

ANNUAL REPORT
2006



supporting progress through equality



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An entrepreneur preparing Nepali paper (lokta). She has been supported by the Micro-enterprise Development Programme.



THE UNITED NATIONS DEVELOPMENT PROGRAMME

The United Nations Development Programme (UNDP) is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. It is on the ground in 166 countries, working with them on their own solutions to global and national development challenges. As they develop local capacity, they draw on the people of UNDP and its wide range of partners.

World leaders have pledged to achieve the Millennium Development Goals, including the overarching goal of reducing poverty in half by 2015. UNDP's network links and coordinates global and national efforts to reach these Goals. UNDP focuses on helping countries to build and share solutions to the challenges of Democratic Governance, Poverty Reduction, Crisis Prevention and Recovery, Energy and Environment and HIV/AIDS.

UNDP helps developing countries attract and use aid effectively. In all its activities, it encourages the protection of human rights and the empowerment of women.

UNDP in Nepal

Since 1963 UNDP has worked with the Government and people of Nepal to reduce poverty. The organization's current programme of assistance is detailed in the *Country Cooperation Framework* (2002-2007) and focuses on the following:

- Pro-poor policies
- Democratic governance
- Energy and environment
- The advancement of women
- Slowing the spread of HIV/AIDS
- Crisis prevention and recovery

Foreword

I am pleased to present the second Annual Progress Report of UNDP which informs our partners about UNDP's work in the country.

2006 was a year of major transition for the UNDP Programme due to the changed political context. UNDP focused its efforts on reorienting its programme to meet current needs and strengthened its operational capacity to assist with post-conflict recovery and peace building initiatives. Additionally, UNDP continued to work with communities and grassroots organizations throughout 2006, including during the conflict period, delivering in all US\$ 20 million worth of development assistance to 70 districts targeting the poor and disadvantaged groups.

With the onset of the peace process and establishment of the UN Mission in Nepal (UNMIN), UNDP moved quickly to support the process in the areas of constitution building, registration of arms and armies in the cantonments and establishment of Government and UN trust funds. UNDP carried out these activities in direct support of UNMIN's mandate and donor requests.

As UNDP's existing Programme will be ending in December 2007, some projects came to a natural closure in 2006 and others were

extended by a year (through 2007) to match the extended programme cycle (2002-2007), the details of which you will see in each chapter. In 2006, we also conducted a number of evaluations whose results and recommendations will be used as critical inputs to the formulation of the next programme of assistance (2008-2010) to Nepal under preparation now. The findings of these evaluations reconfirmed our programme relevance and results in empowering women and reaching the marginalized sectors of society. Gender equity and social inclusion as well as assistance to consolidating the peace process will continue to be a key focus of the UNDP programme in the future.

I would also like to take this opportunity and thank all our donor and implementing partners as well as other stakeholders for their support and involvement in producing the development results highlighted in this report. We look forward to continuing this partnership in our next Programme cycle which begins in 2008.

We will continue to evaluate the effectiveness of our work to ensure that our programme addresses the needs of the poor and excluded sections of society. In the meantime, I hope that you find this report useful and I welcome your comments.


Matthew Kahane
UNDP Resident Representative, Nepal

Acronyms

A2J	Enhancing Access to Justice... project
AIDS	acquired immunodeficiency syndrome
BCPR	Bureau of Crisis Prevention and Recovery (UNDP)
CBO	community based organisation
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
COPE	Community Owned Primary Education
CPN (Maoist)	Communist Party of Nepal (Maoist)
DDC	district development committee
DFDP	Decentralized Financing and Development Programme
DG-TTF	Democratic Governance Thematic Trust Fund (UNDP)
DLGSP	Decentralized Local Governance Support Programme
DRR	Disaster Risk Reduction at the National Level in Nepal
EC	European Community
ENTRC	Enhancing Nepal's Trade Related Capacity
GDR-TTF	Gender Thematic Trust Fund (UNDP)
GEF	Global Environment Facility
GoN	Government of Nepal
GTZ	German Technical Cooperation
HIV	human immunodeficiency virus
ITF	Integrated Framework Trust Fund (UNDP)
IUCN	World Conservation Union
KMTNC	King Mahendra Trust for Nature Conservation (renamed National Trust for Nature Conservation in 2006)
MDG	Millennium Development Goals
MDGI	MDG Initiative (UNDP)
MEDEP	Micro-enterprise Development Programme
MGEP	Mainstreaming Gender Equity Programme
MoCTCA	Ministry of Culture, Tourism, and Civil Aviation
MoEST	Ministry of Environment, Science, and Technology
MoF	Ministry of Finance
MoFSC	Ministry of Forests and Soil Conservation
MoICS	Ministry of Industry, Commerce and Supplies
MoLD	Ministry of Local Development
MoWCSW	Ministry of Women, Children and Social Welfare
NCNSAGE	National Capacity Needs Self Assessment for Global Environment
NHRC	National Human Rights Commission
NPC	National Planning Commission
NTNC	National Trust for Nature Conservation (previously KMTNC)
PCP	Participatory Conservation Programme
PPPUE	Public-Private Partnership for Urban Environment
REDP	Rural Energy Development Programme
Roj	Reform of the Judiciary
RUPP	Rural Urban Partnership Programme
SAM & NEX	Strengthening Aid Management and National Execution
SCBP	Support to Constitution Building Process in Nepal
SDC	Swiss Agency for Development and Cooperation
SPDI	Support for Peace and Development Initiatives
TRPAP	Tourism for Rural Poverty Alleviation Programme
UMBCP	Upper Mustang Biodiversity Conservation Project
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNFIP	United Nations Fund for International Partnership
UNMIN	United Nations Mission to Nepal
UNOPS	United Nations Office for Project Services
VDC	village development committee
WFP	World Food Programme

February 2007 exchange rate of \$1: 70.5 Nepali rupees used in this report.

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1 Overview 2006

A challenging working environment

The major political developments meant that 2006 was a year of transition both for Nepal and for UNDP's country programme. Over the first few months our programme focussed on keeping working to alleviate poverty and deliver basic services amidst a worsening security situation and the absence of national and local elected government. The year ended with a permanent ceasefire and a promising environment for fundamental reforms to benefit Nepal's millions of poor and excluded people.

The conflict continued to hinder the implementation of the programme in the first four months of 2006, and to a lesser extent over the rest of the year as repercussions of the conflict saw many strikes, transport blockades, and continuing political uncertainty. The difficult security situation led to delays and the cancellation of some field activities. For example, the Rural Energy Development Programme (REDP) installed fewer micro-hydro plants than planned because of transport difficulties and restrictions on movement, whilst security concerns made it difficult for the Decentralised Local Governance Support Programme (DLGSP) to monitor and plan community level activities. The conflict also undermined several projects' achievements. The fewer tourists visiting Nepal hindered the success of the Tourism for Rural Poverty Alleviation Programme (TRPAP) to reduce poverty whilst the difficulties of doing business prevented some Micro-enterprise Development Programme (MEDEP) supported enterprises from growing as expected.

The absence of elected local government continued to hinder efforts to promote local ownership of development interventions and made it difficult to build up the capacity of local government. This undermined several projects' efforts to build up district level capacity for promoting sustainable

livelihoods and meant that participatory planning was often neglected by local authorities. The February 2006 municipal elections and measures introduced by the Royal regime further reduced accountability, participation and transparency at the local government level.

A successful and relevant programme

In spite of the political upheavals and the difficult working environment our country programme remained effective and relevant throughout 2006 as:

- many of our projects continued to directly address the root causes of the discontent and poverty that led to the conflict – in particular gender and social exclusion — thus maintaining support from both parties to the conflict;
- our neutral position in the conflict meant that the projects were mostly able to continue in the many rural areas where the Communist Party of Nepal (Maoist) had a heavy presence and government agencies were unable to reach;
- we directed much of our support through community organisations in the absence of local government;
- we promoted public hearings and public audits to hold appointed local government officials more accountable;
- we began to directly execute some of our community development projects in western Nepal; and
- we trained project staff and NGO partners on conflict-sensitive working and on implementing the Basic Operating Guidelines for working amidst conflict. We also provided extensive backup to safeguard the security of project personnel.

These factors, and the more favourable working environment in the second half of 2006, allowed us to increase our programme expenditure by 21% in 2006

In all we spent \$20.3 million in 2006 across the nine thematic areas described in this report with the most going to improve access to basic services (34%), the HIV/AIDS response (22%), and to building sustainable livelihoods (13%).

compared to 2005. In all we spent \$20.3 million in 2006 across the nine thematic areas described in this report with the most going to improve access to basic services (34%), the HIV/AIDS response (22%), and to building sustainable livelihoods (13%) (see Chart 1—note that the breakdown in Chart 1 is given according to each project's *main* thematic area of support).

Many projects also support important cross-cutting themes — most notably gender equity and post-conflict recovery. Much of our support for livelihoods and basic services is promoting conflict recovery.

Further information on programme expenditure, sources of funding, the achievement of expenditure targets, and the amount allocated to on-going projects is given in Chapter 11.

In all, 31 projects were on-going in 2006 (see Annex 1). In 2006 major new projects were launched on constitution building (SCBP), enhancing Nepal's trade capacity (ENTRC), strengthening Nepal's ability to implement major environmental conventions (NCNSAGE) and on reducing disaster risks at the national level (DRR). Eight projects came to an end in 2006 including three large environmental projects: the Upper Mustang Biodiversity Conservation Project (UMBCP), the Tiger Rhino Conservation Project (TRCP) and the Participatory Conservation Project (PCP).

In 2006 we carried out major evaluations of eight projects (MEDEP, DLGSP, UMBCP, SAM & NEX, TRPAP, PCP, DFDP AND REDP). The findings have helped increase the impact of on-going projects and identify

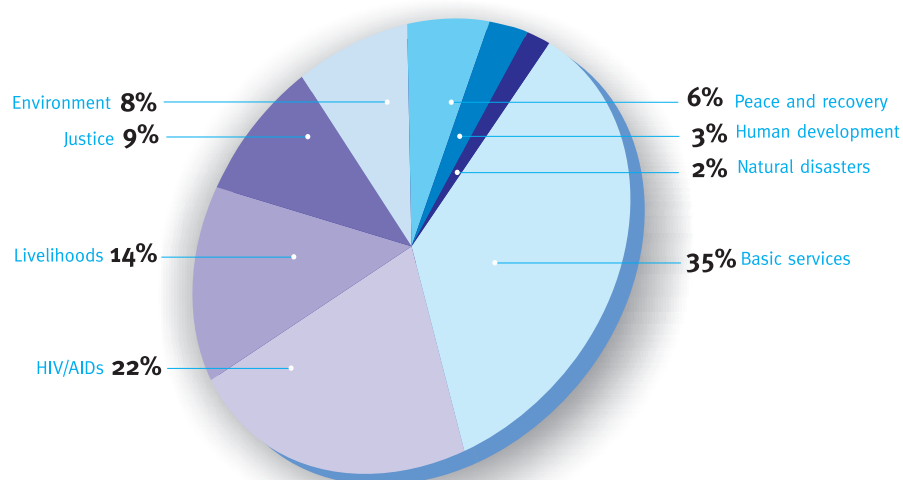


Chart 1: Programme Expenditure in 2006 by Thematic Area

the most promising subject areas for UNDP to work on and approaches to use in the future.

Gearing up for post-conflict assistance

Soon after the parliament was reinstated and ceasefires were called in April/May 2006, UNDP headquarters deployed a scoping mission to help the Nepal Country Office decide how to respond to the rapidly evolving situation. The mission's recommendations led to us setting up a Peace Building and Recovery Unit staffed initially by a peace and development adviser and subsequently by recovery and election advisers. In July and August the unit, assisted by a disarmament, demobilisation, and reintegration (DDR) expert, conducted a series of information sessions on the DDR prospects in Nepal attended by UN, bilateral donor, and NGO personnel.

It became clear in 2006 that we needed to direct substantial efforts to helping Nepal recover from the damaging effects of the conflict and to build a basis for lasting peace.

The conflict inevitably led us to adapt our working approach to cope with the resulting difficulties. The improved situation since April 2006 has seen us going back to fully focussing on our six core drivers of development assistance (see Box 1). In line with drivers 1 and 2 we reverted to the full national execution of our community-level development projects in western Nepal in early 2007. The reinstatement of parliament in April has seen a number of UNDP-promoted policy and legal reforms going through that have been on hold since the parliament was dissolved in 2003 (see driver 3).

During 2006 and into 2007 we played a central role in producing the UN's second Common Country Assessment (CCA) for Nepal and the subsequent United Nations Development Assistance Framework (UNDAF). The CCA describes Nepal's development situation across the MDGs and other important topics whilst the UNDAF specifies how the UN agencies will support Nepal's development efforts for 2008-2011. The conflict and the political situation meant that the UNDAF is being produced a year later than planned which means that UNDP's new country plan will also be a year late. This delay meant that several of our projects were extended beyond 2006 (Ro), A2], RUPP, and TRPAP) awaiting the production of the new plan.

It became clear in 2006 that we needed to direct substantial efforts to helping Nepal recover from the damaging effects of the conflict and to build a basis for lasting peace. Our important direct contributions to the peace building process are covered in Chapter 2 leading on from the establishment of our Peace Building and Recovery Unit and our Constitutional Advisory Support Unit in 2006. This work has included our support to the constitution building process (SCBP) and to the United Nations Mission in Nepal (UNMIN). 2006 also saw us building up our operational capacity, especially in procurement, in anticipation of the greatly increased support needs in the post-conflict period.

Beyond our direct support for the peace process we are gearing up to build on our extensive experience of increasing access to basic services, building sustainable livelihoods, promoting democratic governance, improving access to justice and building gender equality. This is crucial to help remove the grievances and poverty that led to the conflict in the first place.

Working in partnership

In 2006 we worked with a wide range of government, non-government and donor partners to fund and implement projects. Our close working partnership with the government continued in 2006 with 14 projects implemented by government agencies including the five implemented by the Ministry of Local Development to improve access to basic services (see Chapter 6). Our funding partners are detailed in Chapter 11.

So far we have only had limited engagement with the private sector. In 2006 substantial progress was made on improving this engagement through the UN's Global Compact initiative and negotiations to fund a major power project.

Box 1: UNDP's Six Drivers of Development Effectiveness

1. Developing national capacities
2. Enhancing national ownership
3. Advocating for and fostering an enabling policy environment
4. Seeking South-South solutions
5. Promoting gender equality
6. Forging partnerships for results



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- The Global Compact is a UN initiative to encourage the business community to contribute to UN, Government and civil society efforts to promote sustainable development, especially in the areas of human rights, labour, the environment, and anti-corruption. In 2006 we held several meetings with leading Nepalese businesspersons which led to 13 companies joining the international Global Compact network.
- In 2006 negotiations between UNDP and Himal Power Limited went ahead towards initiating UNDP's first partnership with a private sector organisation in Nepal. The proposed several million dollar project aims to build a hydropower plant on the Khimti river to provide electricity to over 3000 households.

2 Support to Peace Building and Recovery

The events of 2006 saw peace building and post-conflict recovery emerge as a major focus of our work. The first four months saw growing resistance fuelling a broad-based People's Movement that forced King Gyanendra to return power to the political parties in April. The new multiparty government quickly declared a ceasefire, which was reciprocated by the CPN (Maoist). A Comprehensive Peace Agreement was signed by the Seven Party Alliance government and the CPN (Maoist) in November 2006. At the centre of this agreement is a commitment to conduct elections to a constituent assembly which will develop a new constitution for Nepal. A constitution building process that involves all Nepalis is crucial for enhancing reconciliation, strengthening national unity, and sustainably resolving the conflict.

UNDP's response

2006 saw rapid changes in UNDP programming in response to the political developments. Table 1 lists the six

initiatives directly related to peace building and recovery. The establishment of our Peace Building and Recovery Unit is described in Chapter 1. All of our other projects that support community development and improve local services (REDP, MEDEP, TRPAP, COPE, DLGSP, RUPP, DFDP) also made important contributions in 2006 towards building peace and aiding recovery. The achievements of these projects are described in Chapters 6 and 7.

Enhanced UNDP presence in the mid and far-west

A key concern for UNDP during the conflict was to ensure that its interventions continued to be relevant, strategic and responsive to communities' evolving needs. A 2005 review found that the outreach of UNDP'S government-implemented projects — the local governance (DLGSP), micro-enterprise (MEDEP), rural energy (REDP), and community education (COPE) projects — was being seriously limited by Maoist opposition.

TABLE 1: UNDP's 2006 and New 2007 Support for Peace Building and Recovery

Project	Period	Budget (donors)	Main focus/status
Support for Peace and Development Initiatives (SPDI)	Sep 03-May 06	\$3,053,704 (Norway, DFID, Canada, SDC, Denmark, UNDP, GTZ, Finland)	Supported 88 NGOs to implement 102 projects that promoted peace, encouraged respect for human rights, and helped overcome local conflicts. The project successfully opened up the development space in many conflict-affected rural areas where development agencies and the government were finding it difficult to work.
Peace and Development Advisory Support (PDAS)	Jun 05-Dec 07	\$330,050 (BCPR)	On-going advisory support to the government, the political parties, and civil society. Also coordinating UNDP's programming to support the peace process
Implementation Support to Programme Review & Recommendation (ISPRR)	Nov 05-Dec 07	\$1,550,840 (UNDP)	Regional UNDP office set up in Nepalganj that is supporting projects in the far west and mid-west regions
Support to Constitution Building Process in Nepal (SCBP)	Nov 06-Oct 07	\$1,089,726 (DFID, BCPR, SDC, UNDP)	Providing support and advice for the development of a new constitution.
Assistance to the Peace Process	Jan-Dec 07	\$1,233,770 (BCPR, Norway, DFID)	Registered Maoist combatants and their arms, and is improving cantonments and assisting the government to set up its Nepal Peace Trust Fund.

The Constitutional Advisory Support Unit has held a series of national conferences to help people from all walks of life understand the critical issues related to constitution building.

In response UNDP set up a programme office in Nepalganj and district programme offices in Baitadi, Dadeldhura and Pyuthan in October 2005 to make the delivery of aid more effective in the two poorest development regions of the country — the far west and the mid-west. The aim of this new setup was to 1) give UNDP a closer field presence and enhance programme co-ordination; 2) harmonize approaches and deliver common programme elements such as social mobilization and micro-credit in a unified manner; and 3) adopt an implementation modality conducive for working in conflict.

In 2006 this new setup focussed on piloting the direct implementation of community level activities in the above-mentioned projects in DLGSP, MEDEP, REDP, and COPE in Banke, Baitadi, Dadeldhura and Pyuthan districts. This enabled 45% of these projects' community organisations that had been rendered dysfunctional by the conflict to be revived. It helped

re-establish participatory planning that identified 75 new small-scale infrastructure projects. As a result over \$194,000 worth of contracts were signed with community organisations to carry out 67 new irrigation schemes, 47 drinking water schemes, nine school construction and maintenance programmes, and 26 other projects. \$220,000 worth of contracts were signed with district development committees (DDC) and local NGOs to carry out social mobilisation and enterprise training programmes.

Support for Constitution Building

The drafting of a new inclusive constitution is one of the main challenges facing the government. In September 2006 a Constitutional Advisory Support Unit was set up under the guidance of constitutional expert Professor Yash Ghai and the Support to the Constitution Building Process in Nepal project was launched.

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The People's Movement, April 2006



In early 2007 we set up a Peace-building and Recovery Unit to support the government in key areas of the peace process and to undertake a series of programmes under the guidance of the UN Mission in Nepal (UNMIN).



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This unit is providing advice and expert technical support to improve the capacities and readiness of key national actors and the public at large to participate in a successful constitution building process. In its early stages it has supported the international community and civil society to better understand the implications of the interim constitution through timely analysis and regular briefings. The unit has also provided guidance and analysis to politicians on the shape of the interim constitution and the electoral system for the constituent assembly elections. At the same time the unit launched a series of national conferences to help people from all walks of life understand the critical issues related to constitution building. By the end of March 2007, conferences had been held on building an inclusive constitution and on federalism. These brought together people from across the political spectrum to learn, debate, and express their opinions and concerns.

Developments in early 2007

In early 2007 we:

- set up a Peace-building and Recovery Unit to support the government in key areas of the peace process and to undertake a series of programmes under the guidance of UNMIN. The unit's main early achievement has been to provide expertise that allowed UNMIN to complete the registration of Maoist combatants and weapons by 2 March 2007;
- provided technical assistance to the government to set-up a new Nepal Peace Trust Fund. The fund is being administered by the Ministry of Finance and money raised is going to manage the cantonment sites, rehabilitate internally displaced people, stage the constituent assembly elections, and strengthen law and order; and
- completed the design and planning for the 'Public Engagement in Peace and Constitution-Building' project in partnership with the BBC World Service Trust and local radio broadcasters. This project will increase public engagement, particularly of excluded groups, in shaping the new constitution through social mobilisation and radio programming involving UNDP's nationwide network of community organisations.

Meanwhile our livelihoods and basic services projects are helping communities recover from the damaging impacts of the conflict on their livelihoods. In particular, the Micro-enterprise Development Programme is helping the poorest build up their incomes whilst the Decentralized Local Governance Support Programme continues to empower communities.

3 Enabling human development

Since the 1970s there has been a steady decline in poverty in Nepal and large improvements in the levels of human development. The proportion of Nepalis living in poverty dropped from 42% in 1995/96 to 31% in 2003/04. In spite of these gains, poverty alleviation remains the priority concern of Nepal's government as over eight million of its citizens still live in poverty and the gap between the better-off and the poorest is widening. It also remains a key concern as the sustainability of recent improvements is questionable with many of the gains being due to increasing remittance incomes rather than in-country improvements. Economic growth is sluggish and not enough new jobs are being created.

UNDP's response

In recent years, there has been an unfavourable environment for overcoming the longstanding structural barriers to pro-poor economic growth. The conflict had

a large negative impact on the economy, made it difficult for the government to implement its policies, and drew attention and resources away from development. The introduction of progressive reforms and of decentralised local governance have been seriously hindered by the absence of elected local government since 2002, the absence of parliament since 2003 (to April 2006), and the royal takeover of power in 2005.

In spite of these difficulties, in 2006 we continued, in partnership with government agencies, to help bring about an enabling environment for human development by promoting pro-poor policies, by helping build the government's capacity to plan for human development, and by launching a new project to build trading opportunities (see Table 2).

Our main contributions in 2006 have been to 1) support the mainstreaming of the Millennium

Table 2: UNDP's 2006 and New 2007 Support to Enabling Human Development

Project	Period	Budget (donors)	Main focus/status
Strengthening Aid Management and National Execution (SAM & NEX)	Aug 03-Dec 06	\$766,042 (UNDP)	Made a limited impact on improving national capacities to manage and coordinate aid.
Operationalisation of the MDGs in Nepal	Jul 04-Dec 06	\$630,338 (UNDP, MDGI)	Supported the government to mainstream the Millennium Development Goals into national and district level planning.
Enhancing Nepal's Trade Related Capacity (ENTRC)	Jun 06-Jun 08	\$961,000 (UNDP, IFTF)	Beginning work to increase Nepal's export trade in a way that creates jobs and benefits the poor.
Programme Support Initiative of Human Development	Aug 06-Apr 08	\$456,652 (UNDP)	Supporting the production of the next Nepal Human Development Report.
Capacity Development for Aid Coordination and Management (CDACM)	Feb-Dec 07	\$361,400 (UNDP)	New initiative to enable the more effective, transparent and country-led management of aid and to promote donor harmonisation.

The highlight of 2006 was the publication of the first district MDG progress reports. Our support enabled Banke, Chitwan, Kanchanpur, Bhaktapur, and Morang DDCs to carry out field surveys, gather information from other sources and local consultations, and then publish the reports.

Development Goals (MDGs) into the country's planning processes, and 2) supporting policy and legal reforms that benefit women and micro-entrepreneurs and Nepal's trade, energy and tourism sectors. The policy and legal reform achievements are described in the Gender Equity and Sustainable Livelihoods chapters.

Operationalisation of the MDGs

Over its two and a half years our Operationalisation of the MDGs in Nepal project has helped integrate the MDGs into Nepal's national and district level planning systems. The benefits of this are to focus development efforts on poverty alleviation and to promote cooperation between the government, donors, and other agencies.

Over its two and a half years the project carried out important analytical work to inform policy making and planning. In partnership with the National Planning Commission the project produced the second national MDG progress report, five district MDG progress reports, policy gap analyses of the five most important development sectors, and an MDG needs assessment. The extensive consultations for preparing these documents and our close working relationship with the

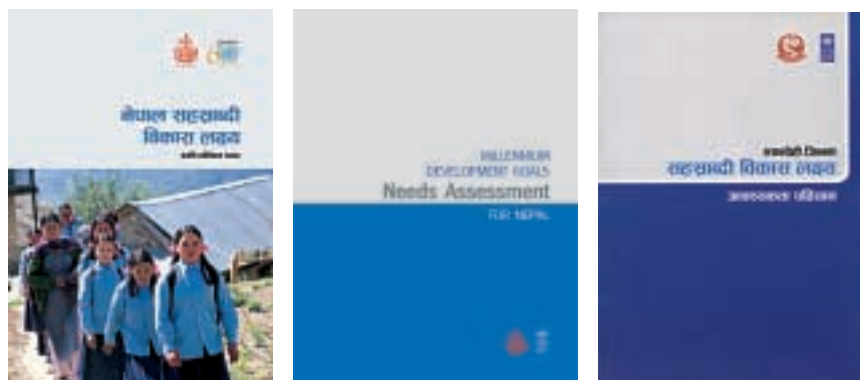
National Planning Commission, the ministries, and the DDCs led to officials from these agencies recognising the importance and value of the MDGs as a planning tool.

In 2006 the project widely distributed English and Nepali versions of the MDG progress report and launched the Millennium Development Goals Needs Assessment for Nepal. The needs assessment recommends priority interventions and estimates the resources needed to achieve the MDGs. Both documents are being used by the government and UN, bilateral and multilateral donors to inform their planning and policy making.

The highlight of 2006 was the publication of the first district MDG progress reports. Our support enabled Banke, Chitwan, Kanchanpur, Bhaktapur, and Morang DDCs to carry out field surveys, gather information from other sources and local consultations, and then publish the reports. These documents and the Rupandehi district needs assessment provide valuable information for these districts' next periodic plans and makes it likely that the forthcoming plans will be MDG-based.



The five district MDG progress reports



The project also enabled the government to more systematically monitor its five-year plans by supporting the National Planning Commission to produce and publish the 2004/05 and 2005/06 progress reports.

Support to human development initiatives

In 2006 we launched a new round of assistance to map the levels of human development in Nepal. Preparatory work is underway to produce the next Nepal human development report. These documents provide accessible and valuable information for planners and policy makers. The next edition will probably assess the impact of the conflict on infrastructure and service delivery, employment opportunities, the government's implementation capacity, and socially inclusive development.

The current project is continuing previous UNDP support to establish masters level courses on human development in Nepal's universities. Such a course started in Pokhara University in 2006 and preparations

are well-advanced to include human development in Purbanchal and Tribhuvan University masters courses. In 2006, the project ran a short training programme for course tutors, provided books for the university libraries, and funded a standard reference book for these courses (see Box 2). The courses will help produce the trained personnel Nepal needs to achieve the MDGs.

This initiative is also supporting the government to integrate the MDGs in its interim plan (2008-11). The main outcome so far has been the National Planning Commission's framework and MDG-based strategy for Nepal's development.

In 2007

- our new trade and human development initiatives will begin to make an impact. The Enhancing Nepal's Trade Related Capacity (ENTRC) project will explore Nepal's trade potential in promising new areas, help develop and market commodities where Nepal has

Box 2: 2006 UNDP Human Development Publications



Readings in Human Development

This UNDP publication provides a valuable reference book on the theory and practice of human development as it relates to Nepal. It is aimed at students of new masters level courses on human development.



Voices of People on Development

This book captures the feelings of people from all sectors of Nepali society about their livelihoods and the environments they live in. The many sad and hopeful stories are aimed at informing political leaders and policymakers about ordinary people's perspectives on development. The book was produced by the National Planning Commission in partnership with UNICEF and our Operationalization of the MDGs project.

We plan to further support the incorporation of the MDGs into national and district planning including into the forthcoming interim national plan (2008-11).

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a competitive advantage, expand the government's engagement with the private sector to develop the country's trade potential, and build institutional capacities to plan for trade development;

- we have launched a new Capacity Development for Aid Coordination and Management project in February 2007. This project has started work with the Ministry of Finance's Foreign Aid Coordination Division and the National Planning Commission to 1) build up the government's capacity to set the aid agenda and to manage it effectively, transparently, and accountably, and 2) to encourage donors to work collaboratively on sector-wise interventions towards the achievement of the MDGs; and
- we plan to further support the incorporation of the MDGs into national and district planning including into the forthcoming interim national plan (2008-11). It is also planned to update the 2005 MDG needs assessment to estimate the resources needed to achieve the MDGs in the changed political situation.

4 Justice and human rights

Many Nepalis are denied access to justice as the courts often fail to try cases fairly and efficiently. It is poor and disadvantaged people who suffer the most as they are often unfairly penalised because they lack the resources to hire lawyers and influence judgements. Many poor people's livelihoods are undermined by the failure to deal promptly with civil cases such as land disputes. Another serious drawback of Nepal's criminal justice system is that many laws are outdated and contrary to international standards. The unfair treatment of poor and marginalised people and the failure to respect their human rights fuelled the 1996-2006 violent conflict. In spite of the conflict ending in April, serious human rights violations continued over the rest of the year and the rule of law remains fragile in 2007.

UNDP's response

Our support to improve access to justice carried on throughout the conflict and is highly relevant in a post-conflict situation to re-establish law and order and prevent conflict breaking out again. In 2006 we continued to support the major initiatives listed in Table 3.

More efficient courts — In 2006 our Reform of the Judiciary project equipped 374 judges and staff from the courts and the law ministry to improve the management of the law courts and the handling of court cases. These personnel took part in workshops, training and orientation programmes including on information technology, land measurement, forensic

Table 3: UNDP's 2006 Access to Justice Support

Project	Period	Budget (donors)	Main focus/status
Reform of the Judiciary (RoJ)	Feb 01-Oct 07	\$1,739,272 (UNDP, Japan, Finland)	Supporting seven district courts to more efficiently provide timely justice.
Capacity Development of the National Human Rights Commission	Feb 02-Dec 07	\$4,435,299 (DFID, Canada, UNDP, Norway, Finland, SDC, Ford Foundation, USAID, Denmark, UNICEF, AusAID)	Building up the capacity of the National Human Rights Commission to monitor the human rights situation and to promote respect for human rights. (UNDP manages this project on behalf of all the donors.)
Enhancing Access to Justice through Media Campaign, Settlement Fairs and Strengthening Community Mediation Practices (A2J)	Apr 03-Oct 07	\$1,145,393 (UNDP, DG-TTF)	Establishing court-referred mediation as a low cost way of quickly settling civil cases in 20 districts' courts and quasi-judicial bodies. (Initial preparatory phase began in 2002)

The piloting of mediation continued throughout 2006 with 1,781 of the 2,936 mediation cases settled in the project's working districts.

science, court-referred mediation, legal drafting, and record keeping. This support was backed up by providing the courts with computers, photocopiers and other equipment and has led to cases being settled more fairly and quickly, especially for the benefit of poor and disadvantaged people.

Law reform — The same project is supporting the production of a new civil code to modernise the law relating to non-criminal matters, and a Mediation Bill that specifies the type of cases that can go for mediation and the process for mediating cases. 2006 support mainly went to drafting the legislation and to country-wide consultations to gather feedback and suggestions on the proposed bill.

Court-referred mediation — Since 2002 the access to justice project has piloted court-referred mediation as

an efficient and quick way of resolving civil cases in the courts and in the line agency offices that have quasi-judicial powers. The project's successful piloting of this system led in 2006 to the government amending the district, appellate and Supreme Court rules to allow the courts to refer cases for mediation. The mediation centre established by the project in the Kathmandu Valley is at the forefront of developing court-referred mediation.

The piloting of mediation continued throughout 2006 with 1,781 of the 2,936 mediation cases settled in the project's districts. The type of cases typically sent for mediation are long pending civil cases, particularly related to land ownership, and ones involving poor and disadvantaged people where the judge feels that going through the formal system could deny the disputing parties access to justice (see Box 3 for two



A mediation session underway



The support provided by the Capacity Development of the National Human Rights Commission project enabled the commission to continue its work throughout 2006.

typical examples). The resolution of such cases is reducing the backlog of cases in the courts and quasi-judicial bodies.

Mediators are selected on their knowledge of the law. In 2006 a further 250 people were trained on how to mediate cases including 30 personnel from district land reform offices. The project also trained over 200 people from the highly conflict-affected districts of Kailali and Salyan on how to mediate disputes and continued to train people who run indigenous dispute management systems, to bring the number of such people trained to 1,362 since 2002.

Support to human rights monitoring — The National Human Rights Commission is the main national body responsible for monitoring Nepal's human rights situation. It faced many difficulties in carrying out its work in 2006 due to the political appointment of the previous commissioners in 2005, the lack of interest of the post-April 2006 government on human rights issues, and the failure to appoint new commissioners after the previous ones resigned in mid-2006.

The support provided by the Capacity Development of the National Human Rights Commission project enabled the commission to continue its work throughout 2006. Project support included:

- training commission staff on human rights monitoring, counselling, collecting evidence, organisational management and the use of information technology;

Box 3: A Widow and a Tenant Farmer Win their Rights

Case 1: The widow of a Rautahat farmer went to court in 1995 to claim her rights over her dead husband's share of his ancestral property. Her husband's brother had registered the land in the name of one of his two sons to hide it from the widow. The claims and counter-claims by both sides, the lack of evidence, and the filing of another related case by the brother-in-law's younger son meant that this case would probably have lingered on in court for decades with each side paying mounting legal bills. The judge recognised this and sent the case for mediation in 2006. It was settled in a few days after the brother-in-law agreed to pay 1.2 million rupees to the widow as compensation.

CASE 2: According to Nepalese law tenants who have been long cultivating land should be given ownership rights over a proportion of the land. In 1980 a poor tenant farmer from Saptari district went to court to claim such rights over such land. The local Land Reform Office decided the dispute in favour of the tenant in 2001, but the landlord had then filed a further case against this decision at the local Appeal Court. The judge sent the case for mediation and it was soon settled as the two parties agreed to the disputed land being distributed equally between the tenant and landowner.

- developing a uniform reporting system and guidelines for monitoring detention centres; and
- running training programmes on human rights and humanitarian law for over 1500 NGO staff, school teachers, police and army personnel.

Assistance to the commission's involvement in drafting the Interim Constitution importantly led to the commission being recognised as a constitutional body with a stronger and more independent mandate.

This and other assistance helped the commission to carry out its regular work in 2006 including 442 monitoring missions to police detention centres and army barracks and investigating conflict violations and violations of the ceasefire code of conduct.

In 2007

A new project is being developed to build on the successes of the access to justice and Reform of the Judiciary projects and to address the needs of the current political situation including to maintain the rule of law. This new project is likely to involve several other UN agencies in making the country's justice institutions more responsive to claims consistent with international human rights standards. We will also continue, in partnership with other donors, to support the National Human Rights Commission to protect citizens' rights and to establish a culture of human rights.

5 Gender equity



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Overcoming gender inequality remains one of Nepal's greatest development challenges as the latest available figures show:

- only 42% of Nepali women to be literate compared to 65% of men;
- the average mean years of schooling to be 1.9 years for females compared to 3.6 years for males;
- only 6% of the MPs in the last elected parliament (1999-2003 and 2006) were women; and
- less than 1% of high-level government decision makers are women.

Since 1990, women's empowerment projects and civil society advocacy for women's rights have led to significant improvements whilst the conflict has pushed the issue of gender equity up the political agenda. However, there are still far too few women in high level decision making positions with, for example, no women on the government and CPN (Maoist) teams that negotiated the peace agreement. Also of major concern is that most gains have gone to women from the dominant Brahmins, Chhetri and Newar social groups.

Table 4: UNDP's 2006 Gender Equity Programme Support

Project	Period	Budget (donors)	Main focus/status
Mainstreaming Gender Equity Programme (MGEP Phase 2)	Oct 02–Jun 06	\$1,923,554 (UNDP, USAID)	Supported the Government to make its policies, systems and practices gender-responsive and helped increase women's participation in political processes and the civil service.
Capacity Development for Gender Mainstreaming (CDGM)	Jun 05–Dec 06	\$70,000 (GDR-TTF)	Built up the capacity of UNDP and project staff to analyse the extent to which women (and socially excluded groups) benefit from development interventions.

The Mainstreaming Gender Equity Programme typically worked with women's rights organisations to advocate for reform through review studies, discussions, and by preparing draft bills.

UNDP's response

Our Mainstreaming Gender Equity Programme (MGEP — 1998-2006) has been the main focus of our support for gender equity over the past eight years. We have also addressed gender concerns and implemented pro-women interventions in most of our projects. The following write-up summarises MGEP's achievements over its lifetime and highlights this and other projects' 2006 achievements.

Policy and legal reforms

Over its eight years MGEP made a major contribution to bringing about a more gender-responsive policy environment and legal framework. The project typically worked with women's rights organisations to advocate for reform through review studies, discussions, and by preparing draft bills; and then worked to involve government officials in bringing the bills into shape ready for presenting to parliament. The final stage saw UNDP, the project and women's rights activists stepping up their advocacy work to get policy measures officially accepted and bills passed into law.

Since the reinstatement of parliament in April 2006 a number of important pro-women legislative and policy measures have been passed. In 2006 our lobbying of parliament, in concert with civil society, led to many discriminatory laws being removed. The Gender Equality Bill was passed and the Citizenship Act was amended to allow Nepali women to pass on their citizenship to their children. The project had long pushed for these reforms.

The project's continuing advocacy work also led to the government in 2006:

- committing to reserve 33% of all positions in all state bodies for women;
- signing up to the Optional Protocol of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW); and
- specifying that annual gender audits must be carried out on all projects with budgets of over 50 million rupees (\$700,000).

The latter measure led on from MGEP's support for gender assessments and audits in five government ministries to assess how much women were benefiting from these ministries' programmes.

Box 4: Examples of how UNDP's Projects Target Women

- Half of the members of DLGSP and RUPP's 27,000 community organisations are women (this contrasts with the usual situation in Nepal where women's participation is often negligible)
- 64% of the entrepreneurs supported by MEDEP have been women
- REDP insists that one woman and one man from each beneficiary household are involved in planning micro-hydro schemes
- The Community Owned Primary Education Programme (COPE) only supports the employment of women teachers in its schools.

In 2006 we extended the concept of gender auditing to the district level as MGEP and the Decentralised Local Governance Support Programme (DLGSP) assisted 10 DDCs, and the Rural Urban Partnership Programme (RUPP) five municipalities, to mainstream gender issues into their annual and five year plans.

In 2006 renewed efforts went towards introducing legislation that protects women from violence. The Domestic Violence Prevention and Control Bill, a Sexual Harassment Bill and an Anti-trafficking Bill have been prepared with UNDP assistance and are pending with parliament.

In 2006 we extended the concept of gender auditing to the district level as MGEP and the Decentralised Local Governance Support Programme (DLGSP) assisted 10 DDCs, and the Rural Urban Partnership Programme (RUPP) five municipalities, to mainstream gender issues into their annual and five year plans. These bodies now know how to carry out gender-based planning and budgeting, although much needs doing to institutionalise it into local government planning.

Apart from MGEP, the Rural Energy Development Programme's (REDP) close involvement of women and local communities in planning and managing community energy schemes has led to the government's Rural Energy Policy (2006) specifying that the same modality must apply whilst developing all such schemes.



This 2006 published book, *Gender Justice*, produced with support from MGEP, tells how 95% of Nepal's practicing lawyers are male and

only five of the nation's 250 judges are female.

As a result, women are often discriminated against when they attempt to seek justice.

Box 5: More Women Teachers and Civil Servants

In 2006 COPE supported 304 women primary teachers to complete the standard 10-month teacher training programme. Having more women teachers is crucial for encouraging more girls to attend school. Also in 2006, MGEP, with support from USAID, ran a coaching programme that led to 46 women graduates passing the exam to become section officers in the civil service. The latter initiative, together with the government's commitment to reserve a third of positions in state bodies for women, should lead to an increase in the number of women in important decision making positions.

Empowering women

In 2006 we helped improve many women's livelihoods and promoted women's involvement in local decision making. The targeting of women in all our projects (see Box 4), their participation in skills training courses, and the implementation of many community development projects by local women's groups has led to thousands of women becoming more active in the public domain.

Many of our projects have improved women's economic situation. Skill training, the provision of credit, and other livelihoods support have increased many women's incomes. In 2006, half of the 38,577 people supported by DLGSP to set up micro-enterprises were women. In the same year MEDEP assisted 3,969 women



entrepreneurs and our tourism project (TRPAP) gave soft loans to 241 women to establish and build up tourism enterprises. We also directed considerable resources to enabling more women to become teachers and civil servants (Box 5).

Tackling gender-based violence

MGEP piloted a system to support women victims of domestic violence. Between 2001 and May 2006 the Central Women's Legal Aid Committee provided counselling and legal aid support to 1,615 women victims of violence in the Kathmandu Valley. One hundred and forty of these cases were sent to court where all but one was decided in favour of the women victim. A further 718 women were helped after contacting the committee's telephone helpline. In February 2006 the Ministry of Women, Children and Social Welfare decided to transform the legal aid committee into a permanent unit within the National Women's Commission with full-fledged operation beginning in July 2006.

The programme also supported the community mediation of cases (mostly domestic violence cases) in 16 districts outside the Kathmandu Valley. Between 2004 and mid-2006 229 mediators were trained who

have since resolved 155 of the domestic violence and discrimination cases put before them.

In 2007

In 2007 and beyond gender and social inclusion will be the key driver for UNDP's new programme, in particular for implementing UN Security Council Resolution 1325 that calls for the involvement of women at all levels of post-conflict peace processes. Work is underway to develop a new project to carry on MGEP's work with more of an emphasis on supporting the empowerment of Dalit, Janajati and other disadvantaged women and on making government planning and programming cycles more responsive to gender and social inclusion issues.

We will also continue to ensure that all our projects help overcome women's traditional disadvantage. This is particularly important in the current situation with our 'Support to the Constitution Building Process in Nepal' and the new 'Public Engagement in Peace and Constitution-Building' project (see Peace and Recovery chapter) both aiming to overcome gender and social exclusion and promote women's full involvement in building peace and helping communities recover from the conflict.

6 Access to basic services

Many Nepalis, and especially poor and marginalised people, lack access to clean drinking water, quality health care and education and other basic services. This is holding back Nepal's progress towards achieving the MDGs and developing its economy. The enactment of the Local Self-governance Act in 1999 held out great hope for improvement by making Nepal's DDCs, village development committees (VDCs), and municipalities responsible for local planning and providing services. However, progress on implementing the act has been slow due to a lack of genuine public participation and the government's limited resources alongside the absence of elected local government since 2002 and the depredations of the conflict.

UNDP's response

Our main strategy for improving access to basic services is to promote the decentralisation of service provision through democratic local governance. In 2006 we continued to work in partnership with the Ministry of Local Development, local governments, civil society, the private sector, and community organisations to roll out the five major projects in Table 5. The Rural Energy Development Programme also improved many people's access to clean renewable sources of energy in 2006 (see Sustainable Livelihoods chapter).

Table 5: UNDP's 2006 Support for Democratic Governance

Project	Period	Budget (donors)	Main focus/status
Decentralized Financing and Development Programme (DFDP)	Jan 00-Jun 07	\$10,200,000 (DFID, UNCDF)	Strengthening district-level systems to disburse funds to community works and promoting better financial management by DDCs.
Rural-Urban Partnership Programme (RUPP Phase 3)	Jan 04-Dec 07	\$2,350,000 (UNDP)	Working in 25 municipalities to improve urban dwellers' access to basic services. (The first phase of this project began in 1997.)
Decentralized Local Governance Support Programme (DLGSP)	Apr 04-Dec 07	\$12,690,476 (Norway, UNDP)	Supporting district and village authorities to improve their delivery of services and empowering local communities to access services and implement small local development projects. Working in 66 districts. (This is the fourth phase of UNDP support to local governance which began with the Participatory District Development Programme, 1995-2002.)
Public-Private Partnership for Urban Environment (PPPUE Phase 2)	Apr 04-Dec 09	\$1,450,000 (UNDP)	Improving living conditions in 10 urban and peri-urban areas by promoting partnerships between the public and private sectors to provide services.
Community Owned Primary Education Programme (COPE Phase 2)	July 04-Jun 07	\$1,947,790 (UNDP)	Promoting and supporting the community management of primary schools. (UNDP works in partnership with the Ministry of Local Development and the ministry of education. COPE phase 1 began in 2000.)

Support to decentralised local governance

DLGSP and RUPP — The Decentralized Local Governance Support Programme (DLGSP) and the Rural-Urban Partnership Programme (RUPP) continued to make a large contribution to decentralised local governance throughout 2006 in spite of the difficult operating environment. Box 6 lists the problems faced by DLGSP. In 2006 DLGSP expanded to an extra 162 VDCs bringing its working area up to 880 VDCs amounting to 22% of all the country's VDCs.

Box 6: The Main Challenges Faced by DLGSP in 2006

- The difficulty of monitoring project activities as field staff needed permission from the Maoists to visit project areas.
- Difficulties in coordinating the planning of local projects as more than 80 VDC secretaries in the project's area were unable to stay in their duty stations due to the conflict.
- Many DDCs' finding it difficult to provide matching funds for projects as their internal revenue was reduced substantially due to the Maoists preventing DDCs from collecting taxes and other types of revenue.
- Delayed fund transfers for community infrastructure projects and other activities due to the frequent transfer of local development officers and their frequent absence in remote areas.
- The absence of local elected government.

Women's community organisation meeting taking place



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DLGSP and RUPP were able to continue implementing community development activities in 2006 through their network of over 27,000 community organisations (self-help groups) — a third of which were recently evaluated as making a 'good' contribution to local community development and a third as making a 'moderate' contribution. These organisations, and those formed by REDP, MEDEP and other UNDP projects, play a crucial role in promoting community participation and the local ownership of development interventions and during the conflict have given UNDP access to parts of the country that the conflict put beyond the government's reach.

DLGSP held public hearings in 19 districts and RUPP in five municipalities. These hearings gave local people the chance to direct their complaints about poor service delivery and financial irregularities to DDC, municipality, and line agency officials.

In 2006:

- DLGSP's community organisations identified, planned and implemented a total of 1,381 community infrastructure projects including 502 drinking water, 431 irrigation, and 90 community building projects benefiting over 97,000 people;
- RUPP's community organisations identified, planned and implemented 400 projects to improve access to basic services in urban areas benefiting over 15,000 households. These community organisations also prepared 400 tole (local urban area) development plans in partnership with municipal governments.

These organisations are UNDP's greatest asset for reaching poor and marginalised communities. In 2006 48% of the new households benefiting from DLGSP's village level activities were ultra-poor whilst 46% of those assisted by RUPP to build up their incomes were from disadvantaged groups.

The two projects also continued to build up the capabilities of these groups and their members. In 2006

DLGSP and RUPP trained 44,877 group members on management, vocational and technical subjects mostly aimed at building up their incomes.

The continuing absence of elected bodies, which could be held accountable for the proper use of resources and the responsiveness of plans to local people's needs, led us in 2006 to promote alternative accountability mechanisms:

- **Public hearings** — DLGSP held public hearings in 19 districts and RUPP in five municipalities. These hearings gave local people the chance to direct their complaints about poor service delivery and financial irregularities to DDC, municipality, and line agency officials. The hearings have also drawn attention to the problems caused by municipalities' and DDCs' lengthy bureaucratic procedures. In 2006 DLGSP and RUPP altogether trained 170 local government staff and community activists on running public hearings and assisted the Ministry of Local Development to review and improve the government's tools and manuals for public hearings.



Public hearing taking place in Byas Municipality, Tanahun



In 2006 the Decentralized Financing and Development Programme worked in 20 districts to pilot new systems and procedures for planning, financing and implementing local development works whilst making a considerable contribution to these districts' infrastructure development budgets.

- **Public audits** — In 2006 RUPP assisted municipalities in Kaski, Darchula, Kailali and Sankhuwasabha to carry out public and social audits to publicise how project funds were spent. This not only allows locals to see where budgets have been spent but also usually makes for better managed more cost-effective projects. RUPP's 2006 support to the Ministry of Local Development to prepare national guidelines on public and social auditing has helped institutionalise this system.

DFDP — Whereas RUPP and DLGSP focus on the demand side of improving local governance by mobilising communities to demand better services; the UN Capital Development Fund's Decentralized Financing and Development Programme (DFDP) mainly focuses on building up local government capacity to provide services in an efficient, accountable and transparent way.

In 2006 the project worked in 20 districts to pilot new systems and procedures for planning, financing and implementing local development works whilst making a considerable contribution to these districts' infrastructure

development budgets. In 2006 the project disbursed a 87 million rupees (\$1.2 million) of budgetary support to the 20 DDCs. This support is particularly important for less well-off districts. An important project initiative has been to link the release of these amounts to the satisfactory spending of previous disbursements. The project's piloting of this approach has led the government to adopt the same system for, in future, determining the size of block grants to all 75 districts.

In 2006, 89 million rupees that was previously disbursed by the project paid 63% of the costs of 279 infrastructure projects that were completed by the DDCs in 2006 to improve drinking water supplies, sanitation, social services, and provide environmental protection amongst others. These projects benefited 479,000 people.

In 2006 the project also:

- produced manuals for district governments on planning, financial management and three other topics (in partnership with Association of District Development Committees in Nepal);

Box 7: 15 New Public-private Partnerships Supported by PPPUE in 2006

- In Biratnagar for solid waste management, operating public toilets, managing advertising hoardings and building an entrance to the airport.
- In Mechinagar (Jhapa) to manage advertising hoardings and to build and operate a slaughterhouse and a children's water park.
- In Dhulikhel to manage a technical school, the towns' solid waste and a public park.
- In Siddharthanagar (Bhairahawa) to build and manage a fruit and vegetable market and to collect business taxes.
- In Kathmandu to manage public toilets and to compost waste from the main fruit and vegetable market.
- In Bharatpur to manage medical waste.

In 2006 the Public-Private Partnership for Urban Environment programme trained staff from the 10 partner municipalities to manage public-private partnerships and supported partner municipalities to develop 15 new projects.

- helped recruit and train permanent auditors in 18 DDCs; and
- trained 18 DDC accountants and computer operators to operate financial management software.

Partnerships for improved service delivery

The quality of life in Nepal's towns and cities is deteriorating due to rapid unplanned growth. The pressure on urban areas has greatly increased as the conflict led to an influx of people into municipalities, which already lacked the funds to improve access to drinking water, sewage and waste disposal services.

Our Public-Private Partnership for Urban Environment (PPPUE) project has successfully supported municipalities to work in partnership with the private sector and civil society to improve the urban poor's access to basic services. In 2006 the project trained staff from the 10 partner municipalities to manage public-private partnerships and supported partner municipalities to develop 15 new projects (see Box 7), prepare contract documents for 10 projects, and carry out feasibility studies.

The project's advocacy work and support contributed to the government committing in its 2006/07 budget speech to use public-private partnerships (PPP) to implement development programmes. Also in 2006 the Ministry of Local Development established a National PPP Coordination Committee.

In 2006 the project also supported the main training institutes for civil servants, local government staff and judges to include public-private-partnerships in their training curricula. This enables trainees to oversee the implementation of PPPs and to mediate in PPP disputes. Also this year the second batch of six students passed through the Tribhuvan University Institute of Engineering's PPP course under its MSc in urban planning.

Community-managed primary education

In 2006 the Community Owned Primary Education Programme (COPE) continued to strengthen the community management of 120 primary schools in six districts. The project's work in partnership with the local authorities, other UN agencies, and Nepali and international NGOs has resulted in all-round improvements in these schools.

Training programmes run in 2006 enabled 289 school committee members to better manage their schools and taught 495 committee members how to carry out social audits. The impact of the latter support has resulted in schools being run more transparently with local people having much better access to information about financial, managerial, and academic matters.

Forty-eight percent of the more than 10,000 students in these schools are girls. This high percentage is largely a result of COPE's efforts to increase the number of women teachers in these schools. In 2006, the project supported 304 women teachers to complete the standard 10-month teacher training programme and thereby become fully-trained teachers.

Further progress was made in 2006 towards improving the quality of education by assisting the 120 schools to build child-friendly classrooms, by providing them with materials for activity-based teaching and learning, and by training one teacher from each school on child-centred education.

In 2007

We recently extended our support for the Public-Private Partnership for Urban Environment project to 2009 and, along with UNCDF and bilateral donors in 2007 will go ahead with a new phase of the Decentralized Financing and Development Programme (DFDP). Planning is underway for a further phase of DLGSP.

7 Sustainable livelihoods

One of the major challenges facing the Government of Nepal is to provide jobs and income-earning opportunities for its rapidly growing number of young people. The lack of jobs in rural areas fuelled the insurgency and leads to hundreds of thousands of Nepalis having to leave the country each year in search of work.

UNDP's response

Almost all our projects that work at the community level, including those described in the Environmental Conservation and the Access to Basic Service chapters, have components to strengthen livelihoods. This chapter highlights the achievements of our tourism, energy and enterprise development projects (Table 6).

Pro-poor tourism

In 2006 the Tourism for Rural Poverty Alleviation Programme continued to promote sustainable tourism at the policy level and in seven tourist destinations.

The project's community-level support in 2006 went to:

- training 1,111 local people to run tourist enterprises and earn money from tourism with 46 training courses run on subjects ranging from waste management to running home stay lodges and producing handicrafts for sale to tourists;
- raising the awareness of 2,787 local people, including many school students, on how to reduce tourism's impact on the environment; and
- improving the local tourism infrastructure (see Box 8).

Also in 2006 the eight cultural, heritage and religious trails developed in previous years were promoted in

Table 6: UNDP's 2006 and New 2007 Support for Sustainable Livelihoods

Project	Period	Budget (donors)	Main focus/status
Tourism for Rural Poverty Alleviation Programme (TRPAP)	Oct 01-Jun 07	\$4,976,757 (DFID, UNDP)	Improving poor people's livelihoods through tourism development.
Rural Energy Development Programme (REDP Phase 2)	Apr 02-Jun 07	\$2,002,912 (UNDP)	Extending access to cleaner and renewable sources of energy in rural areas to conserve the environment and develop local livelihoods. (Executed by the government's Alternative Energy Promotion Centre. The first phase began in 1996. \$5.5 million of parallel World Bank funding goes for social mobilisation and micro-hydro construction.)
Micro-enterprise Development Programme (MEDEP)	Feb 04-Dec 07	\$5,110,000 (DFID, UNDP, AusAID, New Zealand)	Assisting entrepreneurs to set up and improve the profitability of their small businesses.
Realignment of Micro Credit	Feb 07-Feb 08	\$117,500 (UNDP)	Aims to improve the mechanisms by which seven of UNDP's projects provide micro-credit so that they have a greater impact on alleviating poverty.

A key achievement in 2006 was the completion and approval by the government of the Sagarmatha National Park Management and Tourism Plan (2006-11).

the international and domestic markets. This should lead to more visitors.

The project has made substantial achievements in involving local people in planning and developing tourism. A key achievement in 2006 was the completion and approval by the government of the Sagarmatha National Park Management and Tourism Plan (2006-11). This plan aims to diversify tourism and extend it beyond the main trails for the benefit of poorer local people in Nepal's most popular trekking area.

The project has been influential at the national level, working closely with the Nepal Tourist Board and the board's Sustainable Tourism Development Unit. The project's experiences and advocacy work led to the government in 2006 committing to stress tourism for rural poverty alleviation in its upcoming new tourism policy. Project advocacy work also led to one specific pro-poor tourism measure being realised in 2006 — the ploughing back of tourism revenues into local areas. In 2006 the government allocated 30 million rupees (\$418,000) for sustainable tourism development in Taplejung, Dolpa and Solukhumbu, and the Nepal Tourist Board allocating 5.5 million rupees (\$78,000) to develop rural tourism in the project's seven sites.

Unfortunately the project, which ends in 2007, coincided with the conflict and other disruptions that led to a large fall in the number of tourists. As a result the project's impact on reducing poverty has been less than expected.

Energy for sustainable rural livelihoods

Since 1996 the Rural Energy Development Programme has helped more than 20,000 households gain access to affordable, sustainable, and cleaner sources of energy. In all 170 micro-hydro plants, 3,980 toilet-

BOX 8: TRPAP Tourist Infrastructure Improvements in 2006

- **Waste disposal:** installed 24 dustbins and 15 rubbish incinerators.
- **Alternative energy:** installed 236 improved cook stoves, 24 biogas plants, 33 home solar power systems and 6 micro-hydro schemes.
- **Water:** built 24 drinking water schemes, 202 irrigation systems.
- **Trails and bridges:** maintained 34 trails (26 km in total length), 31 bridges, and 9 culverts.
- **Accommodation:** built 2 community guest houses, 3 community campsites, 3 community bathrooms, 2 porter shelters, 12 community toilets and 518 private toilets.
- **Tourist facilities:** completed 9 visitors information centres; erected 13 information boards and 206 arrow boards; built 6 cultural centres, 5 tourist viewpoints, and 6 trail resting places; and renovated 8 religious places.

Box 9 Two Successful MEDEP Entrepreneurs

**Surya Tamang**

Surya Tamang used to work in Kathmandu but was looking for a way to stay with his family in Nuwakot whilst still earning a decent income. His first attempt at setting up a business failed. His fortunes changed after he took part in a MEDEP training course and then set up a successful mushroom growing business. He also grew strawberries on his land for sale through a local cooperative. The smaller berries used to be thrown away as unsaleable; but advice and training from MEDEP led to the cooperative starting to make jam from them. He now has a decent income from the mushrooms and the jam whilst living at home with his family.

**Dhukheni Chaudhari**

Her family's small plot of land and the meagre wages her husband brought in meant that Dhukheni Devi Chaudhari struggled to provide her family with two square meals a day. After taking a MEDEP entrepreneurship training programme she joined other local women to set up a stool making business. The success of this enterprise led to Dhukheni and her friends earning around 4000 rupees a month (US\$ 57) each. She can now easily meet her family's basic needs and save a little each month. She has also become a member of the Sunsari District Micro-entrepreneurs Association. All in all her social status and the condition of her family have greatly improved.

In 2006, REDP established 36 new micro-hydropower plants, which fostered 55 new micro-enterprises including 20 agro-processing (grinding, dehulling and oil expelling), 10 poultry, and 7 carpentry enterprises.

attached biogas plants, 1,945 solar lighting systems, and 9,548 improved cook stoves have been installed. The micro-hydro plants are installed in remote communities where the national electricity grid is unlikely to reach soon.

In 2006, REDP established 36 new micro-hydropower plants, which fostered 55 new micro-enterprises including 20 agro-processing (grinding, dehulling and oil expelling), 10 poultry, and 7 carpentry enterprises. The groundwork has been carried out for a further 88 micro-hydro power plants to be completed by mid-2007.

REDP's major success has been to demonstrate a community-managed model for extending access to clean sources of renewable energy in rural areas. In 2006, 615 new community organisations were formed to identify local energy needs and 2,231 group members were trained on running micro-enterprises, mobilising resources, and operating micro-hydro plants. Also in 2006, representatives from these groups formed 90 micro-hydro 'functional groups' and set up 64 new community energy funds to install and run energy systems and local enterprises. The strong community ownership of these systems meant that none of the project's micro-hydro plants were damaged during the conflict.

The project is also building up the capacity of the private sector to extend rural energy services. Support to the Micro-hydro Manufacturers' Consultative Forum and the Solar PV Forum has allowed these groups to better support their members.

The success of the REDP model of energy development had a significant influence on the government's new



A MEDEP supported micro-entrepreneur, Nuwakot

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Comprehensive Rural Energy Policy (2006) stressing the importance of involving local people in planning and developing rural energy schemes.

Increasing the incomes of the rural poor

The Micro-Enterprise Development Programme (MEDEP), since its inception in mid-1998, has helped more than 19,000 people establish and build up small businesses, 95% of which continue to operate. In 2006 the project helped 5,788 poor entrepreneurs set up micro-enterprises. MEDEP supported entrepreneurs have seen their personal incomes rise by an average of 238%.

MEDEP has also helped promote poor people into leadership positions. In 2006 the project's advocacy led to 34 of the top 60 positions in the Micro-entrepreneur Group Associations going to poor and disadvantaged women.

MEDEP has successfully reached segments of the population traditionally bypassed by most development initiatives. The project directs almost all its support to households earning less than 4,000 rupees a year. Almost 70% of the entrepreneurs

supported in 2006 were women and the same proportion was from the traditionally marginalised communities. Box 9 shows how the project helped Dhukheni Chaudhari and Surya Tamang set up successful businesses. These two are representative of the hundreds of thousands of Nepalis who are looking for income opportunities in their local areas.

MEDEP has also helped promote poor people into leadership positions. In 2006 the project's advocacy led to 34 of the top 60 positions in the Micro-entrepreneur Group Associations going to poor and disadvantaged women. It is also working with the government to improve the regulatory systems to make it easier for poor people to develop small enterprises.

In 2007

We plan to further support rural energy and micro-enterprise development once the current projects end in 2007. We also plan to reorientate the way we provide micro-credit to local communities. Seven of UNDP's projects (DLGSP, RUPP, TRPAP, MEDEP, REDP, PCP and MGEP) have helped local self-help groups set up savings and credit schemes. However, this has had mixed success as many of the funds have not loaned money to the poor and many loans have not been repaid.

We are taking a two-pronged approach to reorientating the way we direct credit to Nepal's poor. We have launched a new project to realign the seven projects' district micro-credit funds. It aims to recover at least 60% of outstanding loans, strengthen the micro-credit schemes, and link loan-seekers to more sustainable and accountable sources of credit. The second stage will go ahead later to build up the capacity of Nepal's financial sector to provide micro-credit and related services to Nepal's poor people.



Mixing manure and water into a biogas digester

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8 Environmental conservation

Nepal's forests, rivers and grazing lands provide many essential daily needs of the more than 80% of Nepalis who live in rural areas. The country's globally important biodiversity and rich cultural heritage are the main tourist attractions and an important source of revenue. Many of these valuable resources are under threat from over-exploitation and neglect.

UNDP's response

In 2006 the seven projects in Table 7 made an important contribution to conserving Nepal's environment and fostering environmentally sustainable development. A further two projects for environmentally sustainable development (TRPAP and REDP) are described in the Sustainable Livelihoods chapter.

Table 7: UNDP's 2006 and New 2007 Support for Environmental Conservation

Project	Period	Budget (donors)	Main focus/status
Small Grants Programme (SGP)	Dec 98-Feb 08	\$2,200,000 (GEF)	On-going small grant support to conserve biodiversity, mitigate climate change, prevent land degradation and support local livelihoods.
Upper Mustang Biodiversity Conservation Project (UMBCP)	Jul 00-Dec 06	\$908,900 (GEF, UNDP)	Helped conserve the unique cultural heritage and rich biodiversity of the Upper Mustang area for the benefit of local people.
Tiger-Rhino Conservation Project (TRCP)	Mar 01-Apr 06	\$1,568,874 (GEF, UNFIP, UNDP)	Helped conserve the habitats of two of Nepal's most important endangered wildlife species. (Implemented by the King Mahendra Trust for Nature Conservation.)
Participatory Conservation Programme (PCP)	Aug 04-Dec 06	\$998,435 (UNDP)	Consolidated the work of the Parks and People Programme (1995-2001) to help establish buffer-zones around seven of Nepal's national parks and wildlife reserves. (Implemented in partnership with the Department of National Parks and Wildlife Conservation.)
Western Terai Landscape Complex Project (WTLCP)	Aug 05-July 12	\$5,044,017 (UNDP, GEF)	Promoting landscape level conservation and the sustainable management of natural resources in the western Terai. (\$8 million more funding and in-kind support is being provided by a further 6 donors and partners.)
Refrigerant Management and Environment for Sustainable Development (RMESD)	Feb 06-Dec 06	\$57,495 (Montreal Protocol)	Aims to channel funds from the 'Montreal Protocol on Substances that Deplete the Ozone Layer' to the Ministry of Industry to spend on controlling CFC emissions. Delays led this initiative to be carried over to 2007.
National Capacity Needs Self Assessment for Global Environment (NCNSAGE)	Oct 06-Apr 08	\$200,000 (GEF)	Supporting the government to implement three major environmental conventions: the Convention on Biological Diversity (1992), the UN Framework Convention on Climate Change (1994) and the UN Convention to Control Desertification (1994).
Conservation and Sustainable Use of Wetlands in Nepal	Apr 07-Mar 11	\$2,498,457 (GEF, UNDP)	Launched in March 2007 to conserve and promote the sustainable local use of two of Nepal's most important areas of wetland: Kosi Tappu in eastern Nepal and Ghodaghodi Tal in the west.

The main efforts in 2006 went to consolidating the ability of the seven conservation area management committees and 68 sub-committees to continue playing an important role in local conservation efforts.

Conserving the Upper Mustang area

The Upper Mustang Biodiversity Conservation Project came to an end in 2006 after helping conserve the globally important biodiversity and cultural heritage of the Upper Mustang area. The project's achievements have been founded on involving local communities in managing the area's natural and cultural diversity. The main efforts in 2006 went to consolidating the ability of the seven conservation area management committees

and 68 sub-committees to continue playing an important role in local conservation efforts.

The project's many other tangible achievements include setting up an excellent management information system that informs the area's management plan; restoring centuries-old monasteries; cataloguing the area's biodiversity; forming active savings and credit groups, and improving the area's grazing lands.



The Tiger-Rhino Conservation Project's support for mobile anti-poaching units and community involvement in combating poaching helped reduce wildlife poaching and illegal timber cutting in the Barandabhar forest.

Another major achievement that was realised in 2006 was to assure the financing of future conservation efforts in the area. The project's advocacy led to the government's July 2006 decision to plough back 60% of the \$700-a-tourist entry fees into local conservation and social development work. Alongside this a Community Trust Fund has been set up to finance environmentally-friendly income generation.

The main challenges for the sustainable development of the Upper Mustang area:

- to better link the conservation of the area's biodiversity with income earning opportunities
- to put the 60% of tourist fee monies under local control for spending on local development
- to revise the existing tourism management plan to stress high-income, low-impact tourism
- to mitigate the large impact that the road from the Chinese border will have when it is connected with Nepal's national road network in a few year's time.

Conserving the Royal Bengal Tiger

The Tiger-Rhino Conservation Project (2001-2006) finished in early 2006 after helping to extend the conservation area of the endangered Royal Bengal Tiger beyond the Royal Chitwan Park and the adjoining Parsa Wildlife Reserve and Valmiki Tiger Reserve in India. It has done this by improving the condition of the Barandabhar forest, which is a crucial habitat in its own right and serves as a corridor for tigers and other wildlife to move between the Chitwan National Park and the Mahabharat hills to the north. This forest was degrading rapidly due to over-grazing and illegal tree cutting.

The project's support extended and strengthened local communities' management of the forest, increased awareness about the importance of conserving biodiversity, and provided alternative income earning opportunities and alternative sources of energy. This has significantly reduced human pressure on the forest and improved the habitat as shown by the 65% increase in the number of ungulates (deer — the main tiger prey species) between 2002 and 2005 and the greatly increased natural regeneration of trees. The project's support for mobile anti-poaching units and community involvement in combating poaching helped reduce wildlife poaching and illegal timber cutting in the Barandabhar forest.

The green force clubs and environment teachers' forums established across the area's 47 government schools have fostered greater conservation and environmental awareness. These and the community forest user groups provide a promising base for the long-term sustainable management of the Barandabhar forest.

The Small Grants Programme has collaborated with 61 grassroots environmental organisations and activists to run projects that benefit local people in a way that mitigates the global problems of climate change and environmental degradation.

Box 10: Three Projects Supported by the Small Grants Programme in 2006



Promoting solar lanterns— This project is promoting solar lanterns as a cheaper environmentally sound alternative to kerosene lamps. Its initial installation of 500 lanterns in Morang and Ilam led to World Bank funding for a further 5500 lanterns. The project also helped set up 22 village service centres and three factories to make the lanterns. This initiative's success influenced the government to provide a 50% subsidy on the cost of the lanterns and to dedicate 145 million rupees in its 2006/07 budget to subsidising 95% of the cost of 60,000 lanterns for the Karnali zone in western Nepal.



Controlling slash and burn in Makawanpur — This project converted 429 hectares of degraded slash and burn land (khoriya land) into a stable agroforestry system planted with nitrogen fixing and fodder trees intercropped with bananas and pineapples. This has stabilised the land and increased local incomes. The project is advocating for local people to get formal use rights over these areas. This project was funded by four other donors.



Improved cardamom driers in Taplejung — This project has installed 42 improved driers for processing cardamom. The driers use less firewood and produce a better quality and larger output of cardamom. This is a collaborative effort with three other partners.

The priority tasks remaining to build on TRCP's achievements are:

- increase the benefits local people get from the forest's biodiversity and ensure their full participation in managing the forest
- get official approval for the Barandabhar Corridor Forest management plan
- bring the management of the northern forest area on to a par with the southern buffer zone area
- improve the management of the area's grasslands that provide crucial wildlife habitats.

The main challenges to making buffer zones work are:

- increase the benefits local people get from the parks' and reserves' biodiversity
- involve buffer zone institutions in managing the core protected areas
- provide more business development and marketing support to sustain new local enterprises
- increase the involvement of women and marginalised groups in managing the buffer zones.

Buffer zones for biodiversity conservation

The two phases of the Participatory Conservation Programme (2001-2006) consolidated the achievements of the Parks and People Programme (1995-2001) to involve local people in conserving the biodiversity of Nepal's seven national parks and wildlife reserves.

The project successfully supported the government to establish buffer zones around Nepal's seven national parks and wildlife reserves, with the last two — the Khaptad and Rara buffer zones — declared in 2006. It also helped the Department of National Parks and Wildlife Conservation to manage these zones. In 2006 the project helped finalise guidelines for the saving and credit schemes run by buffer zone user groups and for the management of buffer zone community forests.

The project has created a three-tier institutional setup to carry out development activities and act as partners for the park authorities to work with on conservation issues. Eighty-eight percent of buffer zone households are represented on the 3,631 buffer zone user groups. These groups form the basis of the 88 buffer-zone user committees that in turn form the buffer zone management committees for each of the seven buffer zones.

Over its 28 months the project made good progress on building alternative livelihoods with interventions across all 123 buffer zone VDCs benefiting more than 90,849 households. In 2006 24 skill training courses were run, 15 million rupees of new funds were collected by user group saving schemes, and 33 of the user groups were transformed into cooperatives to give them a more solid legal basis.

Local projects with global impacts

Since 1998 the Small Grants Programme has collaborated with 61 grassroots environmental organisations and activists to run projects that benefit local people in a way that mitigates the global problems of climate change and environmental degradation (see Box 10 for three recent projects). Seventeen new projects were funded in 2006. One measure of the combined impact of the dozens of projects supported is that they have altogether reduced Nepal's annual carbon emission by over 10,000 tonnes.

Landscape management in the Western Terai

After some delays the Western Terai Landscape Complex Project began work in mid-2006 to promote integrated landscape management across the protected areas, national forest areas, and settled areas of the western Terai districts of Kanchanpur, Kailali and Bardia. The aim is to conserve the diversity of the area's fauna, flora domesticated crops and livestock whilst improving local people's livelihoods.

The project's main achievements in 2006 were to set up its three field offices and to carry out baseline studies on local people's socioeconomic status and the extent of forest encroachment. The project also started to support local forest user groups and ran income generation and sustainable forest management training programmes for people living in and around important conservation areas.

In 2007

In 2007 the western Terai landscape and the capacity needs projects will begin full-fledged implementation. A new project to conserve two of Nepal's most important wetlands has just been launched.

9 Reducing risks of disasters from natural hazards

In Nepal floods and landslides cause the deaths of an average of 200 people each year as well as destroying valuable infrastructure and undermining many people's livelihoods. Nepal is also prone to earthquakes and a large one near an urban centre would probably claim thousands of lives. Poor people tend to be more vulnerable to natural disasters as they often live on areas most prone to landslides and floods and in buildings that are most likely to collapse during earthquakes.

UNDP's response

In 2006 we have helped the government, district authorities, and local communities to be better prepared to manage the risks from natural disasters by implementing the four projects in Table 8.

In 2006 our most notable achievement was at the national level assisting the government to prepare its National Strategy for Disaster Risk Management in line with its commitments to the international Hyogo Framework of Action. The 168 countries who signed up to this framework in 2005 committed to incorporate disaster risk management into the plans and programmes of for their main development sectors. Consultations have already taken place with 25 ministries and the strategy should be ready by mid-2007.

Also at the national level in 2006 we:

- supported DP-Net, Nepal's largest network of organisations working on disaster preparedness, to better serve its members;
- showed all of the municipalities and DDCs of the western, central and eastern regions how to

Table 8: UNDP's 2006 Support for Disaster Risk Reduction

Project	Period	Budget (donors)	Main focus/status
Community Based Disaster Management Project (CBDMP)	Nov 05-Dec 07	\$550,000 (UNDP)	Working to reduce the vulnerability of communities living in six areas that are vulnerable to natural hazards.
Assistance for Facilitating the Adoption of the Hyogo Framework	Jan 06-Dec 07	\$61,963 (BCPR)	Supporting Nepal to implement the international Hyogo Framework of Action on disaster risk reduction.
Disaster Risk Reduction at the National Level in Nepal (DRR)	Jun 06-Jun 07	\$386,912 (EC, BCPR)	Supporting the government and civil society to manage and reduce the risks from natural disasters in Nepal.
Emergency Grant for Flood and Landslide Response	Nov 06-Aug 07	\$50,000 (BCPR)	Helping communities to recover from the floods and landslides that hit western Nepal in August and September 2006.



incorporate disaster risk reduction in their periodic plans;

- built up the capacity of engineers from 30 municipalities to implement the National Building Code that specifies standards for earthquake and resistance to other hazards; and
- prepared a nationwide media campaign to raise the general public's awareness about the importance of disaster preparedness.

In 2006 the Community Based Disaster Management Project worked in six districts on pre-disaster preparedness and risk mitigation. The project formed community-based disaster management groups in 24 rural and 18 urban localities that are vulnerable to natural hazards. These groups were then trained on disaster management including how to identify natural hazards and reduce people's vulnerability. All the

groups subsequently assessed vulnerable sites and identified interventions such as land stabilisation measures and demonstrations of earthquake and flood resistance construction that could reduce the risks to communities. These interventions will be implemented by the communities in 2007.

Add photo with caption to describe support for victims of 2006 floods and landslides

For 2007

we are working with the Government of Japan to develop a new project that will support the Government of Nepal to reduce vulnerabilities from earthquakes and to enable early recovery after a major earthquake strikes.

10 Responding to HIV/AIDS

An estimated 70,000 people are living with the HIV virus in Nepal, and the number is growing. Those most at risk are seasonal labour migrants, sex workers, injecting drug users and men who have sex with men. Just under a half of all the 8,509 reported HIV positive cases have been amongst these groups. Following the gradual increases among these groups since the early 1990s, cases are now also being seen among the wives and partners of migrant workers and sex workers.

UNDP's response

Throughout 2006 we continued to roll out a comprehensive HIV/AIDS prevention and care programme funded by the Global Fund, DFID, and AusAID. The main 2006 achievements were the greatly extended coverage of the programme and the many more civil society organisations involved in delivering it. Also in 2006 we continued to play a leading role in the various national, UN and government coordinating bodies on HIV/AIDS.

Comprehensive programme implemented

In 2006 the programme's 77 NGO partners implemented 119 projects across 27 districts. A further 39 small projects were implemented by local self-help groups.

These 116 partners have provided the range of needed interventions from raising awareness to prevent the spread of the disease to providing testing services and support and care. In 2006 these initiatives benefited 4,380 men who have sex with men and men who have sex with women, 1,934 drug users who received drug treatment and rehabilitation services, and 2041 people who received testing and counselling for HIV.

The programme has raised awareness about the disease amongst the general population and high risk groups. Between mid-2005 and the end of 2006 it gave 137,000 youth, 146,000 labour migrants, and 11,000 police and army personnel a better understanding about the causes of HIV/AIDS and how to avoid contracting it. Many of these young people and labour migrants have been reached by the 5,000 programme-trained peer educators and the more than 600 trained teachers. The 35 new information and counselling centres set up with programme support, mostly in district centres and a few on major crossing points into India, also serve as important sources of information. 131,777 migrants and their families used their services in 2006.

People living with the virus not only suffer ill-health but also suffer discrimination as they are often stigmatised by society. In late 2006 the programme

Table 9: UNDP's 2006 Support for HIV/AIDS

Project	Period	Budget	Main focus
Management Support to the National Programme on HIV/AIDS	Feb 05-Jul 08	\$12,906,845 (DFID, Global Fund, AusAID)	Supporting civil society organisations to prevent the spread of HIV/AIDS and to care for and treat people living with HIV/AIDS.

The 35 new information and counselling centres set up with programme support, mostly in district centres and a few on major crossing points into India, also serve as important sources of information. 131,777 migrants and their families used their services in 2006.

started its Community Capacity Enhancement Programme to try and overcome this. Sixteen trainers were trained and are now working with local communities in Parsa, Kapilvastu and Ilam districts to educate people through open discussions about HIV/AIDS. These sessions are working well as many participants who come to the sessions believing that people living with the virus should be condemned leave knowing that such people need compassion, understanding and support.

The programme has also increased access to testing, counselling, and treatment. It has set up 22 new centres to provide confidential HIV testing and counselling and (in partnership with USAID) has trained 72, mainly government, health staff on logistics. The latter training should improve the distribution and availability of HIV testing kits, anti-retroviral drugs and other HIV/AIDS commodities.

Another notable achievement was supporting 17 DDCs to develop HIV/AIDS plans to identify the gaps in HIV/AIDS services. In 2005/06 DLGSP helped a further 20 DDCs mainstream HIV/AIDS in their annual plans. This DLGSP support has led to 22 DDCs allocating budgets for HIV/AIDS support and running awareness-raising programmes at community level and in their regular training courses.



Anarmani Voluntary Counselling and Testing Centre



The programme worked with 39 of these self-help groups in 2006 through its Challenge Fund for HIV/AIDS and the Global Fund programme for CBOs.

Box 11: Women HIV/AIDS Self-help Groups

Gender inequality means that Nepali women are biologically, socially and economically more vulnerable to HIV/AIDS and therefore have greater support needs. Ten of the groups being supported by the challenge fund have been formed by and for women living with HIV/AIDS. These groups are providing a range of support services and are also raising local awareness about the disease and convincing local people not to discriminate against people living with the virus.

The groups have been trained to provide home-based care for affected women. They are being supported to provide this care including helping women taking Anti-Retroviral Therapy to improve their diets so as the therapy is more effective, helping affected women access health care facilities; and in some cases providing residential support to affected women who have been disowned by their families. These groups are enthusiastically carrying out their work and provide a very promising way of delivering basic care whilst also empowering the women to demand better treatment.

Working with civil society groups

The programme's greatly increased reach was enabled by its many new NGO and CBO partners. In 2006 the number of NGO partners increased to 77 from only 17 in 2005. In the previous year the rather rigorous application criteria had limited the number of successful applications. In 2006 NGOs were fast-tracked for funding if they met certain basic criteria. Also in this year, the programme made more of a commitment to these partners by helping them build their organisational capacities and by entering into longer contracts with them.

The programme further extended its reach by working with community based organisations (CBOs), most of them newly set up by people living with HIV/AIDS. The programme worked with 39 of these self-help groups in 2006 through its Challenge Fund for HIV/AIDS and the Global Fund programme for CBOs. The challenge fund is administered by the National Association of People Living with HIV/AIDS. The association and the three NGOs that administer the global fund programme helped funded groups plan and implement their projects. Most of the projects deliver care and support services to people living with HIV/AIDS and their families. This successful initiative is a great change from the previous situation where the programme viewed people living with HIV/AIDS only as a target group. Box 11 describes the important work being carried out by the 10 women groups under the fund.

In 2007

In 2007 we will continue to extend the reach of the programme and also plan to:

- develop guidelines to 1) standardise and harmonise services provided by rehabilitation centres for injecting drug users, and 2) for home-based care and support; and
- further explore the setting up of a semi-autonomous body to coordinate government, donor and civil society support for HIV/AIDS to eventually take the national programme over from UNDP.

11 Resources

Sources of funding

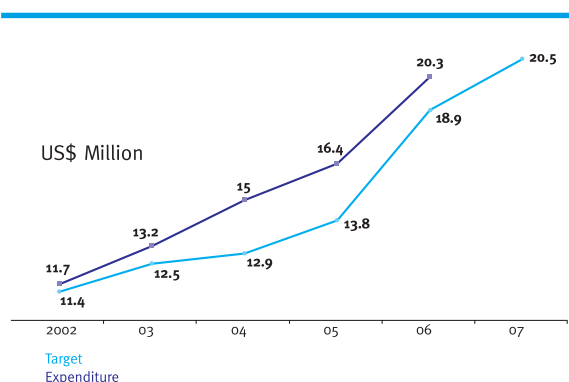
Our programme is funded from our own regular resources, other United Nations sources, and from bilateral and other external donors. Of the \$84.9 million allocated to our 31 projects that were on-going in 2006:

- 45% was from bilateral donors plus the European Commission and the Ford Foundation;
- 35% from UNDP's regular resources, BCPR and thematic trust funds;
- 14% from other funds; and
- 6% from other UN agencies (Table 10).

Of all our donor partners the British Government's Department for International Development provided the largest amount. Their \$24.5 million accounted for 29% of the funds allocated to our programme in 2006. In 2006 DFID supplemented their substantial on-going support to DFDP, the National Human Rights Commission project, MEDEP and HIV/AIDS with an additional \$7.1 million for the HIV/AIDS programme and \$585,937 for the constitution building project. Further Australian Agency for International Development funding (\$560,000 to MEDEP), European Commission funding (\$328,899 to disaster risk reduction) and Swiss Agency for Development and Cooperation funding (\$200,000 to the constitution building project) brought the total new money committed in 2006 to \$8.8 million. These large new commitments show these donors' confidence in UNDP's ability to effectively manage large multi-donor initiatives.

For most projects the budgets shown in this report represent the total money available. However, in the case of the Terai Western Arc Complex Landscape Project and the Rural Energy Development Project substantial funding comes from other donors that does not pass through UNDP. Many projects also receive in-kind contributions from the Government of Nepal.

Chart 2: UNDP Programme Expenditure Against Target (2002-06)



Expenditure trends

In 2006 our projects spent \$US 20.3 million, representing a 21% increase on our 2005 expenditure of \$16.4 million. This represents an above average increase as the average annual growth rate since the start of the current programme cycle in 2002 has been only 15% (Chart 2). Our total expenditure since 2002 and up to the end of 2006 amounts to \$US 76.3 million meaning that we are well on the way to achieving the programme delivery target of spending \$90 million between 2002 and 2007.

We strive to minimise our administrative costs and direct as much of the resources we receive as possible to project costs. In 2006 our programme administrative costs accounted for only 11% of our expenditure with the rest going to implement the 31 projects.

Table 10: Sources of Funding Allocated for 2006 On-going Projects

Funding source	Amount
1. Bilateral and other non-UN donors (45%)	
Department for International Development (DFID)	24,514,493
Government of Norway	7,824,632
Canadian International Development Agency (CIDA)	1,257,366
Australian Agency for International Development (AusAID)	945,336
Swiss Agency for Development and Cooperation	765,124
Government of Japan	685,000
Government of Finland	547,444
Government of Denmark	443,170
United States Agency for International Development	375,296
Government of New Zealand	350,000
European Commission	328,875
Ford Foundation	205,000
German Technical Cooperation (GTZ)	147,571
	\$38,389,307
2. UNDP (35%)	
United Nations Development Programme - regular resources	27,638,597
Bureau of Crisis Prevention and Recovery (BCPR)	1,026,402
UNDP thematic trust funds (ITTF, DG-TTF, MDGI, GDR-TTF)	984,454
	\$29,649,453
3. Other funds (14%)	
Global Environment Facility (GEF)	8,312,278
Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM)	2,747,241
United Nations Fund for International Partnership (UNFIP)	712,472
Montreal Protocol	57,495
	\$11,829,486
4. Other UN agencies (6%)	
United Nations Capital Development Fund	5,000,000
United Nations Children's Fund (UNICEF)	45,000
	\$5,045,000
Total	\$84,913,246

Note: UNCDF's \$5 million for DFDP does not pass through UNDP



ANNEX

UNDP Projects and Programmes, 2006



Annex 1: UNDP Projects and Programmes, 2006

Programme/project	Implemented by	Donors	Duration		Budget allocated for duration	Expenditure Jan-Dec 2006 US\$	Status (April 2007)
			start	finish			
1. Support to Peace Building							
Support for Peace & Development Initiatives (SPDI)	UNDP	Norway, DFID, Canada, SDC, Denmark, UNDP, GTZ, Finland	Sep-03	May-06	3,053,704	222,798	closed
Peace and Development Advisory Support (PDAS)	UNDP	UNDP-BCPR	Jun 05	Dec 07	330,050	133,890	on-going
Implementation Support to Programme Review and Recommendation	UNDP	UNDP	Nov 05	Dec 07	1,550,840	761,761	on-going
Support to Constitution Building Process in Nepal (SCBP)	UNDP	DFID, UNDP-BCPR, SDC, UNDP	Nov 06	Oct 07	1,089,726	116,506	on-going
Sub-total					\$6,024,320	\$1,234,955	
2. Enabling Human Development							
Strengthening Aid Management and National Execution (SAM & NEX)	MoF	UNDP	Aug 03	Dec 06	766,042	248,717	closed
Operationalisation of the MDGs in Nepal (MDG)	NPC	UNDP, UNDP-MDGI	Jul 04	Dec 06	630,338	303,021	closed
Enhancing Nepal's Trade Related Capacity (ENTRC)	MoICS	UNDP, UNDP-ITF	Jun 06	Jun 08	961,000	75,760	on-going
Programme Support Initiative of Human Development (PSIHD)	UNDP	UNDP	Aug 06	Apr 08	456,652	35,098	on-going
Sub-total					\$2,814,032	\$662,596	
3. Justice and Human Rights							
Reform of the Judiciary (ROJ)	Supreme Court	UNDP, Japan, Finland	Feb 01	Oct 07	1,739,272	319,595	on-going
Capacity Development of the National Human Rights Commission (CDNHRC)	NHRC	DFID, Canada, UNDP, Norway, Finland, SDC, Ford Foundation, USAID, Denmark, UNICEF, AusAID	Feb 02	Dec 07	4,435,299	1,119,291	on-going
Enhancing Access to Justice through Media Campaign, Settlement Fairs and Strengthening Community Mediation Practices (A2J)	UNDP	UNDP, UNDP-DG-TTF	Apr 03	Oct 07	1,145,393	333,638	on-going
Sub-total					\$7,319,964	\$1,772,524	

Annex 1: UNDP Projects and Programmes, 2006 (continued)

Programme/project	Implemented by	Donors	Duration		Budget allocated for duration	Expenditure Jan-Dec 2006 US\$	Status (April 2007)
			start	finish			
4. Gender Equity							
Mainstreaming Gender Equity Programme - Phase 2 (MGEP)	MoWCSW	UNDP, USAID	Oct 02	Jun 06	1,923,554	293,969	closed
Capacity Development for Gender Mainstreaming (CDGM)	UNDP	UNDP-GDR-TTF	Jun 05	Dec 06	70,000	16,021	closed
Sub-total					\$1,993,554	\$309,990	
5. Access to basic services							
Decentralized Financing and Development Programme (DFDP)	MoLD	DFID, UNCDF	Jan 00	Jun 07	10,200,000	1,331,993	on-going
Rural Urban Partnership Programme - Phase 3 (RUPP)	MoLD	UNDP	Jan 04	Dec 07	2,350,000	741,521	on-going
Decentralized Local Governance Support Programme (DLGSP)	MoLD	Norway, UNDP	Apr 04	Dec 07	12,690,476	4,179,403	on-going
Public Private Partnership for Urban Environment - Phase 2 (PPPUE)	MoLD	UNDP	Apr 04	Dec 09	1,450,000	106,099	on-going
Community Owned Primary Education Programme - Phase 2 (COPE)	MoLD	UNDP	Jul 04	Jun 07	1,947,790	625,665	on-going
Sub-total					\$28,638,266	\$6,984,681	
6. Sustainable livelihoods							
Tourism for Rural Poverty Alleviation Programme (TRPAP)	MoCTCA	DFID, UNDP	Oct 01	Jun 07	4,976,757	909,864	on-going
Rural Energy Development Programme (REDP)	MoEST	UNDP	Apr 02	Jun 07	2,002,912	506,121	on-going
Micro Enterprise Development Programme (MEDEP)	MoICS	DFID, UNDP, AusAID, New Zealand	Feb 04	Dec 07	5,110,000	1,367,088	on-going
Sub-total					\$12,089,669	\$2,783,073	

Annex 1: UNDP Projects and Programmes, 2006 (continued)

Programme/project	Implemented by	Donors	Duration		Budget allocated for duration	Expenditure Jan-Dec 2006 US\$	Status (April 2007)
			start	finish			
7. Environmental conservation							
Small Grants Programme (SGP)	UNOPS	GEF	Dec 98	Feb 08	3,300,000	500,000	on-going
Upper Mustang Biodiversity Conservation Project (UMBCP)	NTNC (KMTNC)	GEF, UNDP	Jul 00	Dec 06	908,900	228,494	closed
Tiger Rhino Conservation Project (TRCP)	KMTNC	GEF, UNFIP, UNDP	Mar 01	Apr 06	1,568,874	81,060	closed
Participatory Conservation Programme (PCP)	DNPWC	UNDP	Aug 04	Dec 06	998,435	638,434	closed
Western Terai Landscape Complex Project (WTLCPP)	MoFSC	GEF, UNDP	Aug 05	Jul 12	5,044,017	242,620	on-going
Refrigerant Management and Environment for Sustainable Development (RMESD)	UNDP	Montreal Protocol	Feb 06	Dec 06	57,495	0	to be carried over
National Capacity Needs Self Assessment for Global Environment (NCNSAGE)	MoEST	GEF	Oct 06	Apr 08	200,000	0	on-going
Sub-total					\$12,077,721	\$1,690,608	
8. Natural Disasters							
Community Based Disaster Management Project (CBDMP)	UNDP	UNDP	Nov 05	Dec 07	550,000	278,214	on-going
Preparatory Assistance for Facilitating the Adoption of the Hyogo Framework	UNDP	UNDP-BCPR	Jan 06	Dec 07	61,963	18,578	on-going
Disaster Risk Reduction at the National Level in Nepal (DRR)	UNDP	EC, UNDP-BCPR	Jun 06	Jun 07	386,912	139,491	on-going
Emergency Grant for Flood and Landslide Response	UNDP	UNDP-BCPR	Nov 06	Aug 07	50,000	0	on-going
Sub-total					\$1,048,875	\$436,284	
9. Responding to HIV/AIDS							
Management Support to the National Programme on HIV/AIDS	UNDP	DFID, Global Fund, AusAID	Feb 05	Jul 08	12,906,845	4,427,433	on-going
Sub-total					\$12,906,845	\$4,427,433	
GRAND TOTAL					\$84,913,246	\$20,302,143	

Note 1: donors are listed in order of size of contribution

Note 2: UNCDF's \$5 million for DFDP does not come through UNDP

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