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FY14 Q1 Quarterly Report

October – December 2013

Inclusive Resource Management Initiative (IRMI)

USAID Cooperative Agreement No. AID-367-A-13-0001

Total budget: \$1,164,301 Expenses to date: \$186,663

1. Program Overview

To support Nepal's transition to a more peaceful, equitable society, the Inclusive Resource Management Initiative (IRMI) aims to enhance stability through natural resource conflict resolution and inclusive natural resource management. This will be achieved through a holistic, people-to-people approach that: 1) facilitates the resolution of resource-based conflicts; 2) promotes inclusive decision-making related to natural resource use and management; and 3) reduces natural resource competition through joint environmental and economic initiatives. Implemented by Mercy Corps in partnership with Backward Society Education (BASE) and Sahakarmi Samaj (SS), the program targets 20 Village Development Committees (VDCs) in four districts of the western Terai, including Kailali, Bardiya, Banke, and Dang. The program will benefit approximately 237,000 people living in the program area.

2. Chronology

Program Start Up

Despite a late program start due to delays primarily associated with the November 19, 2013 Constituent Assembly (CA) elections, IRMI made strong progress during this reporting period ramping up program activities, which included coordination with USAID partners, orientation with sub-grantees BASE and SS, preparation of community and stakeholder selection methodologies and conflict mapping tools, development of IRMI's baseline study (attached), completion of VDC level Key Informant Interviews (KIIs) and open community forums in all four IRMI districts, and selection of VDCs. While November field activities were delayed due to the Dashain and Tihar festivals and the November 19 CA elections, the program gained strong traction in the post-election period, and is well-positioned to accelerate program activities in the first quarter of 2014.

Despite delays during the November pre-election period, IRMI Program Manager (PM) John Cavanaugh refined and finalized proposed program implementation tools including: IRMI's Community & Stakeholder Selection Methodology, Participant Expression of Interest Form, Resource and Conflict Mapping Tool, KII Guides (government and community), KII database, Stakeholder Selection Process Overview, Selection of Participants Interview Guide, Stakeholder Grading Sheet, and the IRMI baseline survey (tools attached).



Gwasi Visit

Partner Orientation

In early October, PM J. Cavanaugh travelled to Kailali District to initiate coordination activities through a series of introductory partner and stakeholder meetings, work plan discussions, and field visitations in Dhangadhi and Beladevipur VDCs. Cavanaugh, together with implementing partners BASE and SS, engaged in active discussions concerning implementation time lines, Do No Harm analysis, gender sensitivity, and IRMI's initial conflict mapping and stakeholder selection methodologies. Cavanaugh, together with BASE Executive Director Churna Chaudhary, dedicated one full day to visiting potential target Community Forest User Groups (CFUGs), including Gwasi CFUG in Beladevipur VDC, to discuss natural resource management challenges and conflicts with Chairman Naba Raz Bsatta and members of the Gwasi community. Chairman Bsatta identified several challenges to the community forest, including encroachment from flood impacted people from the hill areas, political interference in community affairs for political gain, landless communities illegally "capturing" land or entering the forest to forage or cut down trees for firewood, and livestock grazing encroachment from adjacent communities. As part of the Kailali trip, Cavanaugh also met with SS Executive Director Narad Prasad Sharma to discuss IRMI implementation plans, and People to People best practices in Banke District. As a result of the Kailali trip, the process of IRMI sub-grantee field orientation and coordination, with a primary emphasis on BASE, had begun, and PM J. Cavanaugh was able to develop a greater contextualized understanding of resource management challenges in the Terai through direct dialogue with CFUG leaders.

On October 29, Cavanaugh travelled to Banke District for an initial set of orientation meetings, work plan discussions, and scoping sessions with SS. In addition to introductions

and a general program overview, these meetings focused on developing and refining locally contextualized conflict and resource mapping and community identification tools. On October 30, Cavanaugh met with SS's Rajaram Gupta, Senior Organizational Development Facilitator, and Champhasingh Bhandari, SS Training Facilitator, to discuss VDC selection, Sajhedari Bikass coordination, and the general ramp up of IRMI. Gupta indicated that SS would be hiring an IRMI field team after the November CA elections, and provided a list of proposed Banke VDCs. MC subsequently returned SS's initial VDC recommendations with a request for reconsideration due to 50% overlap with Sajhedari Bikass. As a result of the Banke trip, SS field staff developed a better understanding of CMM community selection and coordination sensitivities, as well as Mercy Corps' strong interest in ramping up program activities immediately after the CA elections.

On October 29 and 30, IRMI organized financial reporting training for BASE and SS. The objective was to provide basic financial reporting training for sub-grantee accountants at program inception. A total of two male participants received training. Subsequent administrative training took place at the conclusion of the December 25 partner(s) OCI described below.

On October 31, PM J. Cavanaugh, together with implementing partner SS, met with the Chairperson, Vice Chairperson, and Chair of the Forestry Group of the Kohlapur area Federation of Forest User Communities (FECOFUN). FECOFUN representatives, who expressed strong interest in participating in IRMI, discussed resource management challenges in the area, especially in Banke National Park buffer zone communities. FECOFUN expressed special concern about the challenges and corresponding capacity-building needs of potential women CFUG leaders in the Terai, who, despite a requirement that one of the three CFUG position holders (Chairperson, Vice Chairperson, and Treasurer) is a woman, do not play meaningful roles in community decision-making. Coordination with Sajhedari Bikass, Hariyo Ban, the Multi-Stakeholder Forestry Program (MSFP), WWF's Terai Arc Landscape program, FECOFUN, and the Jatibuti Association of Nepal were also discussed. As a result of this meeting, PM J. Cavanaugh was able to develop a greater contextualized understanding of natural resource management and capacity development challenges in Kohlapur and in Banke national park buffer zone communities.



Kohlapur Consultation

IRMI Staff

On November 11, Deputy Program Manager (DPO) Shyam Prasad Ojha and Technical Officer (TO) Dol Raj Thanet began working at MC. Ojha brings to the project significant foreign donor management and conflict resolution experience, while Thanet, who is ethnically Tharu, rounded out IRMI's small but versatile team, bringing extensive natural resource field experience to the program. Ojha and Tenet participated in a series of orientation meetings, signed employment agreements, familiarized themselves with IRMI program documents, and participated in a two-day "Child Protection and Safety" training, a new requirement for all new MC hires. PM J. Cavanaugh also completed the training. Ojha, who was previously trained by the Asia Foundation (TAF) as a "master trainer," reached out to TAF to discuss IRMI's proposed use of community mediation training materials. Ojha and Thanet also participated in a series of orientation meetings for Mercy Corps Kailali based staff, before setting up IRMI's Dhangadhi field office. Both Ojha and Thanet are based in Dhangadhi. In late November, after the CA elections, BASE and SS each hired IRMI field teams. BASE's team is led by Program Coordinator Laxman Chaudhary, and SS is led by Program Coordinator Man Bir Nepali.

Field Visits and Partner Coordination

In December, Mercy Corps conducted an aggressive series of field visits and partner coordination meetings, now that BASE and SS project teams had been hired and were in place, including: December 2 meeting with BASE's leadership in Dhangadhi; December 3 meeting with SS leadership in Kohalpur; December 4 - 6 orientation meetings with BASE executive members in Dang and Tulsipur; December 5 orientation for BASE's field team conducted at the sub-grantee's Cahkhaura training center; December 6 consultation with the District Forest Office (DFO) and MSFP "Rupantaran Nepal" in Dang; December 7 meeting with SS executive members in Banke; December 8 orientation meetings with the SS's project team in Kohalpur; December 9 coordination meeting with PACT (Sajhedari Bikass) in Nepalgunj; December 10 meetings with USAID's Reshma Thepa at Mercy Corps and later with BASE's project team in Dhangadhi; December 19 VDC selection orientation for BASE's project team in Dhangadhi; and December 31 VDC level open community forums in Banke and Bardiya.

VDC Selection

From December 11-31, implementing partners BASE and SS conducted KII community mapping activities with district level stakeholders in all four IRMI districts, as well as a series of open forums with a broad array of community forest users and user groups to inform IRMI's VDCs selection process. IRMI employed a "participatory" VDC selection process by directly involving community members, and a wide range of potential stakeholders, in KII interviews and in community open forums, soliciting views and incorporating input directly from local communities. VDCs that were perceived to harness the greatest degree of natural resource management tension, and that were not currently participating in programs administered by counterpart organizations such as PACT's

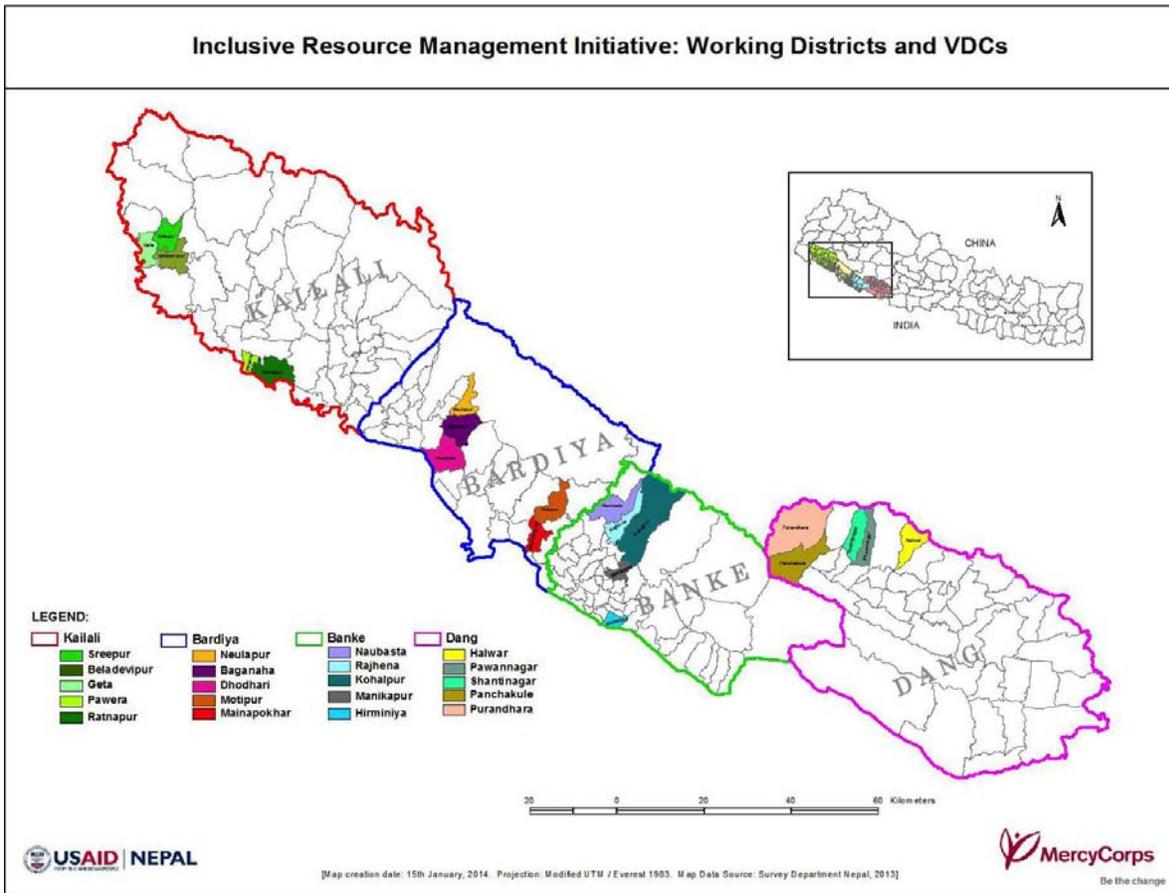
Sajhedari Bikass program, were targeted for participation. VDCs that scored poorly in PACT's community mapping exercises, and that were not participating in the first phase of Sajhedari Bikass, were given special attention. KII's were conducted with FECOFUN, DFO, District Development Office (DDO), District Administration Office (DAO), District Development Committee (DDC), District Soil Conservation Office (DSCO), Division Office of Water and Irrigation (DOWI), District Land Reform Office (DLRO), National Parks, and the Area Forest Post, among others, to help identify VDCs and potential IRMI stakeholders. CFUG representatives participating in IRMI's open community forums included: VDC officials, political leaders, civil society leaders, indigenous and Dalit/Federation leaders, women's groups, local teachers, range post officials, local intellectuals, leaders of landless communities, and freed-Kamaiya leaders.



Mainapokhar Community Forum

Mercy Corps, together with BASE and SS, successfully designed and implemented a participatory VDC selection procedure, which struck a positive chord with VDC and district level officials, and engaged a broad array of community user groups as potential program stakeholders in the process. BASE's Laxman Chaudhari, IRMI Program Coordinator, stated, "The open process for community selection has been extremely helpful in our efforts to identify the communities most in need of resource management assistance, and has also allowed us to engage a broad range of community members as potential stakeholders." In all, a total of 32 KIIs and 5 open community forums were conducted by BASE and SS in December.

After careful analysis of KII and community forum input and data, twenty VDCs in four districts were selected for IRMI's participation, including: 1) Dang District: Panchakule, Pawannagar, Halwar, Purandhara and Shantinagar, 2) Bardiya District: Mainapokhar, Dhodhari, Motipur, Bagnabaha and Neulapur, 3) Kailali District: Ratanpur, Pabera, Shreepur, Geta and Beladevipur, and 4) Banke District: Kohalpur, Rajhena, Naubasta, Hirminiya and Manikapur.



Organizational Capacity Index (OCI)

On December 25, as a key element of IRMI’s capacity development program for local partners BASE and SS, Mercy Corps conducted OCI assessments for each organization during a one-day workshop in Nepalgunj. The OCI, an organizational capacities “self assessment” tool, measured five core capacities in each organization: Financial Resources (accountability, operational planning, and budgeting), Human Resources (personnel management, staff development, and staff participation), Strategic Leadership (strategic planning, good governance, sustainability and resource mobilization), Information Systems (monitoring and evaluation, reporting, and organizational learning), and External Relationships (public relations, networking, stakeholder input, participation, and advocacy). The OCI asked value neutral questions that focused on accepted or standard organizational practices and systems in NGOs, which, if in place, should *ideally* set BASE and SS on healthy, sustainable tracks.

The OCI assessed weaknesses in key organizational capacity areas that can be corrected based on partners’ adoption of efficient systems, policies, and/or procedures, or by changing management practices. The initial OCI, which will be followed by mid-term and end-line assessments, established baselines of organizational capacities in each of the five functional

areas, and will inform the development of targeted Capacity Development Plans, which will address weakness or “gaps” identified during the exercise.

At the conclusion of the workshop, BASE Executive Director Churna Chaudhary and SS Executive Director Narad Sharma, each of whom were active participants, expressed their appreciation for the exercise, stating that the workshop had effectively jumpstarted a process of organizational introspection. Mr. Chaudhary stated, "While BASE has participated in this type of exercise in the past, the OCI has allowed us to identify several ‘gaps’ that had previously gone unrecognized.” Mr. Sharma commented, “SS too has used similar tools in the past, however, this more specific and in-depth analytical tool has provided an important new perspective. We will share this valuable material with our Board of Directors and establish a Task Force to work with IRMI to address ‘gaps’ identified during today’s workshop.”

As part of the OCI, Mercy Corps provided a short Information Systems, and Finance and Compliance Requirement training for BASE and SS. A total of 10 men received training; 5 representing SS, and five representing BASE.

3. Performance Summary

Objective 1: Strengthen the ability of key stakeholders to resolve community-level natural resource conflicts in an inclusive, sustainable manner.

Activity 1.1 Map natural resource conflicts.

Mercy Corps, together with BASE and SS, successfully designed and implemented a participatory VDC selection procedure. After careful analysis of KII and community forum input and data, twenty VDCs in four districts were selected for IRMI’s participation, including: 1) Dang District: Panchakule, Pawannagar, Halwar, Purandhara and Shantinagar, 2) Bardiya District: Mainapokhar, Dhodhari, Motipur, Bagnabaha and Neulapur, 3) Kailali District: Ratanpur, Pabera, Shreepur, Geta and Beladevipur, and 4) Banke District: Kohalpur, Rajhena, Naubasta, Hirminiya and Manikapur.

Activity 1.2 Conduct joint training for key stakeholders in conflict analysis and resolution.

No results this quarter

Activity 1.3 Facilitate the development of conflict resolution agreements by key stakeholders.

No results this quarter

Objective 2: Increase inclusive and participatory resource-related decision-making among community and government bodies.

Activity 2.1 Strengthen internal governance of community user groups.

No results this quarter

Activity 2.2 Raise awareness of rights and responsibilities related to natural resources.

No results this quarter

Activity 2.3 Support community participation in government decision-making processes.

No results this quarter

Objective 3: Enhance the sustainability of negotiated agreements by engaging communities in joint environmental and economic development initiatives.

Activity 3.1 Community peacebuilding forums.

No results this quarter

Activity 3.2 Joint natural resource management initiatives.

No results this quarter

Activity 3.3 Support environmentally sustainable economic initiatives

No results this quarter

3. Contextual Update

Nepal is in the midst of a rapid social and political transition. The decade-long Maoist insurgency, which ended in 2006 with the signing of the Comprehensive Peace Agreement, shook the social hierarchy, disrupted patterns of political dominance, and highlighted issues of identity and equity. Under the previous Maoist-led government, a new constitution was to have been drafted by May 2010, potentially restructuring the state as a federal system recognizing ethnic and regional identities. Though this timeframe was repeatedly extended, the elected Constituent Assembly failed to make a new constitution and the assembly was dissolved in May 2012. The significant gains of 2011 had excited widespread expectation of further consolidation in Nepal, with the hope that the political class would settle their deeper political rifts through a substantially consensual political process. Regrettably, Kathmandu remained as fractious as ever through 2012 and 2013, deepening the political uncertainty and instability as the country moved tentatively towards November, 2013 Constituent Assembly (CA) elections. The fragile political situation has led to a weak economic situation and has given rise to a loose governance structure of obstruction and paralysis.

However, on November 19, 2013, despite the Mohon Baidya-led CPN-Maoist 33 party alliance boycott, obstruction, and a country-wide strike, the Government of Nepal (GoN)

successfully administered CA elections in a relatively stable, free and fair environment, with most domestic and international observers positively assessing the conduct of the elections, although allegations of vote rigging remain to be investigated and properly adjudicated. Today, as the Nepali Congress (NC), the Communist Party of Nepal (CPN - UML), and the Unified Communist Party of Nepal (UCPN - Maoist), the three leading political parties in the CA poll, engage in protracted deliberations over the formation of a new government, Nepali citizens watch and wait with some degree of skepticism as expectations run high for the long overdue promulgation of a new Constitution within a year.

In communities in the western Terai, issues of inclusivity and equity continue to manifest as conflict over natural resources— notably land, forests and water—which form the foundation of most people’s livelihoods. According to the findings of a 2013 rapid field assessment conducted by Mercy Corps and BASE, most of these conflicts simmer at a stalemate, marked by the appearance of illegal settlements, double taxation by identity-based groups and the government, theft of forest resources, destruction of crops and household property, occasional outbreaks of violence, and persistent exclusion of particular groups, leading to high levels of vulnerability and grievance. As the country emerges from November elections, forest communities in the Terai, which had become increasingly fractionalized in the pre-election environment due to political manipulation of sensitive resource management issues, continue to compete for an overextended resource base with little or no assistance from local government bodies.

Although the pre November 19, 2013 CA election environment was characterized by incidences of political intimidation, violence, protest, and obstruction, with some political parties inappropriately using land management and natural resource access issues for political gain, the atmosphere in the western Terai has returned to normal in the post election period, and is conducive to IRMI programming. While there was some concern about the immediate CPN Maoist response to the election result, local party leaders in the Terai accepted the results of the poll, which has contributed greatly to establishing stability in the region. The daily routine of the people living in IRMI communities has returned to normal, and local residents are generally welcoming of IRMI field staff visits. Political parties are less involved in community affairs, and government security force deployments in the Terai are noticeably relaxed. Normal vehicular movement is reported on major highways, sub highways and roads, however regular flights to Nepalgunj and Dhangadhi are frequently delayed due to dense fog.

While there have been no threats to IRMI field staff, and the program team has enjoyed open access to communities in all four participating districts, potential stakeholders in Hirminiya observed several individuals with improvised guns and weapons in the Hajrat community forest area, where robbery is a serious problem. However, all donor and I/NGOs have enjoyed unrestricted movement in these communities.

4. Overview of Achievements

Despite implementation delays associated with the Dashain and Tihar festivals and the November 19 CA elections, IRMI was successful in advancing a series of activities during this period as prescribed by the program's approved work plan. Program Start up activities completed during this period included; design of baseline survey, hiring of Deputy Program Manager, hiring of Technical Officer, and formulation of Project Review Board. Activities completed under Objective 1, Activity 1.1 (map natural resource conflicts) include; design and execution of participatory mapping exercise(s) to identify target VDCs, and identification of target VDCs.

Activities originally planned for this period under Objective 1, Activity 1, but were not implemented due to delays associated with the November 22 CA elections include; focus group discussions to inform stakeholder selection, stakeholder selection, conduct baseline survey, joint training for key stakeholders, and coordination meetings with key stakeholders. Scheduled activities under Objective 2, Activity 2.1 (strengthen internal governance of community user groups) not completed include user group organizational self-assessments, and the design of an extension education program on government policies. There were no activities under Objective 3 scheduled for this period.

Organizational self-assessments were conducted for partners BASE and SS as a component of IRMI's capacity development program for sub-grantees, and a Do No Harm Analysis was conducted in concert with the development of IRMI's work plan and sub-grantee orientation meetings. While formal training under IRMI's capacity development program for sub grantees has not begun, gender sensitivity and Do No Harm Analysis have been included as integral components of Mercy Corps' orientation meetings for BASE and SS during this period. Technical and organizational management training and consultations, tailored to the capacity gaps of each implementing partner, will proceed subsequent to the analysis of BASE and SS OCI results.

IRMI has not develop a context specific conflict analysis and resolution training manual because a decision was made early on in the program, in concert with USAID, to identify pre-existing contextual resources.

While IRMI made strong progress during the month of December catching up for lost implementation time due to the November CA elections, and is well positioned to accelerate program activities moving into the next reporting period, a work-plan plan revision will be required in order to re-align targets with post election implementation timeline realities.

The following is a chronological list of key achievements this period:

On November 11, Deputy Program Manager (DPO) Shyam Prasad Ojha and Technical Officer (TO) Dol Raj Thanet started working at MC. Ojha brings to the project significant foreign donor management and conflict resolution experience, while Thanet, who is ethnically Tharu, rounds out IRMI's small but versatile team, bringing extensive natural resource field experience to the program.

Mercy Corps completed sub-grantee orientation meetings, and developed and shared community mapping and stakeholder selection tools with local implementing partners BASE and SS, including IRMI's Community & Stakeholder Selection Methodology, Participant Expression of Interest Form, Resource and Conflict Mapping Tool, Key Informant Interview Guides (government and community), KII database, Selection of Participants Interview Guide, Stakeholder Selection Process Overview, Stakeholder Grading Sheet, and the IRMI Baseline Survey.

IRMI's Program Board was established consisting of PM J. Cavanaugh, BASE Executive Director Churna Chaudhary, and SS Executive Director Narad Sharma. The board will address any unforeseen matters that may require partner approval, discuss the progress of program implementation, as well as any specific program interventions that may be of a sensitive or controversial nature, and share best practices. The board, which will meet twice annually, will assess whether the program is on track, both in regard to budgets and work plans, and address any friction or misunderstanding that may occur among stakeholders in the field, particularly in regard to potentially difficult VDCs or communities. The board will discuss issues of government support for IRMI, and any problems associated with reporting or partner coordination. All potential Program Board matters will be resolved through partner consensus.

Organizational Capacity Index (OCI) assessments were completed for BASE and SS during a December 25 workshop in Nepalgunj.

Through close coordination with key stakeholders at district and VDC levels, and an extensive series of KII interviews and open community forums, twenty VDCs in four



KII in Sonbarsa CFUG districts were selected for IRMI participation.

IRMI VDCs include:

- 1) Dang District: Panchakule, Pawannagar, Halwar, Purandhara and Shantinagar;
- 2) Bardiya District: Mainapokhar, Dhodhari, Motipur, Bagnabaha and Neulapur;

3) Kailali District: Ratanpur, Pabera, Shreepur, Geta and Beladevipur;

4) Banke District: Kohalpur, Rajhena, Naubasta, Hirminiya and Manikapur.

IRMI VDCs do not overlap with Sajhedari Bikass or with analogous international donor programs. Five IRMI VDCs, Puradhara, Motipur, Neulapur, Hirminiya, and Manikapur, were identified as “low performing” by Sajhedari Bikass’ community profiling.

5. Challenges

The major challenges during this reporting period were program implementation delays due to the Dashain and Tihar festivals, and the November 19, 2013 Constituent Assembly elections. A decision was made early in the reporting period to delay community and conflict mapping exercises until after the November 19 elections. While the pre-election security environment didn’t necessarily preclude Mercy Corps’ access to the field, it was thought that the sensitive nature of community/conflict mapping exercises would be ill timed during the unpredictable and somewhat precarious pre-election environment, and that it would be more prudent to commence with VDC, community, and stakeholder selection activities after the elections. Clearly, while most IRMI stakeholders were not directly involved in the elections other than in their roles as voters, the security environment, the conduct of elections, and the perceived outcome of the elections, could certainly impact the lives of forest community stakeholders in profound ways. Thus, a decision was made by Mercy Corps, in consultation with partners BASE and SS, to move forward laying down this important program foundation subsequent to the elections.

Issues with the GoN Social Welfare Council (SWC) continue to present ongoing challenges for IRMI. Despite PM J. Cavanaugh’s August 4, 2013 arrival in Nepal, SWC has not issued an IRMI program document, and thus Cavanaugh, who is living in Nepal on rolling tourism visas, has not been able to apply for a non-tourist visa required of NGO expatriate staff.

Other challenges to the program include a general lack of awareness by potential stakeholders at both district and VDC levels about incidences of “natural resource based conflict.” This could be a reflection of the fact that social conflict is so inherent to life in the western Terai that it is simply perceived as business as usual, community members are uncomfortable discussing issues related to village relationships and tensions with outsiders, or perhaps, as we will discover as we move deeper into program implementation, that resource related conflicts are not as common in the region as was initially perceived during program design and development. In addition, the cold snap in the Terai has made it difficult to access community members and potential stakeholders in the field, delaying the current process of stakeholder selection.

Additionally, the quality of translated program materials has not met IRMI expectations, requiring IRMI’s field staff to spend significant time “translating the translations.” This matter has caused delays in program implementation, and in some cases created situations where it was necessary to use English language tools for orientation events. Nepali translations are to be forwarded to IRMI partners and potential stakeholders as soon as they meet Mercy Corps standards.

Looking ahead, a potential future problem to the program relates Mercy Corps's ongoing efforts to secure community mediation training material that has been developed in the Nepali context. In this regard, in concert with the Kathmandu USAID Mission, Mercy Corps is requesting that TAF training manuals and community mediation resources, developed and adapted to local context over the course of a decade of community mediation programming in Nepal, be made available to IRMI. PM J. Cavanaugh originally had requested this material back in September, 2013, but Mercy Corps' request went without a clear response from TAF. In late December, PM J. Cavanaugh re-engaged in a dialogue with TAF regarding a potential partnership whereby TAF community mediation training modules for interpersonal and group disputes, community peace building for community leaders, and multi-stakeholder mediation, would be made available to IRMI with full attribution and in concurrence with any concerns TAF may have regarding the use of these intellectual properties. Despite a general breakdown in communication subsequent to Mercy Corps' original request back in September, Cavanaugh has now spoken directly to TAF Country Director George Varughese and discussions appear to be back on track. However, if Mercy Corps encounters additional delay in efforts to secure the requested training materials, this may delay the implementation of IRMI's work plan as the program moves into the stakeholder training period during the next reporting period.

6. Lessons Learned

IRMI appears to present a new program theme and methodology for sub-grantees BASE and SS, neither of which have implemented natural resource based conflict mitigation programs in the past, and each have articulated some degree of unfamiliarity with the program material through direct conversations with Mercy Corps field staff. While BASE, the larger and more experienced NGO, has adapted well to new challenges presented by IRMI, SS, which has a relatively inexperienced field team, has been somewhat slower to respond. This is of no great surprise, and SS has indeed demonstrated a constructive attitude and openness about making any program or operational adjustments suggested by Mercy Corps, but through the program's early experience, it is clear that IRMI will need to provide special focus on SS capacity development objectives relative to BASE.

7. Monitoring and Evaluation

During this reporting period, IRMI's FY'14 Implementation Plan and Environmental Assessment (EA) were developed by Mercy Corps, and approved by USAID on October 22, 2013. Also during this period, the IRMI baseline was designed by PM J. Cavanaugh with assistance from Leslie Wingender, Mercy Corps' Portland, Oregon based Peace-building Evaluation Fellow. Cavanaugh has been invited to present the results of the IRMI baseline survey at a United States Institute of Peace (USIP) conference in Washington, DC in early March. The conference is organized by Sharon Morris, a Jennings Randolph Senior Fellow at USIP.

Organizational Capacity Index (OCI) assessments were conducted for sub-grantees BASE and SS during a December 25 workshop in Nepalgunj; IRMI's "Christmas Day CAP."

8. Coordination

On October 23, PM J. Cavanaugh participated in the Kathmandu Mission's Democracy and Governance Office (DGO) Partners meeting, DGO coordination meeting, and IRMI's monthly meeting with Leah Mueller (AOR), Ramesh Adhikari (AAOR), and Reshma Thapa (DGS).

On October 24, PM J. Cavanaugh participated in the first CMM Quarterly Coordination Meeting in Kathmandu hosted by Saferworld's Community Initiatives for Common Understanding (CICU) program. The meeting focused on establishing coordination between CMM partners and other USAID projects, with special emphasis on Pact's Sajhedari Bikass program.

On October 25, Cavanaugh participated in a follow on coordination meeting with PACT and Saferworld to discuss coordination issues touched upon in the previous day's CMM Monthly Coordination meeting. During this meeting it was agreed that PACT, Mercy Corps, and Saferworld, would share community/conflict mapping and VDC selection material, and engage in proactive field level communication to identify synergies and/or avoid duplication of efforts. PACT offered to host joint capacity-development training seminars for sub-grantees in their Nepalgunj office and Mercy Corps offered to organize an information session on natural resource-based conflicts for CMM partners.

On November 27, PM J. Cavanaugh participated in the IRMI monthly meeting with Leah Mueller (AOR), Ramesh Adhikari (AAOR), Reshma Thapa (DGS) from 8:00 to 9:00 AM at the US Embassy, immediately prior to the Kathmandu Mission's regular DGO Partners and DGO Coordination meetings.

On December 9, PM J. Cavanaugh met PACT Country Director Nick Langton at PACT's Nepalgunj office to discuss VDC selection and general coordination issues. Langton shared PACT's community grading data which identified poorly rated VDCs not participating in Sajhedari Bikass phase one, that would offer good entry points for IRMI community mapping and VDC selection activities. Subsequently, IRMI selected five of these low performing VDCs for program participation.

During the week of December 9, the IRMI team coordinated and participated in a series of IRMI field meetings for USAID's Reshma Thapa (DGS), with sub-grantees BASE and SS. Ms. Thapa met with Mercy Corps and BASE (Executive Director Churna Chaudhary) on December 10 and with SS (Project Coordinator Man Bi Nepali) on Dec. 14.

On December 19, PM J. Cavanaugh participated in IRMI's monthly meeting with DGS Reshma Thapa, USAID Nepal, at 9 AM at Swotha Café in Patan. During this meeting, IRMI volunteered to host the next CMM Monthly Coordination Meeting, scheduled for February 10 and 11, in Nepaljung with support from PACT.

On December 27, the IRMI team coordinated an IRMI field meeting for AAOR Ramesh Adhikari, USAID Nepal, with SS Project Coordinator Man Bi Nepali.

In late December, PM J. Cavanaugh re-engaged in a dialogue with TAF concerning the potential use of TAF community mediation training manuals in IRMI programming. Mercy Corps requests that TAF community mediation training modules for interpersonal and group disputes, community peace building for community leaders, and multi-stakeholder mediation, developed and adapted to local context over the course of a decade of programming in Nepal, be made available to IRMI. Despite a general breakdown in communication subsequent to Mercy Corps' original request back in September, Cavanaugh has now spoken directly to TAF Country Director George Varughese and discussions appear to be back on track.

9. Success Story - *OCI Strikes a Positive Chord with IRMI Sub-grantees;*

On December 25, Christmas Day, Mercy Corps, as a key element of IRMI's capacity development program for local partners BASE and SS, conducted Organizational Capacity Index (OCI) assessments for each organization during a one-day workshop in Nepalgunj. The OCI, an organizational capacities "self assessment" tool, measured five core capacities in each organization: Financial Resources (accountability, operational planning and budgeting), Human Resources (personnel management, staff development and staff participation), Strategic Leadership (strategic planning, good governance, sustainability and resource mobilization), Information Systems (monitoring and evaluation, reporting and organizational learning), and External Relationships (public relations, networking, stakeholder input, participation and advocacy). The OCI asked value neutral questions that focused on accepted or standard organizational practices and systems in NGOs, which, if in place, should *ideally* set BASE and SS on accountable and sustainable tracks.



OCI Introduction by DPM Shyam Ojha

The OCI assessed weaknesses in key organizational capacity areas that can be corrected based on partners' adoption of efficient systems, policies, and/or procedures, or by changing

management practices. The initial OCI, which will be followed by mid-term and end-line assessments, established baselines of organizational capacities in each of the five functional areas, and will inform the development of targeted Capacity Development Plans, which will address weakness or “gaps” identified during the exercise. At the conclusion of the workshop, BASE Executive Director Churna Chaudhary and SS Executive Director Narad Sharma, each of whom were active participants, expressed their appreciation for the exercise, stating that the workshop had effectively jumpstarted a process of organizational introspection. Mr. Chaudhary stated, "While BASE has participated in this type of exercise in the past, the OCI has allowed us to identify several ‘gaps’ that had previously gone unrecognized." Mr. Sharma commented, “SS too has used similar tools in the past, however, this more specific and in-depth analytical tool has provided an important new perspective. We will share this valuable material with our Board of Directors and establish a Task Force to work with IRMI to address ‘gaps’ identified during today’s workshop.”

10. Conclusion

Despite a late program start due to delays associated with the November 19, 2013 Constituent Assembly elections and the Dashain and Tihar festivals, IRMI made strong progress during this reporting period ramping up program activities, which included coordination with USAID partners, orientation with sub-grantees BASE and SS, preparation of community and stakeholder selection methodologies and conflict mapping tools, development of IRMI’s baseline study, completion of VDC level KIIs and open community forums, analysis of community mapping data, and selection of VDCs in all four program districts. Interaction among Mercy Corps’ Dhanghadhi-based field team and implementing partners BASE and SS’s field teams has been strong in the early period of the program, and program elements are well coordinated internally within IRMI and externally among CMM partners. IRMI gained strong traction in this reporting period, and is well positioned to accelerate program activities in the first quarter of 2014.

There were no management issues to report this period.

11. Future Activities

1. TAF Field Assessment and Coordination
2. Host CMM Quarterly Coordination Meeting (Nepalgunj)
3. Design extension education program on government policies
4. Analyze OCI results and develop sub-grantee capacity development plans
5. Community level KIIs, conflict mapping exercises, and household surveys.
6. Stakeholder selection
7. Conduct baseline survey training for partners

8. Conduct baseline survey
9. User group organizational self-assessments
10. Coordination meetings with key stakeholders
11. Joint training for key stakeholders