

**Nepal Peace Trust Fund**  
**Four-Monthly Progress Report**



**Peace Fund Secretariat**  
**Ministry of Peace and  
Reconstruction**

February 28, 2009

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## Acronyms

CA	: Constituent Assembly
CMCCO	: Cantonment Management Central Coordinator's Office
CPA	: Comprehensive Peace Agreement
DAG	: Donor Advisory Group
DAO	: District Administration Office
DoR	: Department of Roads
DTCO	: District Treasury Controller's Office
DUDBC	: Department of Urban Development and Building Construction
ECN	: Election Commission Nepal
FCGO	: Financial Comptroller General's Office
GoN	: Government of Nepal
IA	: Implementing Agency
IDP	: Internally Displaced Person
JFA	: Joint Financing Agreement
MoF	: Ministry of Finance
MoHP	: Ministry of Health and Population
MoPPW	: Ministry of Physical Planning and Works
MoPR	: Ministry of Peace and Reconstruction
NPTF	: Nepal Peace Trust Fund
OAG	: Office of the Auditor General
PFR	: Peace Fund Rules
PFS	: Peace Fund Secretariat
SC	: Steering Committee
TC	: Technical Committee

# The Fifth Four- Monthly Progress Report of the Peace Fund Projects

## Background

The Nepal Peace Trust Fund (NPTF) is a Government-owned programme established in February 2007 to implement the provisions of the historic Comprehensive Peace Accord (CPA), which was signed by the Government of Nepal (GoN) and the Nepal Communist Party Maoist (CPN-M) on 21 November, 2006. NPTF is a three year programme and its scope of work has been increased from five to eight as follows:

- 1) Rehabilitation of the internally displaced persons (IDPs)
- 2) Election of the Constituent Assembly (CA) and other entities
- 3) Promotion and strengthening of peace and security;
- 4) Management of the cantonments and rehabilitation of the Maoists combatants
- 5) Support to the peace building process
- 6) Rehabilitation of the conflict affected people (New)
- 7) Mine actions (New)
- 8) Reconstruction of public sector infrastructure damaged during the conflict (New)

The project document, the Joint Financing Agreement (JFA), and the Peace Fund Rules (PFR), all of which were developed through extensive consultations with the GoN and NPTF partners serve as the guiding documents for the operation of the Fund.

All of the projects that are financed by the Fund so far are implemented by the GoN agencies - Ministry of Physical Planning and Works (MoPPW), Ministry of Peace and Reconstruction (MoPR), Ministry of Health and Population (MoHP), Department of Urban Development and Building Construction (DUDBC), Department of Roads (DoR), District Administration Office (DAO), Cantonment Management Central Coordinator's Office (CMCCO), Election Commission Nepal (ECN), etc.

MoPR is the core Ministry responsible for the overall operation of the NPTF. Its Minister and the Secretary chair the Board and the Technical Committee (TC) respectively. The Peace Fund Secretariat (PFS) is also located at the MoPR. Ministry of Finance (MoF) plays a crucial supporting role in the operation of the Fund by engaging in fund management and donor coordination.

There are six sectoral working groups/clusters established in the MoPR, which support the function of the TC in carrying out detailed technical evaluation of the project proposals, prioritization of activities, etc.

## **About this report**

This four-monthly progress report covers progresses made by the NPTF and its projects during mid September 2008 – mid January 2009.

The report is prepared with the help of the Implementing Agencies (IAs) and other concerned offices. The information received from the IAs, with the signature of the responsible authorities, are presented without any alterations. An attempt has been made to evaluate the results to ensure comprehensive coverage of NPTF progresses at all levels. Accordingly, the information is substantiated in two parts to cover the progress made at the Fund level and the progress made at the Project level.

The PFS would like to extend its appreciation to the donors for providing financial and technical assistance and also to the IAs for taking up the implementation of NPTF funded projects seriously and the timely submission of progress reports.

## **Part I**

# **Progress at the Fund Level**

## **Part 1: Progress at the Fund Level**

There have been significant improvements in the operation of the NPTF. The NPTF operation has mainly demonstrated the following progresses during the reporting period.

### **1. New Peace Fund Rules**

The draft of a new PFR was widely consulted with the partners of the NPTF, IAs and other concerned officials. Accordingly, the Rules has been approved by the Cabinet on 19 November 2009. The new PFR has increased the area of the Fund's coverage and has also elaborated activities under each category. The term of NPTF can also be extended for up to next three years

The Board is recomposed as the Hon'ble Minister, MoPR on the chair; and Hon'ble Finance Minister as the Co- chair. The Secretary, MoPR is the Member-secretary.

The TC is chaired by the Secretary, MoPR and its functions are elaborated. New membership is also provisioned for two non-governmental representatives. In order to assist the functions of the TC, Sectoral Working Groups/Clusters and their role in proposal evaluation are also provisioned.

Detailed project approval procedure has been outlined. The Board is fully authorized to finally approve projects - no other agencies, including NPC, can interfere in the process. IAs are also made liable to submit four monthly and annual progress reports of the implementation of the NPTF supported projects.

NPTF funds are deposited in the Central Treasury and disbursed to the IAs following normal GoN procedure, i.e. through Financial Comptroller General's Office (FCGO) and District Treasury Controller's Office (DTCO). The unspent balance of the NPTF amounts does not freeze at the end of the fiscal year.

Internal Audit of the Project accounts will be done by DTCOs (for GoN implemented projects), registered auditors and experts (for non-GoN implemented projects) and the final audit by the Office of the Auditor General (OAG).

PFS is established in the MoPR with a Director and 11 other staffs (4 officers and 7 support staffs).

### **2. Board (Steering Committee)**

The fourth meeting of the Steering Committee (SC) was held in the MoF on September 29, 2008. It approved the proposed project on 'Cantonment Health Management Programme Phase II' to be financed through the NPTF resources. This project aims to provide medical support in the cantonments, free medical checkups and free treatment of the patients, including referral to higher hospitals

as needed for the Maoists combatants. This project also avails health check-up facilities to the local people of that area.

The meeting also decided that the recommendations of the report on the 'NPTF Needs Assessment' will be further consolidated after receiving observations of the Peace Fund partners and will be carried forward accordingly. (The minutes of the SC is annexed)

### **3. Technical Committee**

There had been no meetings of the TC during the reporting period.

### **4. Clusters**

The Clusters include participation by experts from the UN agencies, international organizations and concerned implementing agencies.

During the reporting period, the Cluster on Cantonment Management held two meetings. Its meeting of 18 September 2008 discussed in detail and helped improve the project proposal on Cantonment Management Health Project Phase II.

### **5. Focal Point**

The meeting of the focal points of the IAs was held on 05 November 2008 to discuss on the draft of the Peace Fund Rules.

### **6. Peace Fund Secretariat**

The Secretariat of the NPTF has moved from MoF to MoPR. The Director of the Fund, Project Management Officer, Financial Management Officer, and the Administrative Officer have also been assigned.

A preliminary draft proposal for the strengthening of the PFS has been developed and is currently under review in the PFS.

Two advisors, supported through the UNDP, are associated with the PFS to provide technical support in the functioning of the Board, TC, Clusters, PFS and the overall operation of the NPTF.

### **7. Government - Donor Advisory Group Meetings**

The fourth meeting of the GoN - Donor Advisory Group (DAG) was held on 01 December 2008 under the chairpersonship of the Secretary, MoPR. The meeting mainly decided to carry out the following activities: (The Record of Discussion annexed)

- a. Sending joint teams of the GoN and DAG on M&E visit to the NPTF Project sites,
- b. Assigning the job of developing an Immediate Action Plan of the NPTF for the next 6-12 months to a joint team of the GoN and the DAG,
- c. Strengthening of the PFS project to be taken up with priority.

## **8. Audit**

DTCO, Kathmandu had completed the internal audit of all projects implemented during FY 08. The reports are available with the PFS.

The report of the final audit of the projects implemented during FY 07 had also been completed and the findings were incorporated in the Auditor General's Annual Report. The text of it is provided to the DFID.

## **9. Implementation of the Action Plan**

All 31 benchmarks of the Action Plan, except one (M&E strategy) are completed or at the advanced stages.

## **10. Immediate Action Plan and the Work Plan for 2009**

The draft report on the 'Needs Assessment of the NPTF', prepared by a joint team of secretariat and donors had made an overall requirement of US\$ 795.2 million, (GoN: 258.1 million, and donor US\$ 537.1 million) for the next three years for the NPTF. In this regard, the GoN –DAG meeting had constituted a joint team of donors and the PFS to prepare an Immediate Action Plan and the Work Plan of the NPTF for 2009 based on the recommendations of this report and new emerging needs.

The team had started its work and had held several rounds of in-house discussions. A one day workshop was also organized with the GoN officials, representatives of the Implementing Agencies, Donors of the NPTF, UN agencies, I/NGOs, and other stakeholders. The team has prepared a preliminary list of prioritized activities for the year 2009 for all eight eligible sectors of the NPTF funding. The findings are being further reviewed and shared with the concerned officials.

## **11. Monitoring and evaluation of the projects**

Two M&E teams visited the cantonments and submitted their evaluation reports, which have already been circulated to the donors of the NPTF. The reports are also posted in the MoPR website.

The team led by the Central Coordinator of the CMCCO, visited the main and satellite cantonments of the Surkhet and Kailali Divisions and the District Administration Offices.

The team led by the Director of the PFS, visited the main and satellite cantonments of the Chitwan and Nawalparasi Divisions and the District Administration Offices.

## 12. Financial build up and status of the NPTF

Additional contributions were received by the NPTF from Norway and Finland during the reporting period. The GoN's contribution is readily available from the DTCOs.

The latest financial build up with the NPTF reveals an acute shortage of funds to entertain any new project being financed through it. The status of the NPTF is reflected in the following tables.

### NPTF Financial Build-up (as of 15 Jan 2009)

Figures in million

Source	Commitment (equiv US\$)	Received in the NPTF Account		Remarks
		US\$	NPR	
GoN	68.92	70.55	4,976.13	This FY's budget of NPR 2,500.00 million is readily available
DFID/UK	12.50	12.50	966.14	
Norway	10.00	10.00	727.96	NPR 344.08 million received on 31 Dec 2008
Finland	4.44	3.41	246.00	NPR 156.93 million received on 19 Dec 2008
Denmark	3.60	3.60	239.93	
SDC/Switzerland	1.30	1.30	82.52	
<b>Total Donors</b>	31.84	30.81	2,262.55	
<b>Grand Total</b>	<b>100.76</b>	<b>101.36</b>	<b>7238.68</b>	

**Status of funding of the NPTF projects** (as of 15 Jan 2009)

NPR million

Projects	Total Project Cost	NPTF Approved	NPTF Disbursed to IAs	NPTF Expenses	Remarks
<b>A1-</b> Temporary Housing	106.00	106.00	106.00	106.00	
<b>A2.1-</b> Drinking Water	59.75	37.98	37.98	37.98	
<b>A2.2-</b> Electricity	140.75	35.00	35.00	35.00	
<b>A2.3-</b> Causeway	40.00	40.00	40.00	40.00	
<b>A2.4-</b> Physical Infrastructure	109.28	59.28	59.28	60.79	An additional 1.51 million was spent by GoN
<b>A2.5-</b> Telephone	4.00	3.00	3.00	0.50	
<b>A3-</b> Access Roads	502.64	355.84	355.84	309.51	
<b>A4-</b> Temporary Cantonment Infra.	138.26	138.25	138.25	144.44	An additional 6.19 million was spent by GoN
<b>A5-</b> Basic Needs	1655.97	1655.97	1655.97	1642.10	
<b>A6-</b> Cantonment Health Management Programme	53.35	53.35	46.43	48.22	An additional 2.79 million was spent by GoN
<b>A6-1</b> Cantonment Management Health Management Programme Phase II	59.56	59.56	59.56	NA	Fund disbursed to IAs during first week of January 2009
<b>A7 -</b> Emergency Health Management Programme	3.50	3.50	3.50	3.50	
<b>B1-</b> Special Program for IDPs	371.60	371.60	370.00	155.47	
<b>C1-</b> Voter Education	160.53	153.42	121.06	81.11	Implementation stopped and surplus used for next project
<b>C2 -</b> Election Officials and Employees Training	250.99	250.99	118.86	5.07	Implementation stopped and surplus used for next project
<b>C1-2-</b> Voter Education Programme for the CA Election 2064	219.21	219.21	39.95	167.65	The disbursed amount is only the saving of Project C1- no additional disbursement was made
<b>C2-2-</b> Capacity Development of Election Officials and Support Staff for the Administration of CA Election, 2064	241.87	241.87	113.80	128.22	The disbursed amount is only the saving of Project C2- no additional disbursement was made
<b>C3-</b> Deployment of Polling Officials and Support Staff on CA Election Day	1,250.64	1,250.64	1,250.64	884.13	
<b>Total</b>	5,367.90	5,035.46	4,555.12	3,846.19	

### **13. The way forward**

There is a huge gap between the commitment made by the present partners of the NPTF and its fund requirement in the coming months. Therefore, the emphasis should be on increasing the level of commitments and also the disbursement of the existing donors. New donors need to be sought out to join the Fund.

The prioritization of activities has become urgent in optimally utilizing the available fund for the needy projects.

The earmarking of funds by most of the NPTF partners have to be revisited and waived so as to help make funds available for the most needed projects. It should not be a problem as donors are involved in the project approval process.

As there are many newcomers extending support in the field of peace-building in the country, e.g. World Bank, Asian Development Bank, UN Peace Fund, and a range of other bilateral donors, the harmonization of donors has become an urgent agenda. Thus, NPTF should be developed as a central body with full authority to steer the process of harmonizing all external funds as well as acting as an oversight body to oversee the implementation of related projects and programmes.

The strengthening of the PFS project should be implemented without further delay.

The ongoing exercise of clusters in preparing guidelines for each sector of the NPTF has to be further expedited as it will contribute towards identifying inter-sectoral resource needs and also priority setting within the sector.

## **Part II**

# **Progress at the Project Level**

## Part II: Progresses at the Project level

### Implementation Status

NPTF has supported 18 projects (including 5 sub-projects) so far. Out of it, fifteen are completed. The remaining three are as follows:

Project No	Project Title	IA	Starting Date	Completion Date	Remarks
A5	Basic Needs Fulfilment in the Cantonments	CMCCO	Apr 07		Ongoing
A6-1	Cantonment Health Management Programme Phase II	MoHP	Jul 08	Jul 09	ongoing
B1	Special Program for Relief and Rehabilitation of the IDPs	MoPPR	Sep 07		Ongoing

Under the project A5, the basic allowance and other administrative expenses related to the combatants and the cantonment sites are covered. Therefore, this project needs to continue as long as there are combatants in the cantonments.

The project A6-1 was recently started and continues for the whole year. It also needs to continue as long as the combatants are in the cantonments.

The project B1 has to continue as the identification of the IDPs is an ongoing process. Presently there are only 52,160 persons/14,031 families identified as IDPs.

The detailed information on these projects is attached as annexes to this report. The succeeding pages represent the progresses made by the projects in brief.

## 1. General Information

<b>Project Number and Title:</b>	<b>A5-</b> Basic Need Fulfilments of the Combatants Living in the Cantonment.
<b>Project Coverage Area:</b>	28 Cantonment sites spread over different districts of the country.
<b>Executing Agency:</b>	Ministry of Peace and Reconstruction (MoPR)
<b>Implementing Unit:</b>	Cantonment Management Central Coordinator's Office (CMCCO)
<b>Project Manager:</b>	Mr. Dinesh Hari Adhikari, Coordinator
<b>Starting Date:</b>	
Approved/Actual:	20 April 2007
<b>Completion Date:</b>	
Approved/Actual:	On going
<b>Beneficiaries:</b>	30,582 Maoists Combatants - number is reduced to 19,594 after the second phase of verification of combatants.
<b>Status:</b>	Ongoing

## 2. Purpose, Objectives, and Implementing Strategy

### Objectives

- a) To fulfil the basic needs of the combatants living in all of the 28 main and satellite cantonments and also the ones engaged in security purposes by providing allowances, such as NPR 72-110 per day for fulfilling basic needs.
- b) To finance the related administrative costs, such as moving combatants to main camps for verification, transportation of food, and other materials to the Cantonments, and costs related with Interim Taskforce, etc.

### Implementing strategy

- a) The payments are made to each combatant through the Local Cantonment Management Committee with the help of concerned commanders of the cantonments.
- b) The administration and other related expenses are made according to the need.

### **3. Financial Resources and Expenditures**

Total Project Budget:	NPR 1,655,965,396	US\$ 22,079,539
Total NPTF (Approved):	NPR 1,655,965,396	US\$ 22,079,539
Total NPTF (Released):	NPR 1,655,965,396	US\$ 22,079,539
Total NPTF (Expenses):	NPR 1,642,096,405	US\$ 21,894,618

### **4. Summary of Substantive Achievement**

The allowance is distributed every month to the verified combatants. The payment is never deferred.

### **5. Future Work Plan**

The distribution of allowances to the combatants will be continued as per the decision of the Government.

## 1. General Information

<b>Project Number and Title:</b>	<b>A6-1: Cantonment Health Management Programme Phase II</b>
<b>Project Coverage Area:</b>	All 28 cantonment sites
<b>Executing Agency:</b>	Ministry of Health and Population (MoHP)
<b>Implementing Unit:</b>	District Health Offices of the main cantonment area
<b>Project Manager:</b>	Dr. Dirgh Singh Bam, Act. Secretary, MoHP
<b>Starting Date:</b>	
Approved/Actual:	16 July 2008
<b>Completion Date:</b>	
Approved/Actual:	15 July 2009
<b>Beneficiaries:</b>	Maoists combatants and local people in the vicinity
<b>Status:</b>	Ongoing

## 2. Purpose, Objectives, and Implementing Strategy

### Objectives

- a) To run a primary health care facility, at each main cantonment with full staff including a medical doctor.
- b) To run one first aid post in each satellite cantonment with trained health workers.
- c) Provide medical checkups and free medical treatment to the combatants in main and satellite cantonments.
- d) Manage patient referrals to higher hospitals as needed
- e) Manage emergencies at sites

### Implementing strategy

- a) Respective DHOs, through PHCs will be responsible to arrange medical doctors.
- b) The office of the District Health Officer handles the project budget.
- c) The budget is released in three instalments based on the reporting of the progress.

- d) The fund release, progress reporting and auditing (internal and final) will be the responsibility of DHO and DoHS/ MoHP.
- e) All books of account will be maintained as per the GoN's rules and regulations.
- f) The internal audit of the project will be carried out by the concerned DTO and the final audit will be done by the Auditor General's Office.
- g) The budget for referral cases and monitoring will be released to DoHS, – especially for the needy combatants for sending to the higher hospitals. DoHS pays the incurred expenses directly to the concerned hospitals on referral cases as approved by the MoHP.
- h) The budget for monitoring and evaluation of project activities will also be used for the purposes of concerned officials of MoHP and DoHS for monitoring field visit activities.

### 3. Financial Resources and Expenditures

Total Project Budget:	NPR. 59,558,200	US\$ 794,109
Total NPTF (Approved):	NPR. 59,558,200	US\$ 794,109
Total NPTF (Released):	NPR. 59,558,200	US\$ 794,109
Total Expenses:	NA	NA

The project's expenditure is not available as the fund was released to the DHOs only during the first week of January, 2009.

### 4. Summary of Substantive Achievement

The progress made so far as follows:

Treatment and referral of health care services (no):	431
Medical chec-kup of combatants (no):	35,828
Medical chec-kup of local people (no):	27,352

### 5. Future Work Plan

The services provided through this project are not adequate to address the emerging needs in the main and satellite cantonments. Therefore, a separate project is required to be developed for satellite cantonments.

## 1. General Information

<b>Project Number and Title:</b>	B1 –Special Programme for Relief and Rehabilitation of the Internally Displaced Persons
<b>Project Coverage Area:</b>	73 districts of the country except Mustang and Manang
<b>Executing Agency:</b>	Ministry of Peace and Reconstruction (MoPR)
<b>Implementing Unit:</b>	District Administration Offices (DAOs) of the concerned districts
<b>Project Manager:</b>	Mr. Durga Nidhi Sharma, Joint Secretary, MoPR
<b>Starting Date:</b>	
Approved/Actual:	September 2007/ September 2007
<b>Completion Date:</b>	
Approved/Actual:	July 2008/
<b>Beneficiaries:</b>	Internally Displaced Persons
<b>Status:</b>	Ongoing

## 2. Purpose, Objectives, and Implementing Strategy

### Objectives

To provide relief and rehabilitation support to an expected number of 50,000 persons who are displaced during the decade long conflict.

### Implementing strategy

- a) The project is coordinated by the Ministry of Peace and Reconstruction (MoPR) and implemented through the DAOs in 73 districts.
- b) A committee headed by the Chief District Officer in the districts identifies potential IDPs at the local level, which is authenticated by the centre. The identified IDP is eligible to receive three types of relief packages
  1. Package A (Transportation and incidental expenses), which is offered at the place of displacement,
  2. Package B (Subsistence, education, house repair or reconstruction allowance), which is provided by the respective DAO upon return to their places of origin, and
  3. Package C (interest free loan to the IDPs) for agriculture inputs and equipments.

### 3. Financial Resources and Expenditures

Total Project Budget:	NPR	371,600,000	US\$	4,954,667
Total NPTF (Approved):	NPR	371,600,000	US\$	4,954,667
Total NPTF (Released):	NPR	370,000,000	US\$	4,933,333
Total NPTF (Expenses):	NPR	155,472,879	US\$	2,072,972

### 4. Summary of Substantive Achievement

MoPR has released budget to all of the 73 implementing districts. However, the available information reveals that only 52 districts have been effectively implementing this project so far. The progresses reported to the Ministry demonstrate as follows:

- The transportation cost (NPR 300-1,000/ person) is provided to 19,559 persons,
- The subsistence allowance (NPR 60-70/person/day for four months) is provided to 15,998 persons,
- Distribution of the relief for reconstruction of house is provided to 250 families,
- Similarly, 1,216 families have received support for repair of damaged house,
- A total of 3,316 children have received support for education,
- A total of 15,245 persons have received support of NPR 500 as support for incidental expenses.
- The loans for agriculture inputs and equipments to the identified IDPs have not yet started.

### 5. Future Work Plan

The identification of IDPs and distribution of relief has to be continued.

# **Annexes**

## Annex1: NPTF Project - Four-Monthly Progress Report (2008 Sept 16 - 2009 Jan 15)

**Draft**

Project Number and Title:		A5 Basic Needs fulfillment in the cantonments				
Project Coverage Area:		14 Districts ,7 Main and 21 satellite camps and 1 central camp office				
Executing Agency:		MoPR				
Implementing Unit:		Cantonment Management Central Co-ordinator's Office (CMCCO)				
Project Manager		Name : Mr. Dinesh Hari Adhikari		Title : Coordinator		
Data provided by:		Name : Mr. Bishnu Hari Wagle		Title : Account Officer		
Project Starting Date (Approved)		20 April 2007 (2064.01.07)				
Project Starting Date (Actual)		20 April 2007 (2064.01.07)				
Project Completion Date (Approved):		Ongoing				
Last Project Revision Date, if any:						
Project Beneficiaries:		30,852 Combatants at first verification phase and afterr II Phase of verification: No of combatants: 19,602, as per GoN decision (minister level) dated 29 Sept.2008, No. of combatants confirmed is only 19,594				
Project Status/Actual completion Date:						
Outputs/Activities as per approved project document:	Total Project Expected Output (as per the approved project document)	This Reporting Period Only (16 Sept. 2008 to 15 Jan. 2009)		Accumulated (Progress as of 15 Jan, 2009)		Remarks
		Target	Actual	Target	Actual	
Provisions of basic needs fulfillment NPR 72 to 110 per combatants per day (no)	19594	19,594	19,594	19,594	19,594	This refers to no. of combatants who recive assistance every month
Provisions of basic needs fulfillment NPR 3000 per combatants per months) (no)						This part is taken up by the EPSP
Transportation of Combatants for the II phase verification (no)	30,852			30,852	30,852	
Food transportation for combatants and minors in Rolpa camp (no).	2,784			2,784	2,784	
Tents transportation to Cantonments (no)	2000			4000	4000	
Other NPTF Projects contributing toward the same objectives :						
Non NPTF Projects contributing toward the same objectives :	Monthly allowance to combatants is paid through World Bank supported project as mentioned above					

<b>Implementation:</b>						
If all or part of project subcontracted, Name of the subcontractor:						
Procedures for procurement of goods and services (including subcontracting):						
1) were the bids announced, if yes, when and where?:						
2) procedure for bidding (how bids were submitted/opened):						
3) selection process (how and who selected the bids):						
4) inventory of supplies in/out, condition of items, and current locations been recorded?						
5) Has the project been internally monitored?	Yes					
<b>Financial Reporting:</b>						
Total Project Budget for the entire project:	NPR 1,655,965,396					
Total Approved NPTF Budget:	NPR 1,655,965,396					
Total Cost Sharing and source of fund:	NPR. --		Source: --			
Total Budget Released to Implementing Agency:	NPR 1,655,965,396					
Total Expenditure as of 15/01/2009	NPR 1,642,096,405					
Total Budget Available as of 15/01/2009	Cash (NPR):		Bank (NPR):			
Account Number and Name of the Bank:	Everest Bank Limited, Singhdurbar A/C NO. 125028					
<b>Detailed Expenditure Report (all in NPR):</b>	<b>Expenditure this 4 months 16 Sept-15 Jan 2009</b>		<b>Total Expenditure as of 15/1/2009</b>		<b>Balance Available</b>	<b>Remarks</b>
<b>Budget Code - Budget Description</b>	<b>Approved</b>	<b>Actual</b>	<b>Approved</b>	<b>Actual</b>		
<b>1. Personnel:</b>			973,000	7,853,219		
1.1 Staff : (Unit Cost X ITF Members) Lumpsum						
1.2 Consultants : (Unit Cost X Number of Unit)						
<b>2. Contracts:</b>						
2.1 Companies:(Unit Cost X Number of Unit)						
2.2 Professional services: (Unit Cost X Number of Unit)						
2.3 Grants: (Unit Cost X Number of Unit)						
<b>3. Training</b>						
3.1 (Per Person X Number of Persons)						

<b>4. Transport</b>						
4.1 TentsTransportation cost to cantonments			739,000	297,710		
4.2 Transportation of Combatants for the Second Phase Verification			5,505,000	4,228,000		
4.3 Food Transportation at Rolpa Cantonment Camp			365,500	365,500		
<b>5. Supplies and commodities</b>						
5.1 (Unit Cost X Number of Unit)						
<b>6.Equipment</b>						
<b>7. Travel</b>						
7.1 (Cost of Each Trip X Number of Trips)						
<b>8. Miscellaneous</b>						
8.1 Basic need fulfillment (NPR 72 to 110 / day /Combatant)	184,182,726	184,182,726	953,441,896	945,783,976	7,657,920	
8.2 Basic need fulfillment (NPR 3,000/month/ Combatant)			694,941,000	683,568,000	11,373,000	This payment is taken up by the EPSP
<b>9. Management costs of Implementing Agency</b>						
Total:	184,182,726	184,182,726	1,655,965,396	1,642,096,405	13,868,991	

Prepared by  
Name & Designation

Approved By  
Name & Designation

## Annex2: Progress Report

Project Number and Title	A6-1 Cantonment Health Management Programme Phase II
Project Coverage Area	7 main and 21 stellite cantonments
Executing Agency	Ministry of Health and Population (MoHP)
Implementing Unit	District Public Health Offices (DPHOs)/ District Health Offices (DHOs) of 7 main cantonment areas, Department of Health Services (DoHS).
Project Manager	Name Dr. Dirgh Singh Bam Title: Act. Secretary Tel. No. 4-262590 email
Data provided by	DPHOs/ DHOs of 7 main cantonment areas and Mr. Madhuvilas Pandit, Under Secretary, MoHP.
Project Starting Date (Approved)	September, 2008 (retrospective from July 16, 2008)
Project Starting Date (Actual)	16-Jul-08
Project Completion Date (Approved)	15-Jul-09
Last Project Revision Date, if any	
Project Beneficiaries	Maoist Combatants of 7 main and 21 sub cantonment sites and people of the vicinity
Project Status/Actual completion Date	ongoing

Outputs/Activities as per approved project document:	Total Project Expected Output (as per the approved project document)	This Reporting Period Only (Progress during this reporting period)		Accumulated (Progress as of 15 Jan 2009)		Remarks
		Target	Actual	Target	Actual	
Treatment and referral of health care services (Approx no)	1,200		431		431	
Medical checkup of combatants	150,000		35,828		35,828	
Medical checkup of local people of cantonment area (Approx)	175,000		27,352		27,352	
<b>Total</b>	<b>326,200</b>		<b>63,611</b>		<b>63,611</b>	
Other NPTF Projects contributing toward the same objectives						
Non NPTF Projects contributing toward the same objectives						

<b>Implementation:</b>							
If all or part of project subcontracted, Name of the subcontractor		None					
Procedures for procurement of goods and services (including subcontracting):							
1) Were the bids announced, if yes, when and where?		As per Government's Rules and Regulations					
2) Procedure for bidding (how bids were submitted/ opened)		No bids, direct purchase as decided by local management committee, which also consists Maoists					
3) Selection process (how and who selected the bids)							
4) Inventory of supplies in/out, condition of items, and current locations been recorded?		In- DHOs and Out -cantonments - Recorded.					
5) Has the project been internally monitored?		Monitored by MoHP and DPHOs/ DHOs					
<b>Financial Reporting:</b>							
Total Project Budget for the entire project		NPR. 59,558,200					
Total Approved NPTF Budget		NPR. 59,558,200					
Total Cost Sharing and source of fund		NPR Source:					
Total Budget Released to Implementing Agency		NPR. 59,558,200 (Fund released to MoHP, DoHS, and DHOs is attached)					
Total Expenditure as of 15/01/2009		NA					
Total Budget Available as of 15/01/2009		Cash(NPR): NA Bank(NPR): NA					
Account Number and Name of the Bank		Nepal Rastra Bank; Rastriya Banijya Bank; Nepal Bank Limited of all cantonments					
<b>Detailed Expenditure Report (all in NPR)</b>		<b>Expenditure this 4 months (16/09/08 - 15/01/09)</b>		<b>Total Expenditure as of 15/01/2009</b>		<b>Balance Available</b>	<b>Remarks</b>
<b>Budget Code - Budget Description</b>		<b>Approved</b>	<b>Actual</b>	<b>Approved</b>	<b>Actual</b>		
<b>1. Personnel</b>							
1.1 Staff: (Unit Cost X Number of Unit)							
1.2 Consultants: (Unit Cost X Number of Unit)							
<b>2. Contracts</b>							
2.1 Companies:(Unit Cost X Number of Unit)							
2.2 Professional services: (Unit Cost X Number of Unit)							

2.3 Grants: (Unit Cost X Number of Unit)						
<b>3. Training</b>						
3.1 (Per Person X Number of Persons)						
<b>4. Transport</b>						
<b>5. Supplies and commodities</b>						
5.1 (Unit Cost X Number of Unit)						
<b>6. Equipment</b>						
<b>7. Travel</b>						
7.1 (Cost of Each Trip X Number of Trips)						
<b>8. Miscellaneous</b>						
8.1 Administration Expenses						
8.2 Referral Cases						
<b>9. Management costs of Implementing Agency</b>						
Total	NA	NA	NA	NA	NA	Fund was released to all DHOs on around first week of January, 2009

Prepared by, Name/Designation:

Approved by, Name/Designation:

Signature/Date:

Signature/Date:

**The details of Fund released to the respective offices**

<b>SN</b>	<b>Office</b>	<b>Amount (NPR)</b>	<b>Remarks</b>
1	DHO, Jhapa	6,124,000	The fund was released by the MoHP on around first week of January, 2009.
2	DHO, Sindhuli	5,952,400	
3	DHO, Chitwan	5,952,400	
4	DHO, Nawalparasi	6,124,000	
5	DHO, Dang	6,304,000	
6	DHO, Surkhet	6,124,000	
7	DHO, Kailai	5,952,400	
8	MoHP	525,000	Around NPR 60,000 is spent so far
9	DoHS	16,500,000	Due payment to the hospitals of NPR 1,500,000 paid. The balance is reserved for referral cases.
		59,558,200	

### Annex 3: Progress Report

Project Number and Title:	B1- Special Program for Relief and Rehabilitation of IDPs
Project Coverage Area:	73 districts excluding Manag and Mustang
Executing Agency:	Ministry of Peace and Reconstruction
Implementing Unit:	District Administration Offices (DAOs) of different districts
Project Manager	Name Durga Nidhi Sharma Title Joint Secretary Tel. No. 4211184 email address Project Implementers: Chief District Officers of all 73 districts
Data provided by:	Name Shiva Kumar Karki Title: Section Officer Tel. No: 4211550 email address
Project Starting Date (Approved)	9/6/2007
Project Starting Date (Actual)	9/21/2007
Project Completion Date (Approved):	
Last Project Revision Date, if any:	-
Project Beneficiaries:	Internally Displaced Persons
Project Status/Actual completion Date:	Ongoing

Outputs/Activities as per approved project document:	Total Project Expected Output (as per the approved project document)	This Reporting Period Only (Progress during this period)		Accumulated (Progress as of 12 Feb 2009)		Remarks
		Target	Actual	Target	Actual	
<b>1. Relief and Rehabilitation Assistance to IDPs</b>						
1.1 Transportation cost: actual expenses but an advance of Rs. 300- 1,000/ person- lumpsum (person)	50,000	5,000	2,927	45,000	19,559	report received from the districts without periodic breakdowns
1.2 Subsistence: Rs. 60/ person/ day for 4 months (persons)	50,000	5,000	3,137	45,000	15,998	report received from the districts without periodic breakdowns
1.3 Reconstruction of destroyed house : Rs.20,000/ household- lumpsum (household)			35		250	
1.4 House repair : Rs. 7,500 for repair/ household - lumpsum (household)	10,000	1,000	234	8,000	1,216	
1.5 Education: Rs 2,400/ child below 16 years/ lumpsum (person)	10,000		460	8,000	3,316	
1.6 Incidental: Rs. 500/ person - lumpsum (person)			2,411		15,245	

1.7 Loan for agriculture inputs and equipments: 5 year's interest free loan of Rs. 20,000/ household - lumpsum (household)						
2. Establishment of IDP units in 73 districts			x		x	
3. MoPR capacity Building- Computer and Printer(Unit)	14		x		x	
Other NPTF Projects contributing toward the same objectives:						
Non NPTF Projects contributing toward the same objectives:						
<b>Implementation:</b>						
If all or part of project subcontracted, Name of the subcontractor						
Procedures for procurement of goods and services (including subcontracting):						
1) were the bids announced, if yes, when and where?						
2) procedure for bidding (how bids were submitted/ opened)						
3) selection process (how/ who selected the bids)						
4) inventory of supplies in/out, condition of items, and current locations been recorded?						
5) Has the project been internally monitored?	Yes, relief distribution in 22 districts has been monitored and supervision of works are also continuously followed up. An internal monitoring team is constituted under the coordination of the Joint Secretary of MoPR.					
<b>Financial Reporting:</b>						
Total Project Budget for the entire project:	NPR 371,600,000					
Total Approved NPTF Budget:	NPR 371,600,000					
Total Cost Sharing and source of fund:	NPR Source:					
Total Budget Released to Implementing Agency:	NPR 370,000,000 is released to MOPR, out of which Rs. 246,280,780 is forwarded to the DAOs					
Total expenditure as of 12/02/2009	NPR 155,472,879 ( details attached)					
Total Budget Available as of 12/02 /2009	Cash (NPR): 90,807,901 in the DAO's Banks and NPR 123,719,220 with the MOPR					
Account Number and Name of the Bank:	MoPR's Account No. 110726, Nepal Rastra Bank; and different banks at different districts					
<b>Detailed Expenditure Report (all in NPR)</b>	<b>Expenditure this 4 months</b> (16/09/08 - 12/02/09)		<b>Total Expenditure</b> as of 12/02/2009		<b>Balance Available</b>	<b>Remarks</b>
<b>Budget Code - Budget Description</b>	<b>Approved</b>	<b>Actual</b>	<b>Approved</b>	<b>Actual</b>		
<b>1. Personnel</b>						
<b>2. Contracts</b>						

<b>3. Training</b>						
3.1 (Per Person X Number of Persons) lump sum			4,000,000			Training Packages are under preparation
<b>4. Transport</b>						
<b>5. Supplies and commodities</b>						
5.1 Computer and Printer			8,700,000			not yet purchased
5.2 Furniture			2,000,000			not yet purchased
<b>6. Equipments</b>						
<b>7. Travel</b>						
7.1 (Cost of Each trip X Number of Trip) lump sum			3,500,000			
<b>8. Miscellaneous</b>			4,000,000			
Distribution of Relief Packages to the IDPs	99,851,491	9,043,590	246,280,780	154,408,160	90,807,901	The expenditure refers to only NPR 246,280,780 which was disbursed by MoPR to 73 districts for distribution.
					123,719,220	Retained at the MoPR
<b>9. Management costs of Implementing Agency</b>			4,000,000	1,064,719		Will be spent as per the need.
<b>Total:</b>	99,851,491	9,043,590	272,480,780	155,472,879	214,527,121	

N.B:

(i) The IDPs are primarily identified by a local committee in the district and finally ratified by a task force at the central level.

(ii) Out of 73 districts only 54 have reported the progress.

**Package A:** The advance amount for transportation; and incidental expenses (Rs. 500) are provided to the IDPs at their present location of temporary stay.

**Package B:** Subsistence allowance; educational support; and assistance for repair or reconstruction of the houses of the IDPs are extended only at the IDP's district of origin

**Package C:** The interest free loan for 5 years for agriculture inputs and equipments will be provided through commercial Banks. MoPR has already initiated the process, but the actual implementation of it is yet to begin.

Prepared by,

Date:

Approved by,

Date:

## Peace Fund Minutes of the Steering Committee

The fourth meeting of the Steering Committee was held in the Ministry of Finance (MoF) at 1400 – 1500 hrs on September 29, 2008. The meeting was chaired by the Honorable, Vice Chairman of the National Planning Commission (NPC), Dr. Pitamber Sharma, on behalf of the Honorable Finance Minister. The other attendees in the meeting include:

Mr. Umesh Prasad Mainali, Secretary, on behalf of the Chief Secretary	Member
Mr. Madhav Prasad Ghimire, Secretary, MoPR	Member
Mr. Rameshore Prasad Khanal, Secretary, MoF	Member Secretary

*Observers:*

Ms. Bella Bird, Head DFID, Representative Donor Advisory Group (DAG)  
Mr. Robert Piper, UN Humanitarian Coordinator and Residential Coordinator  
Ms. Susan Goldmark, Country Director, World Bank, Nepal  
Mr. David Wood, on behalf of the Personal Representative of the UN Secretary General, UNMIN

*Invitees:*

Mr. Purna Prasad Kadaria, Secretary, Ministry of Physical Planning and Works  
Mr. Sharad Chandra Poudel, Joint Secretary, Election Commission  
Mr. Krishna Gyawali, Joint Secretary, MoF

**Agenda:**     *Attached*

**Discussions:**

1. Hon'ble Vice-chairman of the NPC opened the meeting by welcoming members, observers and other invitees.
2. The Programme Management Officer (PMO) of the Peace Fund, Dr. Pradip P. Upadhyay presented an overview of the progresses made by the NPTF since the third meeting of the Steering Committee, which was held on March 19, 2008. The presentation included the followings:
  - The following projects, which were approved by the third meeting of the Steering Committee, are completed:
    - *Fulfillment of Basic Needs of the Combatants*
    - *Cantonment Health Management (NRs 53.35m)*
    - *Emergency Health Management (NRs 3.50m)*
    - *Voter Education for the Constituent Assembly Election, Phase II (NRs 219.21m)*
    - *Capacity Development of Election Officials - Phase I (NRs 118.86m) and Phase II (NRs 241.87m)*
    - *Deployment of Polling Officials (NRs 1,250.81m)*
  - NPTF is brought on budget in the last fiscal year (FY 2007/08),

- District Treasury Office, Kathmandu has nearly completed internal audit of all earlier projects financed by the NPTF,
  - The working team on future scope and Needs Assessment of NPTF has submitted its final report,
  - The Technical Committee/ Cantonment Management Cluster have reviewed and recommended the proposal on 'Cantonment Health Management Project Phase II' for approval by the Steering Committee,
  - The Cluster on Internally Displaced Persons has produced seventh draft of its guidelines and also the estimated budget for all of its proposed activities; while other two clusters namely Cantonment Management and Support to Peace Process, have only produced second draft of their guidelines,
  - The third four monthly progress report of NPTF, covering Jan 15 – May 15, 2008, has been produced. Similarly, the four monthly Income and Expenditure status is also published in the newspapers on September 23, 2008.
  - Two meetings of the Government (GoN)/ DAG and three meetings of the Focal Points were held in the MoF, and
  - The current status of Income and Expenditure and also the budget allocated for NPTF for FY 2008/09 were also presented.
3. The PMO also presented a synopsis of the analysis done by the working team on its report on NPTF's Needs Assessment. He highlighted the summary of major recommendations made on the report as follows:
- The NPTF should include new areas of mine actions, future elections, public infrastructure building, support to conflict affected victims, and also its overall duration should be extended to at least additional three years,
  - Harmonization of donor funds in peace related programmes should be steered through the NPTF.
  - The structure of the Steering Committee should be revised and the PFS should also be relocated to MoPR. The Peace Fund Operation (Proceedings) Rules, 2007 should also be amended accordingly,
  - On-budget procedure, internal and final audit should also be strictly followed;
  - The Three Year Interim Plan, Nepal Development Forum and the NPTF should continue focusing on the peace agenda.
  - Comprehensive assessments of the peace process have to be carried out periodically.
  - The requirement of fund for the NPTF is estimated to be around US\$ 795.2 million.
4. The Convener of the Technical Committee and also the Secretary in the MoPR, Mr. Ghimire presented and also clarified the observations made by Ms. Bird of DFID on MoHP's project proposal on "Cantonment Health Management Programme Phase II". The project aims to provide basic health care facilities and required medicinal support in the cantonment including free medical checkups, treatment, management of

referrals to higher hospitals for the needy patient combatants, free medical check-up facilities for the local people in the vicinity, and also the availability of required medical professionals in the main and satellite cantonments. The overall estimated cost of the project is around NRs 59,558,200.

5. Ms. Bella Bird, Head DFID, representing the DAG, shared her experiences from the visit to some cantonments, on the existing poor health facilities despite funds made available for such purposes through the earlier project. Having few more measurable outputs would enable better monitoring and evaluation of the implementation of the proposed second phase project. She informed that the comment of donors on the Needs Assessment Report will be made available soon and also that the future commitments of donor funds will be based on effective performance of the NPTF.

**Decisions:**

1. The proposed project on 'Cantonment Health Management Programme Phase II' is approved to be financed through the NPTF resources.
2. The recommendations of the report on the 'NPTF Needs Assessment' will be further consolidated after receiving observations of the Peace Fund partners and will be carried forward accordingly.

Hon'ble Dr. Sharma thanked all participants for their active participation and deliberations and concluded the meeting.

Record of Discussion

**Nepal Peace Trust Fund  
Government – DAG Meeting**

The fourth joint meeting of the Government of Nepal (GoN) and the Donor Advisory Group (DAG) was held in the Ministry of Finance on 01 December 2008.

**Attendees**

Mr. Madhav Prasad Ghimire, Secretary, Ministry of Peace and Reconstruction  
Mr. Madhu Prasad Regmi, Joint Secretary, MoPR  
Mr. Chandra Kumar Subedi, Engineer, Department of Roads  
Mr. Madhuvilas Pandit, Under Secretary, Ministry of Health and Population  
Mr. Siddhi Ratna Shakya, Engineer, Department of Urban Development and Building Construction  
Ms. Bella Bird, Head, DFID, Nepal  
Mr. Robert Piper, UN Resident Coordinator  
Mr. Jean-Marc Clavel, Chief of Office, SDC  
Dr. Petri Hautaniemi, Counsellor (Development), Embassy of Finland  
Ms. Camilla Rossaak, Counsellor, Royal Norwegian Embassy  
Mr. Dag Nagoda, Second Secretary, Royal Norwegian Embassy  
Mr. Chris Touwaide, European Commission Delegation  
Mr. Bernd Kruger, First Secretary (Development Cooperation), Embassy of Federal Republic of Germany  
Mr. Sean Deely, Head, Peace Building and Recovery, UNDP  
Mr. Simon Arthy, Peace Building Advisor, DFID  
Ms. Juliet Wattebot O'brien, Peace Building Adviser, DFID  
Mr. David Wood, UNMIN  
Ms. Tina Pihl, Coordination Officer, UNMIN

**NPTF Officials**

Mr. Shaligram Sharma, Programme Management Officer (PMO)  
Mr. Shiva Karki, Administrative Officer  
Mr. Sayed Sahibzada, Technical Advisor, Nepal Peace Trust Fund (NPTF)  
Mr. Dipendra P Dhakal, Technical Advisor, NPTF

**Agenda**

- Status of the NPTF
- Review of the progress on the Action Plan
- New Peace Fund Rule and related developments
- Overview of the report on the Needs Assessment of the NPTF
- Way forward
- Any other business

The following documents were made available to the participants in the meeting:

- Funding Scenario of the Peace Fund (as of 30 Nov, 2008),
- Highlights of the Major Activities (since the 3rd meeting of the GoN-DAG on 11 Jun 08)
- Highlights of the Peace Fund Rules, 2065 (2008)
- Peace Fund (Operation) Rules, 2065 (2008)
- Progress Review of the Action Plan (as of Dec 01, 2008)
- A copy of the response being sent by the MoPR addressing the critical issues raised by the DAG.

## Discussions

The Secretary of the MoPR, Mr. Ghimire, welcomed the participants and also introduced the agenda of the meeting. At the outset, he briefly highlighted the contributions made by the NPTF in expediting the peace process in the country. The Fund has created an exemplary participatory forum of the Government and partners to discuss and decide on taking up appropriate strategies as well as identifying and financing those projects which contribute to the peace building process. There are a few successful projects like supporting the election of the Constituent Assembly, the most critical areas of management of cantonments and combatants, the management of the internally displaced persons (IDPs), etc. Mr. Ghimire cited that the Secretariat of the Fund has moved from the Ministry of Finance to this Ministry and he looks forward to the increased involvement and support of the partners to build on earlier successes as well as cleaning the past with regard to the pending issues and shortcomings. He also assured the partners that the MoPR is committed to perform substantially in attaining the objectives of the NPTF.

The PMO, Mr. Sharma, presented an overview of the progress made by NPTF since the last meeting of the GoN and the DAG on June 11, 2008. (the copy of the presentation is annexed). The major points highlighted by him include,

- Approval of a new project on 'Cantonment Health Management Project Phase II (CHMP II)' by the Steering Committee, upon the recommendation of the Technical Committee and also the detailed evaluation of the proposal by the Cantonment Management Cluster,
- Preparation of the draft final guideline by the IDP cluster, and the only remaining task of estimating the budget for the proposed activities in the guidelines of the other two clusters (the Support to Peace and the Cantonment Management),
- The recommendation on a new fund flow mechanism for the NPTF by a joint team constituted by the NPTF and adopted by the GoN,
- NPTF, on the budget of FY09 and provisions made within under the headings of the MoPR (GoN: NPR 2.50 billion and Donors: NPR 2.54 billion),
- Major highlights of the new Peace Fund Rule,
- Production of the fourth progress report of the projects financed by the NPTF, as well as publishing of the NPTF income and expenditure status of the Fund in the newspapers,
- Completion of the internal audit of all projects, as well as the final audit by the Office of the Auditor General (OAG),
- Out of a total of 18 Projects (including 5 sub-projects) financed by the NPTF so far, 15 are already completed (7 projects during Jun – Nov 08). Two of the remaining are of ongoing nature (IDP management, and Basic needs of the Combatants), and CHMP II is recently approved,
- An additional contribution of NPR 497.20 million was received from the GoN during Jun-Nov 08,
- Implementation of the Action Plan was found to be satisfactory and the Report on the Needs Assessment of the NPTF is being reviewed.

Picking up from the presentation, Secretary, Mr Ghimire, elaborated that,

- Most of the benchmarks of the Action Plan have been achieved or are at advanced stages except the ones that are of continuing nature,
- The Secretariat had responded to the preliminary findings of the final audit on the projects implemented during FY 07 and the final audit findings are incorporated in the annual report of the Auditor General, which is recently tabled in the Legislative Parliament. A copy of it will be made available to the DAG as it becomes accessible,
- GoN has approved 12 staff positions (including Director) for the NPTF. They will be filled soon. However, a Director, PMO, and Administrative Officer have already been assigned. A proposal for the strengthening of the Secretariat is also under review in the Ministry. MoPR seeks the support of the friendly donors to strengthen the Secretariat, which will be essential for taking care of all issues and also improve the performance of the Fund in coming days. If agreed, this Secretariat may also avail services to the UN Peace Fund,
- MoPR wishes to carry out the M&E visit to the project sites by joint teams of the GoN and the DAG, preferably within 2-3 weeks,
- MoPR is in favor of harmonizing the donor funds, which are made available in the peace related projects and activities in the country,
- A small team of the GoN and the DAG should also be constituted to draft an Immediate Action Plan (IAP) for the next 6-12 months, based on the findings and also the areas overlooked by the report on the Needs Assessment such as the Constitution making process, and other aspects related to the Constituent Assembly and the parliamentarians,
- The amount deposited in the central treasury for the purposes of the NPTF does not freeze at the end of the financial year. Likewise, the deposited amount cannot be spent for any purpose other than that decided by the Board (Steering Committee). Therefore, MoPR would like to humbly request the partners, following the spirit of the Joint Financing Agreement, to deposit their contributions in the central treasury, so as to avoid the complexities arising out of the fund transactions within the respective financial years at both ends,
- At later stages of the successful operation of the NPTF, the options of upgrading the role of the Board to deal with overall policy, strategy, programmes, guidelines, etc and conferring executive responsibilities to a functional board of the Secretaries, partners, and experts could also be considered. Likewise, NPTF may also be promoted as a flexible platform supporting the emerging needs of the peace by avoiding concentration on its decisions based on project by project basis upon reviewing proposals and their funding.
- Among others, the new Peace Fund Rule has also added provisions of non- governmental members in the Technical Committees, establishment and functions of the sectoral working groups (clusters), possible role of High Level Peace Commission in the operation of the NPTF.

Ms. Bird, DFID, appreciated the MoPR for its promptness in taking up the operation of the NPTF and also trying to take immediate actions on the pending issues. The partners have been strong supporters in advancing the peace process of Nepal and therefore NPTF remains as a preferred operation to contribute towards this noble objective. She emphasized on maintaining minimum standards of implementation including accountability and transparency in action to attract the interest of partners in mobilizing more funds to the NPTF. It is an opportune time to revisit the current Action Plan as it was produced almost a year ago. Hence, she supported the Secretary's idea to constitute a joint committee of the Secretariat and the DAG to develop an IAP for a period of 6-12 months. The team should take the reference of the Report on the Needs Assessment of the NPTF, which is presently under review within the GoN as well as donor community. She also suggested that the IAP should not only serve as the guideline for taking up projects and activities but also as a basis for monitoring in the coming days. The team should also advise on the conditions for disbursements, which will build up confidence among the donors to disburse funds.

As the M&E visit to the projects could not be materialized for obvious reasons, Ms. Bird preferred to send around two joint teams of GoN and donors to the project sites in 2-3 weeks as suggested. In addition, all of the members of the DAG have been favoring the inclusiveness of major political parties in the operation of the NPTF since its beginning and it had also been arranged accordingly. Therefore, she requested the GoN to pursue this matter with preference; however the flexibility on its terms could be mutually shared as required.

Mr. Piper, UN, opined that the exercise related with the needs assessment of the NPTF has attempted to widen the scope of the Fund. It would help in guiding the operation of the NPTF to focus on results and also to manage future investments in the required projects and activities. The implementing agencies may be attracted to bring forward newer programmes that are overlooked by the Fund so far. Therefore he also shared that the suggestion towards constituting a joint team to develop IAP for the next 6-12 months will be a pragmatic approach to move ahead as well as leading the process effectively. Though having advantages of its own, the complexities of the operation of NPTF are also obvious due to the composition of the Board, which consists of political personalities, civil service, donors, etc. Thus it would be a good idea to have increased concentration of the Board on the policy directive and similar activities than getting engaged with the approval of individual projects and its budgets, etc. He was also supportive in developing and agreeing on a model of harmonizing activities of NPTF and UN Peace Fund (UNPF) and entrusting the lead role of the GoN, along with the technical supports as needed.

Mr. Nagoda, Norway, was interested to know more about the role of political parties and their participation in the Board.

Mr. Clavel, SDC, was of the opinion that the official invitation by the GoN to the opposition party to send a representative to the Board should be enough for proceeding with the activities of the Board. He welcomed the idea of constituting a joint team to develop the IAP for the next 6-12 months and also stated that SDC would be willing to help in this initiative. Recalling his observation made during the meeting on draft Peace Fund Rule held in the MoPR on October 24<sup>th</sup>, he reiterated that the implementing agency themselves should be capable to carry out M&E and therefore the Board should be careful while selecting an agency to implement projects financed by the NPTF.

It was a first meeting for Mr. Kruger, Germany, and he was curious to know about the involvement of DAG at different levels, e.g. Board, Technical Committee, and he also wanted to have clarification on who or what type of agencies are eligible to submit proposals.

'Mr Arthy, DFID, said that donors had renewed confidence in the secretariat to improve fund management in the future and were committed to financially supporting the fund. However, for those donors who need to disburse funds this week (before the end of their financial years) or lose them, it was difficult to justify to their own headquarters making those disbursements now, given the fact that; the audit report has not been received; the secretariat barely exists (due to it being in transition), and; M&E visits are still yet to have commenced. However, no one wants to lose the funds at stake (around \$8m), so relevant donors and MoPR had been discussing how to find a way forwards. It would likely involve donors making disbursements now, but with an agreement that the funds would not be used for project implementation before certain actions were achieved (for example, audit received, secretariat fully functioning, priorities for support set...). He welcomed the idea of a smaller team setting priorities for the coming 6-12 months for the fund to support. He also enquired about the status of projects in the pipeline, in particular related to cantonment support.'

Dr. Hautaniemi, Finland, said that the preparation of an IAP will be a right step forward. The disbursement of committed amount was delayed for some unavoidable circumstances, but it is ready to be disbursed soon. He also mentioned that the audit reports remain important for the Finnish assistance.

Ms. Rossaak, Norway, supported that the GoN should bring forward initiatives to appropriately address the issues of the transparency in operation, inclusiveness in decision making, and preparation of the IAP. The harmonization of donor funds including NPTF, UNPF, and Emergency Peace Support Project will

also be a welcoming step, which will contribute in avoiding duplication in actions and also reducing the transaction costs.

Secretary, Mr Ghimire responded the queries made during the discussions. As the NPTF has been an effective instrument in the areas of peace building from the beginning, Secretary Mr. Ghimire urged all the development partners to disburse the resources to NPTF in the spirit of the JFA. In view of the urgency of supporting peace process including Constitution making process, he also reiterated the need for increased support of donors in the coming days to steer the functions of the NPTF and develop it as a central body to coordinate and also effectively harmonize all donor supported funds in the sector. The issue of inclusiveness has been taken with preference by the Ministry and the progress will be shared with the partners in due course,

The Secretary mentioned that the clusters will be made effective to support the functions of the Technical Committee. He also proposed to arrange a meeting with DAG representatives to share the overall developments taking place in the areas of peace building in the country, which may not only help NPTF to reevaluate its role but also to identify or improve its contribution in the overall peace perspectives of the nation as required.

### **Conclusions**

- d. A joint team of the GoN and DAG will be sent for the M&E visit to the projects, which are financed by the NPTF.
- e. Further discussions will be continued on specific issues with regards to secure resources within this fiscal year i.e. before December.
- f. A project on the strengthening of the Secretariat will be taken up with high priority and will also be adequately funded by the donor.
- g. A joint team of the GoN and the DAG will be assigned to develop an IAP for the next 6-12 months for the NPTF, based on the overall progress of the existing Action Plan and recommendations of the Needs Assessment of the NPTF report as appropriate.
- h. Government will make all efforts to appropriately address all remaining issues & keep updating DAG accordingly and the development partners will disburse resources to NPTF to help the crucial needs of the peace process.

Secretary, Mr. Ghimire, thanked all of the development partners for their active and thoughtful deliberations.