceros, and the illegal extraction of rare medicinal herbs. With over 90% of its rural population dependant on subsistence agricultural, this type of environment degradation has resulted in tangible and immediate hardships like landslides, flooding, and top soil erosion. Environmental restoration and sustainable natural resource management will therefore rank highly among Nepal's post conflict development priorities.

While successful in terms of weapons and combatant registration, the cantonment process has already resulted in considerable environmental damage. Of the 28 total cantonments, approximately 21 are located in forested areas. Moreover, the 12 camps for PLA Divisions 3, 4, and 7 have been established directly within well-established restoration target areas, identified by GoN and various donor agencies as the highest priority environmental sites in the country. Accommodating the day-to-day needs of the nearly 33,000 resident combatants has placed a further strain these critical ecosystems. A recent UNDP environmental assessment of the cantonment sites has confirmed that energy for camp food preparation is almost totally dependant on Nepal's single-greatest source of deforestation: illegal firewood extraction. PLA representatives in the central cantonments for Division 1 - 4 estimated their combined consumption at roughly 1,482 tons per month. With natural resource exploitation of this intensity, it will only be a matter of time before these key environmental sites are permanently destroyed. In addition to weapons and combatant registration, the UNDP will also thoroughly explore opportunities to support the CPNM and GoN in mitigating the considerable environmental consequences of the cantonment process.

### *Peace Fund*

While the UN can provide the required technical assistance in the monitoring and registration of arms and armies, the government has requested the bilateral donors to provide financial contributions to a government Peace Fund that would support the operation of the camps besides and other priority areas

such as, elections, IDP-assistance and law and order. As the establishment and management of the Peace Fund is a complex and challenging undertaking, UNDP – based on its experience and expertise in designing, setting up and managing such funds - has been requested to assist with the establishment of the peace fund. UNDP will be providing technical assistance to the government including the provision of short and medium term experts to advise the Government on the design, set-up and administration of the fund and implications for the various programme which will be funded through it.

## **Outputs**

The strategy is based on the following outcome, corresponding outputs and key activities as summarised in the result and resources framework below.

- Output 1: Under the direction of the United Nations Mission in Nepal, registration of Maoist combatants and their weapons completed in accordance with the November 28 Agreement on the Monitoring of the Management of the Arms and Armies
- Output 2: A strategic package of support for the development and implementation of a Government of Nepal plan for the effective establishment and management of cantonment areas
- Output 3: A government-led Peace Fund with the technical assistance of UNDP and financial support of donors is established and functioning

## **Activities**

The key activities (deliverables) of this project will be:

### **Under output 1:**

- 1.1 Establish weapons and combatant's registration system for all cantonment sites
- 1.2. Recruit and train a team of Nepali registration officers for each cantonment site

Registration will be conducted in two phases: an initial basic registration of all persons presented as combatants by the PLA at the seven main cantonment sites, which is completed on 20 February. This will be followed immediately by a subsequent more detailed registration process which will also involve verification that these individuals meet the agreed criteria established for combatants. The second phase will take around 80 days to complete.

### **Under output 2:**

- 2.1 In consultation with the relevant parties and under the general guidance of UNMIN, provide technical assistance to the GoN Cantonment Coordination Unit and the CPN(M) to conduct an assessment of cantonment-related needs and develop a comprehensive strategy for the effective management of the cantonment areas, including a project proposal, implementation plan, and budget detailing financing required through Peace Fund
- 2.2: Working in partnership with GoN and the CPN(M), assess cantonment site energy needs, develop and implement a plan of action for use of alternative energy sources

2.3: Assist GoN and CPN(M) to organize anti-poaching awareness programme for the camp and involve CPNM in activities to prevent poaching<sup>1</sup>

**Under output 3:**

3.1. Provide technical assistance to the establishment and management of the Government Peace Fund.

The support to the Peace Fund will mainly entail technical assistance in the form of short term advisors to support the government to manage and implement activities under the fund in an effective fashion. Two advisors will be provided to the government in the following areas:

- A Peace Fund Advisor to support the PF Secretariat at the MOF discharge its fiduciary responsibility in an accountable and transparent manner. S/he will be required in this role for a period of six months.
- A Programme Development Advisor will be provided to support the Peace Secretariat and other government agencies` to identify and develop proposals in various thematic areas defined under the Fund. S/he will be required for this role for one year or longer.

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<sup>1</sup> In close collaboration with the GoN, UNDP will provide technical support to conduct an assessment of the measures needed to prevent poaching

## Section II - Results and Resources Framework

**Intended Outcome as stated in the MYFF:** Capacities of institutions and local communities built to cope with the consequences of the conflict.

**Outcome indicator as stated in the Country Program Results and Resources Framework, including baseline and target:**

**Applicable MYFF Service Line:** Conflict prevention and peace building

**Partnership Strategy:** The Government of Nepal, UNMIN, DFID, Norway, UNICEF, ILO

**Project title and ID:** NEP/07/003 – Assistance to the Peace Process (Award ID: 00046257)

Intended Outputs	Output Targets for 2007	Indicative Activities	Responsible parties	Inputs
1. Under the direction of the United Nations Mission in Nepal, registration of Maoist combatants and their weapons completed in accordance with the November 28 Agreement on the Monitoring of the Arms and Armies	1. Registration of weapons and estimated 35000 combatants in 7 cantonment sites carried out.	1.1 Establish weapons and combatant's registration system for all cantonment sites	<ul style="list-style-type: none"> <li>• UNDP</li> <li>• UNMIN</li> <li>• PS</li> </ul>	<ul style="list-style-type: none"> <li>• International Cantonment Support Advisor: 171,000</li> <li>• Afghan Mission: \$55,000</li> <li>• Verification Mission: \$ 218,292</li> <li>• Equipment (Phase I): \$83,347</li> <li>• Equipment (Phase II): US\$47,850</li> <li>• Rental &amp; maintenance vehicles: \$119,499</li> <li>• Miscellaneous: \$5,000</li> <li>• F&amp;A: US\$ 133,202</li> <li>• Security, M&amp;E and Communication: US\$ 58,750</li> <li>• <b>Total: \$ 891,940</b></li> </ul>
2. 28 Nepali registration officers recruited and trained	1.2 Recruit and train a team of Nepali registration officers for each cantonment site			<ul style="list-style-type: none"> <li>• National staff cost (Phase I): \$ 94,160</li> <li>• National staff cost (Phase II): \$ 119,870</li> <li>• Travel (local): \$ 10,000</li> <li>• <b>Total: \$ 224,030</b></li> </ul>

<p>2: A strategic package of support for the development and implementation of a Government of Nepal plan for the effective establishment and management of cantonment areas</p>	<p>1. Needs assessment conducted and strategy for effective management of camps prepared.</p>	<p>2.1 Provide technical assistance to the GoN Cantonment Coordination Unit to conduct an assessment of cantonment-related needs and develop a comprehensive strategy for the effective management of the camps, including a project proposal, implementation plan, and budget detailing financing required through Peace Fund</p>	<ul style="list-style-type: none"> <li>• UNDP</li> <li>• UNMIN</li> <li>• PS</li> </ul>	<ul style="list-style-type: none"> <li>• Cantonment Improvement Assessments and Strategy Development \$50,000</li> <li>• <b>Total: \$ 50,000</b></li> </ul>
	<p>2. Energy needs assessment prepared</p>	<p>2.2: Working in partnership with GoN and CPNM, assess cantonment site energy needs, develop and implement a plan of action for use of alternative energy sources</p>		<ul style="list-style-type: none"> <li>• Environmental Impact Assessments \$ 15,000</li> <li>• <b>Total: \$ 15,000</b></li> </ul>
	<p>3. Antipoaching awareness programme launched</p>	<p>2.3: Assist GoN and CPNM to organize anti-poaching awareness programme for the camp and involve CPNM in activities to prevent poaching<sup>2</sup></p>		
<p>3. A government-led Peace Fund with the technical assistance of UNDP and financial support of donors is established and functioning.</p>	<p>1. Advisory/technical service provided 2. Identified and developed proposals in various thematic areas defined under the Fund.</p>	<p>3.1. Provision of technical assistance to the establishment and management of the Government Peace Fund.</p>	<ul style="list-style-type: none"> <li>• UNDP</li> <li>• MOF</li> <li>• PS</li> </ul>	<ul style="list-style-type: none"> <li>• National Advisor - Programme Support: \$26,400</li> <li>• National Advisor - Trust Fund: \$26,400</li> <li>• <b>Total: \$52,800</b></li> </ul>

<sup>2</sup> In close collaboration with the GoN, UNDP will provide technical support to conduct an assessment of the measures needed to prevent poaching



GRAND TOTAL

US\$1,233,770

### **Part III. Management Arrangements**

The UNDP Country Office will directly implement the project in close collaboration with the Government of Nepal and all stakeholders. Regular consultation with UNMIN will be standard practice for all activities. BCPR will provide technical backstopping and advisory services to the projects, specifically through distance technical assistance and through the deployment of a programme formulation and monitoring missions to assist in the development of any potential future peace and recovery programme.

As per the Results Management Guide, a **Project Board** will be established which will be responsible for making by consensus management decisions for the project when guidance is required by the Project Manager, including recommendation for UNDP approval of project revision. In order to ensure UNDP's ultimate accountability, where there is no consensus, final decision making rests with UNDP in accordance with its applicable regulations, rules, policies and procedures. Project reviews by this group are made at designated decision points during the running of the project, or as necessary when raised by the Project Manager. This group is consulted by the Project Manager for decisions when PM tolerance (normally in terms of time and budget) has been exceeded.

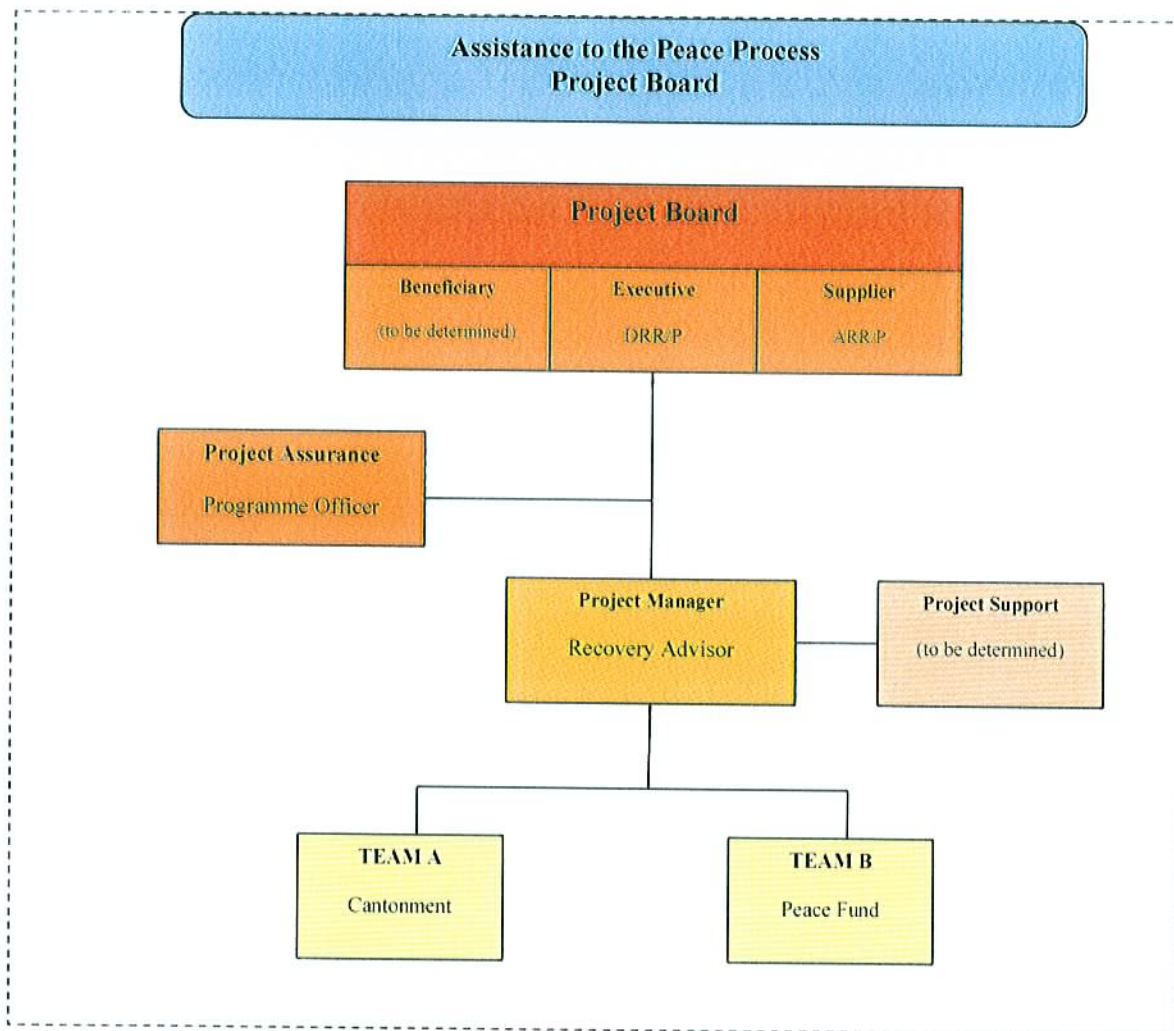
The Project Board contains three roles:

- Executive representing the project ownership to chair the group,
- Supplier role to provide guidance regarding the technical feasibility of the project, and
- Beneficiary role to ensure the realization of project benefits from the perspective of project beneficiaries.

Project Assurance is the responsibility of each Project Board member, however the role can be delegated. The Project Assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed.

Project Manager The Project Manager has the authority to run the project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Project Board. The Project Manager is responsible for day-to-day management and decision-making for the project. The Project Manager's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost.

The Project Board in diagrammatic form is presented below:



The project will be conducted for 12 months, with a potential subsequent full-scale programme to be developed and implemented as the peace process matures. This timeframe will inherently be determined by the pace of the implementation of the peace accord and any new agreement on the peace and recovery issue as well as the results of the preliminary activities.

#### Part IV. Monitoring and Evaluation

The UNDP Country Office will produce quarterly progress reports. Reports on the progress and completion of specific activities will be provided to BCPR and contributing donors on a quarterly basis as part of project implementation.

#### Part V. Legal Context

The project document conforms to the provisions of the Standard Basic Assistance Agreement (SBAA) between the Government of Nepal and the United Nations Development Programme signed by the parties on 23 February 1984. The host country-implementing agency shall, for the purpose of the SBAA, be referred to as the Government co-operating agency, described in that agreement.

The standard procedures for accounting and financial reporting for direct execution, as provided for in Financial Regulation of the UNDP Financial Manual, will apply to this Project.

The following types of revisions may be made to this Project Document, with the signature of the UNDP Resident Representative only, provided he or she is assured that the other signatories of the Project Document have no objections to the proposed changes:

1. Revision in, or addition of, any of the annexes of the project document;
2. Revision which does not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangements of inputs already agreed to or by cost increases due to inflation, and;
3. Mandatory revisions that re-phase the delivery of project inputs or increased experts or other costs due to inflation or take into account expenditure flexibility



**ANNUAL WORK PLAN BUDGET SHEET**  
 United Nations Development Programme  
 Nepal

Year: 2007

Project Number:

Project Title:

NEP/07/003 (Proposal ID 00046257)  
 Assistance to the Peace Process

Proj. ID	Expected Output	Key Activities	Timeframe				Respon. Party	Fund	Donor	Planned Budget		Amount
			Q1	Q2	Q3	Q4				Budget Description	Budget	
00054961	Management of weapons and combatant	1. Establish Registration System	X	X	X	X	UNDP	30000	DFID	71100	ALD (International Cantonment Support Advisor)	95,717
							UNDP	30000	NOR	71100	ALD (International Cantonment Support Advisor)	75,283
							UNDP	30000	DFID	71200	International Consultant - Verification Mission	82,746
							UNDP	30000	NOR	71200	International Consultant - Verification Mission	135,546
							UNDP	30000	DFID	71600	Travel (Afghanistan Mission)	27,500
							UNDP	30000	NOR	71600	Travel (Afghanistan Mission)	27,500
							UNDP	30000	DFID	72200	Equipment	65,598
							UNDP	30000	NOR	72200	Equipment	65,599
							UNDP	30000	DFID	73400	Rental & Maint. Vehicle	62,500
							UNDP	30000	NOR	73400	Rental & Maint. Vehicle	56,999
							UNDP	30000	DFID	74500	Miscellaneous Expenses	2,500
							UNDP	30000	NOR	74500	Miscellaneous Expenses	2,500
							UNDP	30000	DFID	75100	Facilities & Administration (12%)	68,369
							UNDP	30000	NOR	75100	Facilities & Administration (12%)	64,833
		2. Recruit and train Nepali ROs					UNDP	30000	DFID	71300	Local Consultants (National Staff)	107,015
							UNDP	30000	NOR	71300	Local Consultants (National Staff)	107,015
							UNDP	30000	DFID	71600	Travel (Local)	5,000
							UNDP	30000	NOR	71600	Travel (Local)	5,000
		3. Security, M&E, Comm.	X	X	X	X	UNDP	04130	UNDP	71600	Travel (M&E) - 2%	23,500
							UNDP	04130	UNDP	74200	Audio Visual & Print Prod - 1%	11,750
							UNDP	04130	UNDP	74500	Misce (Security) - 2%	23,500
<b>Sub total</b>											<b>1,115,970</b>	
Strategic package of support				X	X		UNDP	04130	UNDP	72100	Contractual Services - Co	50,000
2. Conduct EIA							UNDP	04130	UNDP	71200	International Consultant	15,000
<b>Sub total</b>											<b>65,000</b>	

Proj. ID	Expected Output	Key Activities	Timeframe				Respon. Party	Planned Budget				
			Q1	Q2	Q3	Q4		Fund	Donor	Budget Description	Amount	
00054962	Establishment of Peace Fund	1. Establish Peace Fund		X	X	X	UNDP	30000	DFID	71400	Service Contract (National Trust Fund Advisor - 12 w/m)	26,400
				X	X	X	UNDP	30000	DFID	71400	Service Contract (National Prog Support Advisor - 12 w/m)	26,400
Sub total												52,800
GRAND TOTAL												1,233,770



## Annual Work Plan

Nepal - Kathmandu

Award Id: 00046257  
 Award Title: Assistance to the Peace Process  
 Year: 2007

Report Date: 20/3/2007

Project ID	Expected Outputs	Key Activities	Timeframe		Responsible Party	Planned Budget			Amount US\$	
			Start	End		Fund	Donor	Budget Descr		
00054961	Management of weapons and comb	1 Establish Registration Sys	18/3/07		UNDP (Direct Execution)	30000	NOR	71100	ALD Employee Costs	75,283.00
					UNDP (Direct Execution)	30000	DFID	71100	ALD Employee Costs	95,717.00
					UNDP (Direct Execution)	30000	NOR	71200	International Consultants	135,546.00
					UNDP (Direct Execution)	30000	DFID	71200	International Consultants	82,746.00
					UNDP (Direct Execution)	30000	NOR	71600	Travel	27,500.00
					UNDP (Direct Execution)	30000	DFID	71600	Travel	27,500.00
					UNDP (Direct Execution)	30000	NOR	72200	Equipment and Furniture	65,599.00
					UNDP (Direct Execution)	30000	DFID	72200	Equipment and Furniture	65,598.00
					UNDP (Direct Execution)	30000	NOR	73400	Rental & Maint of Other Equip	56,999.00
					UNDP (Direct Execution)	30000	DFID	73400	Rental & Maint of Other Equip	62,500.00
					UNDP (Direct Execution)	30000	NOR	74500	Miscellaneous Expenses	2,500.00
					UNDP (Direct Execution)	30000	DFID	74500	Miscellaneous Expenses	2,500.00
					UNDP (Direct Execution)	30000	NOR	75100	Facilities & Administration	64,933.00
					UNDP (Direct Execution)	30000	DFID	75100	Facilities & Administration	68,369.00
					UNDP (Direct Execution)	30000	NOR	71300	Local Consultants	107,015.00
					UNDP (Direct Execution)	30000	DFID	71300	Local Consultants	107,015.00
					UNDP (Direct Execution)	30000	NOR	71600	Travel	5,000.00
					UNDP (Direct Execution)	30000	DFID	71600	Travel	5,000.00
					UNDP (Direct Execution)	04130	UNDP	71600	Travel	23,500.00
					UNDP (Direct Execution)	04130	UNDP	74200	Audio Visual&Print Prod Costs	11,750.00
					UNDP (Direct Execution)	04130	UNDP	74500	Miscellaneous Expenses	23,500.00
										1,115,970.00
	<b>TOTAL</b>									
00054962	Establishment of Peace Fund	1 Establish Peace Fund	18/3/07		UNDP (Direct Execution)	30000	DFID	71400	Contractual Services - Individ	52,800.00
										52,800.00
	<b>TOTAL</b>									
00054963	Strategic Package of Support	1 Conduct needs assessment	18/3/07		UNDP (Direct Execution)	04130	UNDP	72100	Contractual Services-Compane	50,000.00
		2 Conduct EIA	18/3/07		UNDP (Direct Execution)	04130	UNDP	71200	International Consultants	15,000.00
										65,000.00
	<b>TOTAL</b>									1,233,770.00
	<b>GRAND TOTAL</b>									

**MINUTES OF THE  
ELECTRONIC PROJECT APPRAISAL COMMITTEE MEETING**

**NEP/07/003 – Preparatory Assistance to Peace Process  
Atlas Award ID: 00046257**

Participants:

Mr. Ghulam M. Isaczai, Deputy Resident Representative  
Mr. Sharad Neupane, Assistant Resident Representative  
Mr. Vijay Singh, Assistant Resident Representative  
Mr. Sriram Pande, Assistant Resident Representative  
Ms. Lalita Thapa, Assistant Resident Representative  
Mr. Amanuel Gebremedhin, Reintegration and Recovery Advisor  
Ms. Lazima Onta-Bhatta, Gender and Social Inclusion Specialist  
Ms. Anjani Bhattarai, Social Development Officer  
Mr. Krishna Nijanand, Programme Finance Analyst  
Mr. Shantam Singh Khadka, Legal Reforms Officer  
Mr. Thomas Skov-Hansen, Programme Officer  
Ms. Nabina Shrestha, Micro-Enterprise Officer  
Mr. Tek Gurung, Energy Adviser  
Mr. Rahul Sen Gupta, Disaster Programme Officer  
Mr. Deepak Shrestha, Programme Officer  
Ms. Heather Bryant, M&E Officer  
Mr. Dharma Swarnakar, Monitoring/Evaluation Analyst  
Ms. Sangita Bista, Development Communications Officer  
Mr. Ranjit Lama, Programme Associate

Mr. Simon Arthy, Conflict Adviser, DFID  
Mr. Kikkan Haugen, Minister Counsellor, Royal Norwegian  
Embassy

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The electronic Project Appraisal Committee (PAC) meeting with the participation of the above officials was held on 23 January 2007 to appraise the Preparatory Assistance to Peace Process in Nepal, NEP/07/003, Atlas Award ID: 00046257.



## **I. Presentation of the Project**

Following 10 years of conflict, Nepal's main political parties (Seven Parties Alliance, SPA) and the CPN (Maoist) signed a comprehensive peace agreement (CPA) on the 21 November 2006. Prompt support is now required in a number of new areas to assist the parties' efforts to sustain and implement the peace process:

- Assistance is urgently needed to support the registration of Maoist combatants and their weapons under the direction of UNMIN;
- Technical and financial support is also required to assist the Government in the development and implementation of an effective strategy for the maintenance of the cantonment sites;
- Support to fund management and coordination is another important area as the Government grapples with the challenge of resource mobilisation, timely allocation, expenditure and tracking;
- Preparatory work (consultations, assessments and capacity building) is needed now to inform and support the planning and development of a long term reintegration and recovery programme to be conducted in support of the Government.

The Preparatory Assistance project covering a period of one year has been designed to produce the following two outputs:

*Output 1:* Under the direction of the United Nations Mission in Nepal, registration of Maoist combatants and their weapons completed in accordance with the November 28 Agreement on the Monitoring of the Management of the Arms and Armies

*Output 2:* A strategic package of support for the development and implementation of a Government of Nepal plan for the effective establishment and management of cantonment areas

*Output 3:* A government-led Peace Fund with the technical assistance of UNDP and financial support of donors is established and functioning

*Output 4:* A comprehensive government-led Reintegration and Recovery programme planned and developed with the technical assistance of UNDP and collaboration with the GoN, civil society and partner organizations

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## II. Summary of Discussion

**Heather Bryant** made the following suggestions:

Revision of the situation analysis – some points are already out of date or now in the wrong verb tense, and some paragraphs could now be deleted

- Outcomes, outputs and indicators
  - The “outcome” mentioned in the document is not an outcome, but an activity. Do not formulate a new outcome – for a one year PA. Three outputs were sufficient. She suggested avoiding a proliferation of new outcomes as there was already a new “outcome” in the constitution building project even if the current CPR-recovery outcome is outdated.
  - The RMG calls for output baselines & indicators – baselines may not be necessary here, but there is a need to develop a few output indicators, to be included either in the end of the strategy or in the deliverable outline, or in the RRF itself.
- Other observations include:
  - No risks mentioned (although implied) (risk log)
  - Monitoring & Communications plan (RMG)

**Andrew Westbury and Tek Gurung** suggested to include the following paragraphs and activities:

### **Part I. Situation Analysis (page 3)**

Another neglected feature of the conflict in Nepal has been the extensive environmental damage wrought by the breakdown of conservation institutions and infrastructure. While the total cost to Nepal’s critical natural resource base is unknown and currently the subject of ongoing study, it is clear that 10-years of conflict has precipitated huge increases in deforestation, poaching of globally-endangered species like the one-horned rhinoceros, and the illegal extraction of rare medicinal herbs.

With over 90% of its rural population dependant on subsistence agricultural, this type of environment degradation has resulted in tangible and immediate hardships like landslides, flooding, and top soil erosion. Environmental restoration and sustainable natural resource management will therefore rank highly among Nepal's post conflict development priorities.

**Page 4, para 4**

While successful in terms of weapons and combatant registration, the cantonment process has already resulted in considerable environmental damage. Of the 28 total cantonments, approximately 21 are located in forested areas. Moreover, the 12 camps for PLA Divisions 3, 4, and 7 have been established directly within well-established restoration target areas, identified by GoN and various donor agencies as the highest priority environmental sites in the country. Accommodating the day-to-day needs of the nearly 35,000 resident combatants has placed a further strain these critical ecosystems. A recent UNDP environmental assessment of the cantonment sites has confirmed that energy for camp food preparation is almost totally dependant on Nepal's single-greatest source of deforestation: illegal firewood extraction. PLA representatives in the central cantonments for Division 1 - 4 estimated their combined consumption at roughly 1,482 tons per month. With natural resource exploitation of this intensity, it will only be a matter of time before these key environmental sites are permanently destroyed. In addition to weapons and combatant registration, the UNDP will also thoroughly explore opportunities to support the CPNM and GoN in mitigating the considerable environmental consequences of the cantonment process.

**Page 5, para 2**

..... environmental restoration and sustainable natural resource management, .....

**Page 7, para 2**

Sustainable natural resource management will also be a focus of UNDP initiatives. As mentioned above, the cantonment process is likely result in significant environmental damage, but the consequences of camp establishment and day-to-day operation

are only one example of the enormous impact that the past 10-years of conflict have had on Nepal's critical natural resource. In addition to the destruction of essential infrastructure like range posts and headquarters offices around its extensive national park system, Nepal has also seen an abrupt increase in deforestation, illegal trading in rare medicinal herbs, and relentless poaching of globally-endangered mammals like the one-horned rhinoceros and the Royal Bengal Tiger. This environmental degradation is not the concern of naturalists and conservation organizations alone however. On the contrary, Nepal's rural and most marginalized communities rely almost exclusively on natural resources to meet their basic nutritional, medicinal, household, and religious needs. Moreover, progressive community forestry and national park revenue sharing schemes not only ensure that benefits are shared widely, but also serve as world-renowned examples of policies that effectively integrated human development with nature conservation. The UNDP will take every effort to address these environmental considerations throughout the recovery and reintegration process.

### **Page 8**

1.5 Assess the camp energy needs and implement plan of action for use of alternative energy sources.

1.6 Organize anti-poaching awareness programme for the camp and involve them to prevent poaching activities.

3.2 ..... environmentally ...

### **Page 10**

4.6 ...., with a focus on the environment.

The have suggested to include the above activities (pages 8 and 10) in the RRF.

**Lazima Onta Bhatta** suggested to include the following:

### **Page 6, para 3**

... as per United Nations Security Council Resolution 1325.

### **New para**

In addition to gender issues, issues of other excluded groups, particularly the Dalits, would have to be addressed by efforts at reintegration. Maoists have repeatedly claimed that they have significant number of Dalits combatants. If this is the case, then Dalit combatants who have experienced freedom from caste-based discrimination in their own Maoists camps, might not want to go back to their communities where caste-based discrimination and untouchability exists. Reintegration efforts would have to take issues of multiple forms of discrimination that female Dalits would have to face in their home communities. Hence, UNDP must take both gender and issues of exclusion into account when designing programs for reintegration.

She suggested to add social exclusion after gender and to change Gender Advisor to Gender and Social Inclusion Specialist. She also suggested to be more specific on the last bullet of point 3.2 Develop capacity for a gender responsive DDR programme on page 8.

**Simon Arthy** made the following suggestions:

Objectives 1 & 2 are no problem. These cover the essential areas we had envisaged being asked to fund.

Objective 3: this wanders into territory that we had not envisaged and, for some areas, feel less comfortable with. In particular, we do not want to be seen to be supporting UNDP to 'develop an inclusively designed project document for an effective, sustainable and gender sensitive multi year DDR programme'. Political discussion has not even started in this area, let alone reached any conclusions, and what the role of the UN might be - if any - in designing and implementing such a national programme is a complete unknown. In a similar (although less stark) vein, there is no agreement by government to accept general reintegration capacity building support from UNDP (beyond the Programme Adviser to be placed in the Peace Secretariat and Reintegration Adviser working with Sushil Rana on cantonments). As such, it is difficult to sign up to these specific objectives.

Given that UNDP has sufficient funding to conduct the majority of activities under objective 3, we would suggest that you limit the proposal to donors to objectives 1 and 2. If you need some

funding to enable you to undertake certain areas of objective 3, we would recommend that you add the cost of providing a Recovery and Reintegration Adviser to the donor proposal.

**Kikkan Haugen** supported comments made by **Simon Arthy**.

### III. **Recommendations**

**Ghulam M. Isaczai** recommended to incorporate the relevant comments and to prepare the document for final approval. **Sean Deely** finalized the PA document in consultation with the concerned officials.

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CHECKLIST FOR PROJECT DOCUMENT FOR SUBMISSION TO GOVERNMENT'S RECORDS BY RR,a.i.

Date: 22 March 2007

Approval of :  Project Document NEP/07/003 – Assistance to the Peace Process in Nepal  
 Project Budget Revision

The applicable procedures and conditions for approval are the following:

PAC:  Completed;  Not applicable  
 Minutes attached:  Yes  No  
 Government request:  Required  Not required  
 Government endorsement:  Obtained  Not required  to be obtained  
 Agency endorsement:  Obtained  Not required  to be obtained  
 Project within seven years' duration:  Yes  No

Forwarding letters to the Government, the Executing Agent and UNDP/HQ attached for signature:  Yes  No

Last revision (" " ) approved on \_\_\_\_\_

Nature of this revision:

New Project:  General Budget Revision  Routine adjustment   
 Additional activities  Advance Authorization  Others

Total Project Budget: US\$ 1,233,770 [BCPR - \$ 123,750 + DFID 569,745 + Norway 540,275]


Source of Fund: BCPR/CS Executing Agency: UNDP Implementation Arrangement: DIM

SPRMU's comments:

Government has approved the project document on NEP/07/003-Assistance to the Peace Process in Nepal (APPN) to achieve the outputs (i) registration of Maoist combatants and their weapons completed, (ii) a strategic package of support for the development and implementation of a Government of Nepal Plan for the effective establishment and management of cantonment areas; and (iii) a government-led peace fund with the technical assistance of UNDP and financial support of donors is established and functioning. MOU has been signed between UNDP and DFID on 28 Feb 07 for the fund of project and negotiation with Norway is underway. Duration of the project will be 12 months

Prepared by (PA):  Ranjit Lama

Endorsed by (UC):  Sean Deely

Processed by (PFA):  G. Poudyal

Checked by (PFA):  K. Nijanand

Cleared by (UC):  L. Thapa  
 for the signature of RR,a.i.