

# Nepal 2007 Performance Report

## Operating Unit Performance Summary

As Nepal struggles to define its political future and consolidate advances made in the areas of peace and stability, US foreign assistance programs are dedicated to helping Nepalis build a peaceful, democratic society and better their own lives in line with the objectives of Transformational Diplomacy.

In fiscal year 2007 initial optimism and momentum towards consolidated peace and democratic elections were checked by the persistence of unresolved issues that produced political setbacks and the emergence of unrest and violence in the Terai. Despite considerable challenges, however, the US Mission to Nepal has been broadly successful in its high-level diplomatic and programmatic efforts to support peace and democratic transition, while also addressing the root causes of conflict at the community level.

The complexity of Nepal's challenges as a Rebuilding Country emerging from war make attention to cross-cutting issues such as social inclusion and the engagement of development and diplomatic synergies vital. USAID's civil society program strengthened local governance, improved sustainable natural resource management and economically empowered traditionally marginalized groups, thus addressing multiple objectives within the Foreign Assistance Framework. Support for income generation for rural women addressed gender disparities and simultaneously incorporated strong dispute resolution and peace building components. Nearly 130,000 households in conflict-affected areas benefited from jobs and construction of critical roads produced by labor-intensive infrastructure projects.

Efforts in the area of Investing in People have helped keep Nepal firmly on the path to meeting the Millennium Development Goals (MDGs) for maternal and child health and HIV/AIDS and the recently completed USAID-supported Demographic and Health Survey data shows dramatic progress in various health indicators.

The Departments of State and Defense provided key training to expand capabilities in peace operations, counter-terrorism and law enforcement, as well as prepare leaders to address the challenges posed by post-conflict security reform. Support for democratic elections and recovery in the countryside will remain of utmost importance as the country continues its transition to peace and prosperity.

All Mission activities are in full compliance with their 22 CFR 216 determinations. For further information please visit <http://nepal.usaid.gov/>

### **Program Area Performance \ 1 Peace & Security \ 1.1 Counter-Terrorism**

The four Anti-Terrorism Assistance (ATA) training courses taught in FY 2007 were designed to increase the overall effectiveness of the Nepal Police (NP) and Armed Police Force (APF) to adequately prevent and respond to terrorist acts.

The courses focused on both senior and mid level leaders in national and district headquarter offices as well as junior officers operating in the field. Two significant goals were reached this year. First, while all four courses were held in previous years, this year's courses were attended by more officers serving in outlying

and often remote districts. Second, trainers ensured extensive interaction between the NP and APF officers, thus completing the first step towards more extensive communication and coordination in times of crises. By the end of the courses, officers displayed comprehension of how the courses could effectively be used for all types of investigations, not just terrorist related cases.

Ideally, these courses will be offered for several more years in Nepal. As the senior leaders retire, there is a need to ensure that mid-level and senior officers are made aware of innovative investigate methods and that they encourage their subordinates to utilize the training courses\ knowledge in daily operations.

### **Program Element Performance \ 1 Peace & Security \ 1.1 Counter-Terrorism \ 1.1.1 Deny Terrorist Sponsorship, Support and Sanctuary**

NADR funds were not used to install PISCES (Personal Identification Secure Comparison and Evaluation System), as described in the FY 2007 Operational Plan. FY 2007 TIP/PISCES activities in Nepal did not occur as planned and installations to date have not progressed beyond one secondary monitoring site. Before proceeding with full installation, Nepalese authorities requested software customizations that program managers were unable to provide with available resources and in light of higher priorities elsewhere. Depending on resources, we will consider re-engagement with the Nepalese on the issue of baseline software in latter part of FY 2008.

FY 2007 NADR funds were used to conduct two Anti-Terrorism Assistance (ATA) courses for 42 mid to senior level Nepal Police and Armed Police Force (APF) officers: Critical Incident Management and Senior Crisis Management. The curriculum\ s subjects were designed to improve the effectiveness of the officers by encouraging the two law enforcement agencies to develop more effective methods to track and eliminate terrorists within the country\ s borders. Specifically, the courses taught students how to utilize and coordinate current resources to achieve law enforcement agencies\ goals, one of which is to ensure terrorists do not establish presence in Nepal.

### **Program Element Performance \ 1 Peace & Security \ 1.1 Counter-Terrorism \ 1.1.3 Governments' Capabilities**

Two Anti-Terrorism Assistance (ATA) courses were taught to 48 Nepal Police and Armed Police Force (APF) officers: Post Blast Investigation and Terrorist Crime Scene Investigation. The courses were taught at the Nepal Police Academy and received enthusiastic praise for their realistic, in-depth, and hands-on content. The trainers ensured that both law enforcement agencies\ candidates worked as cohesive teams, thus increasing the potential effectiveness of a coordinated response in the field. In addition to responding to bomb blasts and other terrorist crimes, the content of the courses is easily transferable to all crime scene investigations.

### **Element Indicator Narrative \ 1 Peace & Security \ 1.1 Counter-Terrorism \ 1.1.1 Deny Terrorist Sponsorship, Support and Sanctuary**

The indicator \"Number of people trained in counterterrorism finance by USG programs\" was incorrectly selected in the FY 2007 OP. A more appropriate custom indicator would be: \"Number of people trained in counterterrorism by USG programs.\" For this custom indicator, the FY 2007 goal of training 42 students

was achieved via two Anti-Terrorism Assistance (ATA) courses: 1) Critical Incident Management and 2) Senior Crisis Management. Only men have been beneficiaries of ATA assistance. A very small percentage of women are employed by the Nepal Police and none of these women work in any units pertaining to counterterrorism.

### **Element Indicator Narrative \ 1 Peace & Security \ 1.1 Counter-Terrorism \ 1.1.3 Governments' Capabilities**

The FY 2007 goal of training 48 students was achieved via two ATA courses: 1) Post Blast Investigations and 2) Terrorist Crime Scene Investigation. The lower FY 2008 target reflects a change in program design. In 2008 the training will be highly specialized for a more limited number of expert participants and will involve the delivery of supplies. As a result, fewer people will be trained. Please note that there were no programs in bioterrorism or assessments on terrorism in FY 2007, so no targets were designated in the FY 2007 Operational Plan and no actuals are reported. No activities in these areas are currently planned for FY 2008. These indicators were erroneously selected during drafting of the FY 2007 Operation Plan.

### **Program Area Performance \ 1 Peace & Security \ 1.3 Stabilization Operations and Security Sector Reform**

US assistance fostered technical improvements and increasing professionalization of Nepal's security forces in FY 2007. However, lack of will and attention among bureaucrats and political party leaders constrained both the pace of improvement and the application of security resources. The GON failed to address security sector reform priorities and allowed criminal activity to increase in much of Nepal. Long-term stability and the future of the peace process will largely depend on the GON's willingness to reform the security sector, improve law and order, and rebuild trust in local administration and security forces.

Despite these considerable challenges and a need for stronger, high-level political commitment from the Home Ministry to reform, foreign assistance remains vitally important to support US diplomatic efforts to encourage reform and to strengthen military and police capacity. FY 2007 assistance allowed the US Mission to further expand our collaboration with the GON and Nepal Army (NA) on stabilization priorities and laid the groundwork for strengthening the capacity of the police to maintain law and order.

US assistance for the NA has steadily improved their capacity to conduct operations in either a counter-insurgency or peacekeeping context, particularly at the individual leader level. Training for national level leaders has enhanced capability to assert greater civilian control over the military, but is still limited by lack of political will.

US experts led multiple in-country training events. NA train-the-trainer teams disseminated this material across the military. Larger unit training and incorporation of new equipment, however, have been inhibited by terms of the peace agreement which restrict military activity. Shortfalls between FY 2007 projections and results also reflect issues associated with course and trainer availability.

In FY 2007, INL/ICITAP engaged in a program targeting the rule of law, reform of law enforcement, security sector reform, and election security in Nepal. While initially approved by the GON, the effort failed to gain formal approval from the Home Minister and was unable to move forward. INL awarded a grant to an NGO for implementation of a voter security information program. While the overall efforts were not

achieved in FY 2007, both the Mission and INL/ICITAP are exploring other implementation strategies and the goals were carried over into FY 2008.

### **Program Element Performance \ 1 Peace & Security \ 1.3 Stabilization Operations and Security Sector Reform \ 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations**

US sponsored junior officer tactical training and instructor management training has created an increasing host nation capacity for generating its own professional training programs. The success of new Nepali-driven training programs using US models, as well as the proficiency shown by returning US trained individuals, has created a growing appetite for additional training.

Internal Nepal Army bureaucratic considerations, however, serve as constraints. Trained individuals are only haphazardly employed to spread their acquired knowledge through the organization, and local historically-determined promotion gates continue to trump modern Western training – and in some cases the latter can be a career liability. Training in Peace Operations has facilitated the growth of dedicated training institutions in Nepal for these activities, and assisted the expansion of Nepal's commitment for providing peacekeeping forces to the UN from 3,500 to 5,000.

National level leader training has created a robust corps of senior leaders in the defense and police forces, as well as in the bureaucracy, who are well prepared to address the challenges posed by post-conflict security reform. This capacity was vividly demonstrated in a series of US-sponsored workshops on security sector reform. The price of success, however, has been that in exchanges like these workshops, these individuals are typically far more prepared to advance a security-centric agenda than their political party peers who are less well versed in the topic. Future assistance may benefit from closer attention to training this latter audience.

Shortfalls between FY 2007 projections and results also reflect issues associated with course and trainer availability: Nepal's training audience has remained committed to pursuing US training opportunities, filling 100% of courses allotted to them. Although Nepal was able to find students for all available training, limited English language proficiency constrained the pool of candidates to a comparatively narrow set defined by socio-economic background and gender. Future assistance design may require additional efforts to expand this pool available for military training by providing additional English language training.

### **Program Element Performance \ 1 Peace & Security \ 1.3 Stabilization Operations and Security Sector Reform \ 1.3.7 Law Enforcement Restructuring, Reform and Operations**

During FY 2007, INL/ICITAP engaged in a program targeting the rule of law, the reform of law enforcement, and Security Sector Reform (SSR) in Nepal. The INL's initial program deployed a Senior Law Enforcement Advisor (SLEA) to work with the Nepal Police (NP) on strategic planning. The goal was to assist the NP as they moved into a new role as part of SSR. Unfortunately, while initially approved by the GON, the effort ran into a subsequent obstacle on formal approval with the Home Minister and was unable to move forward. At the request of the Mission, the goal shifted to an election security effort, requiring deployment of an ICITAP assessment team in Nepal.

The team completed a comprehensive report which was used to support an election security endeavor and support a 1207 proposal to DOD. Due to postponement of the June election and the lack of identified funding for the election proposal, the SLEA program ended in March. Funding was subsequently obtained

through reprogramming FY 2005 INCLE funds. A SLEA and a procurement officer were deployed to Nepal in August to help the election security planning for the election that was now scheduled for November.

The program focused on several key overall components: election security training for the NP; equipment and logistical support standing up election security operations centers in Kathmandu; a community voter education effort; and logistical support for increasing police presence and operational effectiveness leading up to and during the election. A LOA was prepared and presented to the GON, but the Home Minister (HM) refused to approve the LOA. It did not appear to be a decision based on the USG proposed effort; rather the HM has firmly resisted all international police advisory assistance.

On a positive note, the INL/ICITAP effort did result in good relationships at the working level with the NP, the Armed Police Force and the Election Commission. The effort to gain support from the GON for USG targeted assistance did not cease and other avenues are being explored. One such successful effort was the awarding of a grant to an NGO for implementation of the of community voter education component. Subsequently, the election was again postponed by the GON - hopefully to a date in 2008. While the overall efforts were not achieved in FY 2007, the goals were carried over into FY 2008.

#### **Element Indicator Narrative \ 1 Peace & Security \ 1.3 Stabilization Operations and Security Sector Reform \ 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations**

Provision of U.S. training and equipment is steadily improving capacity of the Nepal Army to conduct operations in either a counter-insurgency or peacekeeping context, particularly at the individual leader level. Unit training and incorporation of new equipment has been inhibited by terms of the peace agreement which restrict military activity (e.g. restrictions on unit movement and training ammunition). Train-the-trainer model met with mixed success: some U.S. training has been captured by tactical units on ad hoc basis, which then disseminate this material to other units; but many U.S.-trained individuals return to their units and lessons learned are diluted or lost to the organization. Future assistance programs may require tighter alignment with established training entities to institutionalize U.S. assistance and ensure widest dissemination. Training for national-level leaders has enhanced capability to assert greater civilian control over military, but still limited by lack of political will. Shortfalls between FY 2007 projections and FY 2007 actuals reflect issues associated with course and trainer availability: Nepal training audience has remained committed to pursuing U.S. training opportunities, filling 100% of courses allotted to them. Initial FY 2008 projections (number of personnel trained at national leadership level: 3) reflect typographic errors – here amended to read 140 and 20, respectively.

#### **Program Area Performance \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation**

The November 2006 Comprehensive Peace Agreement marked a major step in resolving the conflict which has impeded development and growth in Nepal for over 10 years. Negotiating and subsequently implementing the peace agreement required the GON to navigate extremely complex technical and political challenges in FY 2007. It is a major achievement that the parties to the peace process remained engaged and negotiations continued in spite of these challenges.

US diplomatic and programmatic assistance contributed to safeguarding the peace process by providing critical, multi-level support. USAID technical assistance to the Ministry of Peace and Reconstruction ensured that the GON had the best possible information on key issues to inform critical decisions. An

online peace library provided examples of peace accords, election systems, arms management agreements, and truth and reconciliation commissions worldwide. USAID supported the Ministry at their request in preparing for negotiations by mapping the issues related to unrest in the Terai. To ensure a first-hand comprehension of the complexities of Truth and Reconciliation Commissions, USAID/Nepal and OTI funded 19 Nepalese to participate in a comprehensive study tour of Peru's post conflict experience and of the United Nations in New York.

Participation of all levels of Nepalese society is essential to ensuring a sustainable peace. USAID conflict mitigation programs improved conflict resolution skills in communities, and helped to rebuild communities torn by the war. These skills will be useful to the Local Peace Committees (which are not yet operational but are mandated by peace agreement) to resolve conflicts at the local level in all 75 districts.

Nepal's political situation is still extremely fragile. Substantial political concessions from the Maoists, paired with economic and governance reforms, are still required to move it toward the next country category. US activities contribute to giving Nepalese citizens at all levels, the opportunity to understand and contribute to decisions which impact the future of Nepal.

## **Program Element Performance \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation \ 1.6.1 Conflict Mitigation**

In FY07, Nepal signed a comprehensive peace agreement setting a framework for the path to peace. USAID activities concretely demonstrated the dividends of the agreement outside of the capital.

USAID assistance addressed the root causes of the conflict in Nepal: social exclusion, lack of income generation opportunities, and unequal access to government services. An integrated economic/social approach combined activities to improve household incomes with activities to rebuild cohesive communities in the wake of the conflict.

USAID programs built capacity for income generation, focusing on conflict-affected areas. Beneficiaries included disadvantaged ethnic groups and castes, war victims, and women. Women in conflict-affected areas received training in basic literacy, economic education and livelihood creation, and developed savings and credit groups to help foster economic empowerment. Economically disadvantaged households received support to increase agricultural production, and establish market linkages. Over 15,500 people in at-risk groups received support, including scholarships, vocational training, and help establishing microenterprises.

Over 10,000 Nepalese received training in conflict mitigation/resolution skills, including courses on identifying factors for community peace, effective problem solving dialogue, and planning peace-building initiatives. Youth, who have limited opportunities for political and community participation, were constructively engaged in non-violent and peace-building initiatives in rural communities. Services, including psycho-social care, and legal aid were provided for victims of conflict. Community-identified local development projects were implemented across ethnic and gender lines to help re-establish trust. Peace-building modules were developed and implemented in government-run schools. Additional training was provided to strengthen conflict mitigation skills, including courses on analyzing factors for community peace, effective problem solving dialogues, identifying peace building strategies and planning effective peace-building initiatives.

US funded radio programs expanded the reach of activities. Over 70 episodes were broadcast throughout the

country providing information on local, national and international peace-building efforts.

## **Program Element Performance \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation \ 1.6.2 Peace and Reconciliation Processes**

The GON demonstrated commitment to resolving Nepal's conflict this year, and the peace process persevered -- in spite of daunting challenges. In November 2006, a comprehensive peace agreement was signed, formally ending the Maoist insurgency. The Peace Secretariat, which USAID has supported since 2003, was upgraded to the Ministry of Peace and Reconstruction and charged with managing the peace process.

At the Ministry's request, USAID provided research and technical input for all seminal documents and structures in the peace process, including the Comprehensive Peace Agreement, Arms Management Agreement, the Truth and Reconciliation Committee (draft), and Local Peace Committees. USAID facilitated high-level and sensitive negotiations with political parties, civil society, and the GON on all draft agreements -- ensuring buy-in and representation of all concerns in final documents.

In response to the Terai violence, USAID brought the GON, political parties, civil society and Terai-based groups together in a breakthrough dialogue -- which set the precedent for formal negotiations that ended in an accord. USAID also facilitated dialogues at the national and local level on public expectations for a Truth and Reconciliation Commission -- a key point in the Peace agreement.

Overall, 19 meetings to promote reconciliation were held at the request of stakeholders to help identify options on challenging issues -- such as elections systems and inclusion of ethnic groups and women. This exceeded the target (15), and demonstrated confidence in the support offered by USAID.

Participation of women in the male-dominated peace process was limited. To help address this, a separate program focused on bringing women's voices into the process by linking them to high-level decision makers. In FY 2007, USAID-funded women's groups had a private audience with the Prime Minister in which they presented their concerns for women's representation. Promoting participation of women and, more generally, of diverse caste and ethnic groups outside the capital, will remain a priority in FY 2008. Local Peace Committees (LPCs), conceptualized with US assistance, have been approved by the GON. These committees, if and when implemented, will provide a forum for local participation in the peace process and help to prevent escalation of conflict. USAID plans to provide technical assistance to LPCs in FY 2008.

### **Element Indicator Narrative \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation \ 1.6.1 Conflict Mitigation**

Conflict Mitigation activities implemented in FY 2007 were ongoing programs using funds from FY 2006 and earlier. The FY 2007 mechanism under this element in the operational plan (OP) is still under procurement, therefore no results will be reported from conflict mitigation activities using FY 2007 funds. Activities implemented in FY 2007 were not included in the FY 2007 OP, and since we did not at the time anticipate reporting on results achieved with earlier year money, no targets were set. OP indicators were not being used to measure results from these activities and data was not disaggregated by sex. CBJ and the mission's own indicators tracked specific sub-activities (for example, number of scholarships provided to victims of the conflict; number of war widows receiving livelihood training; number of micro-enterprises

expanded or established by persons living in conflict-affected areas). These have been correlated to measure the number of 'at-risk' persons reached by USG-sponsored conflict mitigation activities. Five activities contributed towards the reporting on this indicator. For the indicator 'number of people trained in conflict mitigation skills with USG assistance', 2 activities contributed results. FY 2007 results are from mature programs, and are therefore much higher than expected results for the new activity. FY 2008 targets have been reduced due to a delay in start date of the new activity. We expect the award to be made by December 2007.

## **Element Indicator Narrative \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation \ 1.6.2 Peace and Reconciliation Processes**

Peace and Reconciliation FY 2007 targets were met. Only official structures which have been established or are being worked on under the GON have been included in the results reported. Five peace building structures were established or strengthened: the Peace Secretariat, the High Level Peace Committee, Local Peace Committees, the proposed Truth and Reconciliation Commission, and Official Observers to the Peace Process. The Peace Secretariat, which USAID has been supporting since 2003, was upgraded to Ministry status. The High Level Peace Committee was established to advise the MOPR and the Government of Nepal on the peace process. Members of this committee include individuals from political parties and the GON with whom USAID has worked for over three years, as such, their official recognition demonstrates confidence in US partners. Additionally, two of USAID's key interlocutors were selected by the GON for the important role as peace process observers. Reconciliation activities also surpassed the expected target. Results include meetings specifically called by parties to the conflict to resolve key issues or blockage points in the peace process. Meetings were facilitated by USAID funded technical assistance. Targets for FY 2008 for peace building are unadjusted, and assume that Local Peace Committees will be implemented. The FY 2008 target for the number of reconciliation activities has been revised, based on the experience of FY 2007.

## **Program Area Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights**

In order to build upon and institutionalize achievements made through the Comprehensive Peace Agreement process, USAID funded activities to strengthen the rule of law and raise the profile of human rights concerns in Nepal. Despite successes in these areas, the rule of law and status of human rights remain worrisome and continued US support will be required for the foreseeable future.

USAID assistance contributed significantly to strengthening the rule of law by providing assistance to the judiciary - specifically, by improving the transparency and credibility of the Supreme Court of Nepal (SCN) and selected appellate and district courts. For example, with USAID assistance, the SCN launched a web-based legal information and communications system, which allowed the SCN to immediately post its proceedings and decisions online for the general public to access. In addition, USAID helped the SCN to implement an automated case management system, which resulted in a significant reduction in the disposition of the SCN's annual backlog of cases and demonstrated the SCN's determination to dispense justice. The USAID-funded court-referred mediation centers established at the Supreme Court and Patan Appellate Court have promoted mediation as an alternative means of dispute resolution. As a result of this effort, 80 USAID-trained mediation graduates formed the Mediation Society, which is actively advocating for the promotion of alternative dispute resolution. The support to develop long-term strategic organizational plans for the Office of the Attorney General, National Vigilance Center and National Judicial Academy has built the foundation for initiating long-term reforms of these institutions.

USAID supported the Office of the High Commissioner for Human Rights (OHCHR) to monitor the observance of human rights and international humanitarian law throughout Nepal. With USAID assistance, OHCHR maintained monitors in the field, which contributed to heightened awareness of human rights issues, and reduced impunity of human rights violators. In order to bring allegations of abuses to public light, OHCHR completed 48 public statements, reports, and press releases in FY07. Inclusion of women and diverse caste and ethnic groups is an important human rights issue in Nepal. To address this, OHCHR stressed inclusion in the political process of women and other groups in public statements and recommendations.

### **Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System**

USAID's three-year rule of law activity, which ended in June 2007, made substantial contributions towards strengthening rule of law in Nepal. This activity enabled selected courts to reduce case back-logs, improve case management, promote alternative dispute mediation, improve court administration and increase access to justice. The principal US counterparts-the Supreme Court of Nepal (SCN) and selected appellate and district courts-continued to demonstrate a strong commitment to judicial reform, which has been critical to the success of US-funded programs.

USAID-funded activities focused on improving the management and operations of the SCN. Specific results of USAID assistance in FY 2007 to the SCN include the reduction of back-logged cases and design and implementation of an improved case tracking and archiving system that resulted in the archiving of 70,000 case files to-date (56 percent of total SCN case files). This facilitated the access to and availability of court records to litigants (as well as improving the storage and retrieval of court records). The SCN launched a web-based legal information and communications system, which allowed it to immediately post its proceedings and decisions online for the general public to access.

US-funded programs also established two court-referred Mediation Centers and one Commercial Mediation Center. Of 168 cases referred to these courts and center, 53 were successfully settled by the end of the program. USAID helped publish and disseminate 6,000 copies of procedural manuals for quasi-judicial bodies (government institutions other than the court which have limited judicial authority) to allow for speedy justice through these bodies; and enabled the SCN to publish more than 700 decisions as court references. In addition, the SCN published and disseminated more than five hundred copies of the Manual on Environmental Crime and Prosecution. USAID supported ten fellowships for journalists for investigative reporting on corruption, resulting in increased and improved reporting on corruption issues. The lack of women's participation in the judicial service and access to justice for women remain a concern. To help address this, USAID provided legal aid to 230 women, filed four public interest litigations for women's rights and supported two women-led civil society organizations to advocate for amending discriminatory laws against women.

### **Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.4 Human Rights**

US assistance to the Office of the High Commissioner for Human Rights (OHCHR) helped raise the profile of human rights concerns in Nepal.

USAID supported OHCHR to monitor the observance of human rights and international humanitarian law throughout Nepal, with a special focus on conflict-related violations of human rights. OHCHR has six regional offices, enabling access on short notice to most areas of Nepal. OHCHR reports to donors on a weekly basis on human rights violations attributed to both the Maoists and the Government of Nepal (GON). The presence of OHCHR monitors in the field contributes to heightened awareness of human rights issues and reduces impunity of human rights violators. Regular reporting to donors improves knowledge of the human rights situation in Nepal and puts pressure on violators.

OHCHR completed 48 public statements, reports, and press releases in FY 2007. This includes in-depth investigative reports published on allegations of human rights abuses by the Young Communist League; the killings in Gaur; the torture and death of Maina Sunuwar, a 15-year-old girl who died in the custody of the Nepali Army; and human rights abuses by the Communist Party of Nepal-Maoist (CPN-M). All investigative reports were vetted with both the GON and the Maoists before publication. Cooperation in providing unrestricted access to information and in responding to recommendations has been mixed, from both the CPN-M and the GON.

Inclusion of women and diverse caste and ethnic groups is an important human rights issue in Nepal. OHCHR stressed inclusion in the political process of women and other groups in public statements and recommendations. OHCHR has also added, for FY 2008, a gender and inclusion specialist to their team. US funds will help support this advisor. Support to the OHCHR stems from a congressional earmark. USAID will continue its partnership with OHCHR in FY 2008.

### **Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System**

The mission's rule of law activity which ended in mid-FY 2007 made substantial contributions towards strengthening the justice system. In FY 2007, USG-sponsored programs trained 311 (43 women, 268 men) justice sector personnel in court administration, case management, prosecution and human rights; supported two courts (the Supreme Court, and Parsa District Court) to improve case management system; and supported three legal institutions (Office of the Attorney General, Supreme Court and Parsa District Court) to improve their performance by providing computers, training on handling computers and case management. USAID's follow-on Rule of Law (ROL) activity was not awarded in FY 2007, as anticipated; therefore, the target for 'Number of USG assisted Courts with Improved Case Management' was not met. The mission anticipates start-up of a new ROL activity in the first quarter of FY 2008. The indicators and targets for FY 2008 remain unchanged. The new ROL activity will contribute to the justice sector element at a smaller scale due to reduced resource levels. Therefore, the target on 'Number of Justice Sector Personnel Trained' for FY 2008 will be lower than the actual for FY 2007.

### **Program Area Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building**

Nepal made reasonable progress toward creating democratic and representative political processes in FY07. In 2006 and early 2007, the Seven Party Alliance of mainstream political parties and the Communist Party of Nepal-Maoist (CPN-M) negotiated agreements that ended the ten-year conflict and agreed to hold Constituent Assembly (CA) elections in June 2007. An interim constitution was enacted, an interim parliament appointed, and on April 1, the CPN-M joined the government. The failure of the interim

parliament to pass a legal framework forced the Election Commission of Nepal (ECN) to postpone elections until November 2007. In early FY08, when the CPN-M threatened to boycott the election, the election was postponed indefinitely.

US assistance focused on preparing the ECN to hold elections. USAID provided technical expertise to the ECN on drafting a legal framework and subsequent regulations and on the administration of elections. USAID also provided extensive training to ECN staff on updating voter registries, strategic planning, the general election process and polling and counting procedures. US election assistance supported the ECN to create a framework for managing domestic and international election observers and to purchase three high-capacity printers to print 50 million ballots for the election. US political process programs focused on strengthening the political parties' abilities to engage in the electoral process; building the capacity of civil society organizations (CSO), political parties and media to advocate for politically marginalized groups; and strengthening the capacity of CSOs to monitor, analyze, and report on political and electoral reform processes. To meet these objectives, USAID trained political party pollwatchers to support strong party participation and the integrity of the elections. Political party members received leadership, outreach and communications training which has helped them to develop and effectively communicate their platforms. The program also created a domestic observer alliance of local NGOs to help ensure free and fair elections, and supported civic education programs to ensure that marginalized groups were prepared to participate in the election process. The political situation in Nepal remains fragile and continued support will be required for the foreseeable future.

### **Program Element Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.2 Elections and Political Processes**

In FY07, US assistance helped prepare the groundwork for Nepal's transition to democracy, in particular with regard to support for a Constituent Assembly (CA) election. The primary Government of Nepal counterpart for the election, the Election Commission of Nepal (ECN), proved to be an outstanding partner by continuously demonstrating its commitment and dedication to the election process. While mission funds helped to prepare the country for an election, the ruling coalition's commitment to hold the election was called into serious question early in FY 2008 when the ECN, at the request of the parties, postponed the CA election indefinitely.

Key achievements in FY07 included: passage of an electoral legal framework and election-related regulations; a study tour for high-level Election Commissioners which exposed participants to lessons-learned on proportional representation election processes; training of more than 390 ECN personnel on general election processes, polling and counting procedures; and the purchase and delivery of three high capacity printing machines to print more than 50 million ballots for the election.

USAID also supported activities to further political processes in Nepal, most notably through a series of seminars for civil society members, journalists, and young party leaders to foster productive dialogue on various forms of a federal system of government and develop political strategies to introduce a federal system once the CA is seated. USAID also supported the creation of an alliance of local NGOs focused on political reform. The alliance produced a series of television debates on transitional politics and radio campaigns promoting political party reform. USAID also supported a television program to better inform the public on democracy-related topics.

Despite the postponement of the CA election, the mission believes that continued support for the ECN is

critical. Therefore, in FY08, the US will continue to provide capacity building support to the ECN to ensure that it remains fully capable of fulfilling its mandate once a new election date is set. In addition, USAID will continue to support activities to further dialogue on political systems and processes because, although the interim constitution ensured a federal system will be created by the CA, the many practical challenges involved have not been addressed. (Result in this section also reported by USAID/DCHA/DG).

### **Program Element Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.3 Political Parties**

In FY07, USAID strengthened political parties in their respective efforts to participate fully in a Constituent Assembly (CA) election and to engage productively in Nepal's broader transition to democracy. Despite significant gains in political party management, there is still considerable work to be done before parties are fully productive and responsive to their constituents.

US-supported key achievements in FY07 include: civic education programs for more than 14,300 citizens (29 percent female), which targeted marginalized groups in remote areas of the country; training, capacity building and financial support for domestic election observer groups to help ensure a free and fair election; training for 92 political party polling agent "master trainers" (30 percent female) to reduce the opportunities for accusations of election fraud and potential violence between parties; and media communications training for 54 political party members (31 percent female) to improve their capacity to interact with constituents. In at least one demonstrated case, CPN-UML used the training to consult constituents in development of an election platform and selection of candidates for the CA election. USAID also conducted leadership training for 210 district-level political party members from five political parties.

In FY08, given the postponement of the CA election, USAID will continue to support the parties' efforts to engage with constituencies and prepare for the election, assuming a new date is established. USAID will continue to build the capacity of domestic observer groups to monitor the election. Additionally, USAID will continue to cultivate mid-level political party leaders to position them to influence party operations. In these efforts, USAID will build upon progress made in FY07 to promote equal participation of women in internal political party operations and political processes in general. In FY07, of the total number of individuals who received political party training, 23 percent were women. As noted above, of the total number of people who participated in civic education programs, 29 percent were women. (Result in this section also reported by USAID/DCHA/DG).

### **Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.2 Elections and Political Processes**

The US provided extensive support to the Election Commission of Nepal (ECN) in achieving significant results in selected areas. In FY 2007, technical assistance and expert advice was provided to the ECN and Law Drafting Commission which resulted in the enactment of the following eight electoral procedures and regulations: 1. Constituent Assembly Regulation, 2. Political Party Registration Regulation, 3. Candidate Registration Regulation, 4. Signature Verification Directive, 5. Observation Directive, 6. Returning Officers Manual, 7. Polling Officers Manual, and 8. Plan for establishing a strategic planning process. Technical assistance was also provided to draft the Political Party Law, Election Commission Law, Law on the Constituent Assembly, and electoral provisions of the amendment to the Interim Constitution. With the exception of the Political Party Law, which is still with Parliament for consideration, all were promulgated

by the Interim Parliament. After the Constituent Assembly election, the ECN is expected to initiate electoral reforms including amendments to the above eight regulations and three laws. Accordingly, the target for FY 2008 is revised for 'Number of Electoral Procedures' while the target for 'Number of Laws' remains unchanged. With US assistance, the ECN developed a new branding and marking strategy and a website to help disseminate information about the CA election.

### **Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.3 Political Parties**

In FY07, USG trained 1,160 political party members of seven political parties in leadership skills, conduct of elections, monitoring and reporting. The target was exceeded due to the high demand of skills training by the parties. The seven major parties that received USG assistance were NC, NC-D, CPN-UML, NWPP, PFN, ULF and NSP-A. The CPN-M party did not receive USG assistance due to policy and OFAC restrictions. . In FY08 the USG will train fewer party members on leadership skills; thus the target for FY08 for 'Number of Political Party Trainings' remains lower than the results for FY07. Assistance was provided to the political parties on building consensus, engaging in electoral processes, developing democratic constitutions, and developing communication messages. This resulted in the creation of DEAN which is responsible for domestic monitoring of the constituent assembly election, running an electoral web portal and reporting on election violence. With USG assistance, 13 civil society groups successfully conducted civic education programs in Nepal's most remote region, targeting political parties that reached over 14,000 participants. After the merger of the NC and NC-D, there are only six major political parties which are qualified to receive USG assistance. Accordingly the target for FY08 has been revised.

### **Program Area Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society**

In the absence of effective governance structures in many rural areas, over 14,000 community forestry users groups (CFUGs) are often the only voice of civil society. Formed around common interests (environmental, social and economic) relating to forestry, CFUGs represent the largest civil society constituent in the country. They operate on the principles of collective action, accountability, and devolution of authority. CFUGs are also important vehicles for disseminating key information and raising awareness about the peace process, civic responsibilities, democracy, and elections.

Support to CFUGs has been very successful method for advancing democratic objectives: group management of a valuable resource builds grassroots level governance capacity; group members learn and support democratic principles through implementing them within their group; and excluded groups and the poor are empowered and more capable of improving their economic and social status. The user group also provides a platform for improving livelihoods and providing services to its members, and the coverage and quality of forests is increased, leading to higher levels of plant and animal biodiversity.

In FY 2007 US assistance directly supported 869 CFUGs and trained almost 200,000 individuals on good governance, inclusion, livelihoods improvement, biodiversity conservation, and policy advocacy. This was an eventful period for democracy in Nepal with the king restoring parliamentary rule following a "people's movement" in April 2006. Civil society activities have flourished in this new, open, and pro-democratic environment, as demonstrated by USAID having greatly exceeded many of its target indicators.

### **Program Element Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.1 Civic Participation**

Nepal has over 14,000 Community Forest User's Groups (CFUGs) that, collectively, represent the largest critical mass of civil society constituents in the country and have emerged as a powerful voice in support of citizens' rights. In FY 2007, USAID supported 869 of these groups and their federations to improve their technical, organizational and management capacity. By working with these groups, USAID promoted good governance, livelihood improvement, biodiversity conservation, and policy advocacy campaigns.

The 222 policy advocacy campaigns USAID supported in FY 2007 helped to build better understanding among stakeholders on their rights. Issue-based interaction workshops were conducted at local, regional and national levels to help to prepare specific advocacy plans, conduct awareness classes and organize advocacy campaigns to hold government accountable and to pressure for improved responsiveness. Examples of advocacy campaigns include issues such as negotiating the tax on forest products with local government, the use of receipts, and a more inclusive education scholarship committee.

Increased inclusion of the diverse caste and ethnic groups is another critical issue for Nepal in its transition to peace and democracy. Women and lower caste people are often not able to fully participate in user-group management because they are illiterate and have little knowledge of governance and democratic principles, which tends to reinforce social exclusion. USAID literacy programs for women and lower caste members focused on the rights-based approach, advocacy, and good governance, thus enabling these members to be more active in their associations. Furthermore, USAID sponsored programs with the specific objective of increasing awareness of the importance of participation and inclusion of traditionally marginalized ethnic and religious minority groups. In FY 2007, 199,250 persons (116,476 male and 82,774 female) participated in such programs.

The period following the submission of the most recent OP has witnessed exceptional developments in Nepal's democratic transition. The second half of the fiscal year saw a surge of optimism as elections were planned. Many of the indicators were exceeded as a result. The FY 2008 targets have not been revised as renewed uncertainties (such as the postponement of elections) regarding the climate for civil society activities in FY 2008 have emerged.

### **Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.1 Civic Participation**

USAID anticipates adding a component on civil society's political participation to the ongoing activity by the end of the first quarter of FY 2008 and expects to report progress next year on the indicator "Number of CSOs using USG assistance to improve political participation". Placing a target for this indicator in the 2007 OP was an oversight. With FY 2006 and earlier funding, USAID can report that 869 CSOs improved their internal organizational capacity in FY 2007. USAID exceeded its 2007 targets for the number of advocacy campaigns and the number of participants in programs that support traditionally marginalized ethnic or religious groups. These exceptional results reflect the changing political environment especially during the last half of the FY, which provided fertile ground for civil society engagement. FY 2008 targets remain unchanged because it is not certain that the political environment in Nepal will continue to be conducive for civil society engagement during FY 2008.

### **Program Area Performance \ 3 Investing in People \ 3.1 Health**

Nepal's health indices remain among the poorest in the world. USAID, working closely with 11 other

donors, assists the Ministry of Health and Population to implement its National Health Sector Implementation Plan to achieve Millennium Development Goals (MDG) by 2015. The health sector as a whole has made substantial progress toward improving health indices along with donor coordination, with a goal to significantly reduce external aid over the next 10 years. The Nepal Demographic and Health Survey in 2006 showed considerable progress toward achieving the MDGs with reductions in mortality and fertility, and increases in contraceptive prevalence rate and use of skilled birth attendants. Much work remains, however, to reduce neonatal and maternal mortality, to reach marginalized populations with reproductive health and HIV/AIDS services, and to strengthen the GON capacity to manage the systems that deliver essential health services to its citizens. As a lead health donor, USAID's assistance is deemed essential to meet the GON's MDGs related to maternal and child health, family planning and HIV/AIDS.

In FY 2007, USAID continued to adapt and expand community and household level interventions to improve essential maternal and newborn care. The GON used the results to develop models that will be rolled out nationally over the next 5-7 years. Overall family planning CYP for public and private sectors increased with a drop in surgical contraception and an increase in the use of temporary family planning methods for birth spacing which advances maternal and child survival goals. In the area of HIV, USAID exceeded the counseling and testing target by 77%, thus identifying and enrolling larger numbers of people needing services.

USAID continued its support for decentralization with technical assistance provided to almost 600 community-level health facilities and their corresponding village management committees to strengthen leadership and management skills. Increasing transparency and accountability of the health system at this level contributes to greater citizen trust in the ability of the GON to serve them. With members of marginalized populations on the committees, village officials and health staff have greater understanding of their particular needs and are held accountable to ensure greater equity in access to services.

### **Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.1 HIV/AIDS**

USAID's HIV/AIDS program achieved results in the areas of surveillance, policy development, prevention, care and treatment; improving the capacity of the private sector to deliver HIV-related products and services; and national HIV/AIDS supply chain and logistics management.

A key goal of USAID's program is to develop and strengthen local organizational capacity to deliver HIV/AIDS related services. USAID strengthened the capacity of forty local organizations to implement targeted HIV advocacy, prevention, and treatment and care services. Over 12,000 people received HIV counseling and testing, and over 2,000 people living with HIV/AIDS received palliative care services. In FY 2007, USAID conducted information systems and monitoring and evaluation (M&E) training, as well as improved management information systems for these local organizations. USAID also strengthened the capacity of the National Center for AIDS and STD Control to monitor, evaluate and conduct surveillance and to create and operationalize National M&E Guidelines this year.

FY 2007 data on injecting drug users in Kathmandu indicated a significant drop in prevalence in this high-risk group from 51% in 2005 to 35%. USAID's prevention programs aligned with non-US funded rehabilitation services for this group contributed to this decline. Men-who-have-sex-with-men prevalence appears to be stable. USAID will continue to strengthen national surveillance capacity among other most-at-

risk groups in FY 2008.

USAID's program also developed a private sector partnership with three commercial sector companies through matching funds grants to lay the foundation for a long-term, self-sustaining condom market for Nepal. The program launched initiatives to expand distribution of condoms in 'hot zones' or areas where high-risk transmission activities occur, deployed four dedicated condom sales promoters in and near 'hot zones,' and partnered with local NGOs to target distribution efforts in non-traditional outlets in high-risk areas. The program also established an innovative GIS mapping system of 'hot zones' measuring condom coverage and access.

USAID improved the national HIV/AIDS supply chain management system for commodity forecasting, warehousing, monitoring and delivery of essential drugs and supplies to the nation's 10 anti-retroviral treatment centers and 39 counseling and testing sites.

### **Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.5 Other Public Health Threats**

Japanese encephalitis (JE) is a priority public health threat in Nepal. The GON with other stakeholders conducted a mass JE immunization campaign in FY 2006. Previously hyperendemic districts continued to report fewer cases over the past year. Ongoing sensitive and specific surveillance continued over the past year, and it is expected to be required until JE vaccine becomes a routine part of the national program.

USAID continued to strengthen the GON's surveillance systems for JE and other key immunizable diseases in FY 2007, with a well-functioning management information and monitoring system.

### **Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.6 Maternal and Child Health**

USAID supports the GON's long-term goals to reduce maternal and child mortality. Despite political instability, Ministry of Health and Population performance continued to improve in the area of maternal and child health, especially at the community level, largely due to the technical assistance provided by USAID in collaboration with other donors. The Demographic and Health Survey 2006 documented dramatic maternal and child health successes; over the past five years under-five mortality declined 33%.

At the request of the GON and building on strong collaboration with other partners such as UNICEF, USAID expanded pilot testing of Community-Based Maternal and Newborn Care (CB-MNC) models in 3 districts. Community-Based Integrated Management of Childhood Illness (CB-IMCI) activities were scaled up to 44 districts, now reaching most districts of the country. CB-MNC and CB-IMCI expansion resulted in (a) a three-fold increase in the number of early postpartum visits, (b) double the number of people trained in maternal/newborn health, child health and nutrition, and (c) 139,187 more children than estimated receiving pneumonia treatment. Vitamin A supplementation coverage remained high at 98%.

The pilot community-based treatment of neonatal sepsis (under CB-MNC) was expanded to one entire district testing challenges in population coverage, supervision and logistics in hilly areas. Achievement was 27% lower than the target, but with appropriate adjustments to account for geographic differences the model remains very encouraging. As a result, USAID requested the GON to increase the number of FCHVs and supervisors in those areas in order to improve access and services for hard-to-reach populations.

USAID strengthened leadership and management at the district and health facility level in several districts

through the development and piloting of a leadership and management curriculum, now overseen by the National Health Training Center. In addition, USAID provided technical assistance to develop a Maternal and Newborn Care Learning Resource Package for Skilled Birth Attendants which was highly acclaimed and is now used by all government MCH programs and in pre-service education.

### **Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health**

Nepal's Demographic and Health Survey 2006 findings demonstrated a striking 25% increase in prevalence rate for modern contraceptive methods, from 35.4% to 44.2%, since 2001, and a drop in the Total Fertility Rate from 4.1 in 2001 to 3.1 in 2006. Unmet need, however, stayed relatively constant at about 25%.

USAID's family planning and reproductive health (FP/RH) program improves the health status of women and their families, helping Nepal achieve sustainable improvements in population well-being. USAID supports the national family planning program through the public sector at national, district and local levels, and through the private sector with subsidized family planning products and services. Unmet need for family planning among marginalized groups remains high in Nepal. In FY 2007, USAID rolled out counseling materials in local languages to reach marginalized groups in two districts. The materials aimed to dispel myths and counsel on method choices and side effects.

Four out of five indicators met or exceeded expectations. Public sector couple years of protection (CYP), at 1,854,654, was 8.5% above the expected achievement. Despite a reduction in voluntary surgical sterilization mobile services because of political and civil disturbances in the populous Terai region, use of temporary methods increased. Included in this indicator are the private sector achievements with 289,835 CYP. The number trained in FP/RH (8,261) exceeded the target of 3,791 because the target was set without accounting for previous-year funding. Ninety-three percent of the nation's 4,012 health facilities reported through the USAID-supported national Logistics Management Information System this year. The number of stock-outs of contraceptive commodities exceeded its 10% target and dropped to only 7%. The high reporting rate and low stock-out rate demonstrated continued logistics system strengthening enabling a consistent supply of contraceptives.

The GON procured the entire contraceptive supply this past year, of which 7% was purchased by the government's own revenues, and the rest through pooled funds from other donors. Youth peer educators led communities in campaigns for social change in reproductive health, primarily against unhealthy early marriage and menstrual practices.

### **Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.1 HIV/AIDS**

The PMTCT indicator was incorrectly chosen and does not reflect USG results because UNICEF leads these efforts in Nepal. Indicators for number of individuals reached with behavior change programs other than AB, and the number trained in community mobilization were exceeded due to UNICEF's contributions from previous-year US funding which was not reflected in the FY 2007 FACTS. Number trained in counseling and testing was not met because WHO managed all training in this area this year and US support was not needed. The FY 2008 target is reduced since less support will be required from US as other donors will help to meet national targets. The stigma and discrimination indicator and the number of organizations with HIV-related policy development capacity building shortfalls are explained by a slow start to policy and advocacy activities and political instability leading to delays in decision making by GON. USAID will achieve the

overall target over the life of project. Although number of individuals receiving counseling and testing has been exceeded this year, the FY 2008 target is not adjusted because there will be new service providers funded by GFATM and DFID providing counseling and testing. US service outlets providing counseling, testing, and palliative care will be consolidated with integrated services at the same sites making it more convenient for target populations. The overall result will be a slight decrease in the total number of US-supported outlets in FY 2008.

#### **Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.5 Other Public Health Threats**

All FY 2007 targets were met and no FY 2008 targets have been revised.

#### **Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.6 Maternal and Child Health**

There was a three-fold increase in the number of postpartum visits, and double the number of people trained in maternal/newborn, child health and nutrition because of the GON's decision to expand the geographic area targeted with U.S. support. Because of this, 139,187 more children than estimated received pneumonia treatment. For newborns receiving antibiotic treatment, which is still in its pilot development stage, achievements were 26.6% lower than the target because of difficulties in covering a more dispersed population and logistical challenges faced in the hilly areas when the pilot was expanded from the Terai. In addition, there were delays in obtaining required GON approval, related delays in training and implementation, and the constraint of inadequate numbers of volunteers and supervision. A two-month long strike by health workers led to interruption in the regular logistics supply system and resulted in a 35% (108 against 80) increase in the number of USG-assisted service delivery points experiencing stock-outs of a specific tracer drug. This indicator reports on stock-outs in the storeroom which do not necessarily indicate an interruption in service delivery because in many cases buffer stocks of essential drugs are maintained in service delivery dispensaries.

#### **Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health**

Couple years of protection (CYP) at 1,854,654 was 8.5% above expected achievement. Civil disturbances in the Terai region, plus two months of health worker strikes, reduced the number of sites and days of voluntary surgical contraception (VSC) outreach services by 7.8%. VSC is the most popular family planning method in Nepal. Although temporary methods (pills, condoms, Norplant, injections) increased over the previous year, they add fewer numbers to overall CYP compared to VSC. The national 25% increase in the Contraceptive Prevalence Rate demonstrated in the Demographic and Health Survey 2006 (DHS 2006) showed that couples are increasingly using temporary methods, and also that the private sector is increasingly becoming a significant family planning provider. USG-supported private sector CYP (289,835) are included in this indicator. The number of people who saw or heard a USG-supported FP/RH message was not measured in FY 2007 due to a transitioning of activities. The large FY 2008 target includes mass communication campaigns through the public and private sectors, as well as increased emphasis on interpersonal communications especially targeted to marginalized groups in local languages.

#### **Program Area Performance \ 4 Economic Growth \ 4.4 Infrastructure**

Of the 75 administrative district headquarters, 15 are not connected by road. Twenty-three percent of the population walk for more than four hours to get to the nearest road. These two facts illustrate how Nepal's

infrastructural development is extremely limited and a constraint to economic development.

USAID's infrastructure program covers two elements: transport and energy. Both elements contribute to economic growth in rural areas by providing services to other productive processes and improving the quality of lives of the rural poor. Investments in these elements also help to address one of the root causes of the conflict and instability that has plagued Nepal: the lack of services in remote areas. Consequently, these infrastructure programs achieve multiple objectives of conflict mitigation and economic growth.

In FY 2007, over 600,000 people benefited from USAID infrastructure programs. During that year, 65 kilometers of new roads were constructed or repaired, resulting in cumulative 174 kilometers of road over the life of the activity. These roads were purposefully designed to use "green technology" with a gradual widening of a trail over a four year period using local labor and bio-engineering principles.

Similarly, the hydro-power sector is also underdeveloped. It is estimated that Nepal has the immediate potential to generate 42,000 MW of electricity, and long-term potential for 83,000 MW, but is currently only generating 620 MW. As a pilot program to illustrate the feasibility of micro-hydro electric programs, USAID is developing two projects in isolated areas. One micro-hydro project was completed bringing access to electricity services to 1,645 people in one of the most isolated areas of Nepal during FY 2007. A second project is scheduled to be completed during FY 2008.

Both activities for the two program elements will end during FY 2008.

#### **Program Element Performance \ 4 Economic Growth \ 4.4 Infrastructure \ 4.4.3 Transport Services**

A variety of surveys of the Nepalese public in recent years have shown that jobs and infrastructure are consistently ranked among the highest priorities for development. Fifteen of Nepal's 75 districts are still not connected by road and many rural men and women are forced to migrate to India and other countries for seasonal employment.

USAID's infrastructure program has successfully built critical long-term infrastructure that is essential for economic growth while at the same time providing immediate income to poor households. The program employs local labor, rather than large construction firms, to construct roads, trails, foot bridges and other infrastructure in the rural areas. In FY 2007, the program created employment of over 1 million person-days through the construction of 65 additional kilometers of road, which benefited over 600,000 people. The program is ending in December 2007 and no additional construction is planned during the first quarter of FY 2008. There are no FY 2008 targets.

#### **Program Area Performance \ 4 Economic Growth \ 4.5 Agriculture**

More than 80 percent of Nepal's population is rural and dependent on agriculture for livelihood. But agriculture contributes only 38% of GDP and not surprisingly is largely subsistence, characterized by low productivity. This challenge is compounded by the fact that a third of the rural population lives more than 4 hours away from the nearest road and rural electrification is low. GON's development policy as articulated in their PRSP is to increase agricultural productivity in order to alleviate rural poverty.

USAID's agriculture program aims to increase rural incomes through accelerated agricultural growth in

order to alleviate poverty and to facilitate economic development in Nepal. Focusing on the conflict-prone districts of Western and Mid-Western Nepal, US assistance has promoted the production of high-value crops and supply chain development. Activities included support for agribusiness and producer organizations working in agriculture, improved management of smallholder farms, use of micro-irrigation technologies, small-scale farm and forest enterprise development, technical assistance in production and marketing of high-value non-timber forest and farm crops, and facilitation of public-private partnerships to access new technologies and new markets.

USAID's work in the agriculture sector also contributed to reducing one of the root causes of the conflict by creating employment opportunities for the rural poor, including: the landless, tenants, small farmers, scheduled castes, ethnic minorities and internally displaced people. Our agricultural program uses USAID's comparative advantage to raise incomes and create employment while other donors are working on some of the other root causes of conflict such as the lack of infrastructure.

#### **Program Element Performance \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity**

In FY 2007 USAID's activities focused on raising agricultural productivity and efficiency, which represents the only sustainable way to increase the standard of living for Nepal's mostly rural, agriculture-dependent population.

Improving productivity was achieved in two ways: first, by introducing new technologies - treadle pumps, drip and sprinkler irrigation systems, integrated pest management, green house production, and soil solarization; and second, through improved management practices. 10,485 rural households (62,910 people) benefited from these improved technologies and practices.

Households were organized into agri-business and producer's groups and provided with additional support to improve the production and marketing of high-value agricultural commodities such as non-timber forest products, herbs, spices, vegetables, fruit, tea and coffee. Household income increased an average of more than 50% over last year. This resulted from the increased use of micro-irrigation technology, information sharing, supporting small-scale enterprise and business development services, and accessing export markets. The activity also helped establish private sector micro-irrigation supply chains, expand market linkages, and develop connections to South Asian markets.

Of the groups that were assisted, women represent more than fifty percent of the households and about 15% of the household representatives are from lower caste communities. More emphasis has been given to women's participation in training and technology transfer activities in order to facilitate increased female leadership in the community, decision making and household level cash control. The host country counterparts include the Ministries of Agriculture, Water Resources, Local Development, and Women and Social Welfare. They all have representatives on the program's advisory body. Also the GON co-financed 3 market collection centers and marketing facilities in FY 2007. Based on this successful collaboration, counterpart partnerships will be expanded in FY 2008 to encompass the development of community piped water systems.

#### **Element Indicator Narrative \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity**

USAID exceeded its targets for the two main indicators, the number of producer organizations assisted, and the number of rural household benefiting from USG interventions. The indicator \"number of new technologies under research as a result of USG assistance\" was mistaken for the similar indicator \"number of new technologies made available as a result of USG assistance\" in the 2007 OP. While we will not report on the former, the new indicator, number of new technologies made available, has been added to the custom indicator template for reporting.

#### **Program Area Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness**

This program is still under procurement.  
There are no results to report for FY 2007.

#### **Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.3 Workforce Development**

This program is still under procurement. There are no results to report for FY 2007.

#### **Element Indicator Narrative \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.3 Workforce Development**

The mission's workforce development activity remains under procurement. An award is expected in December 2007, but it is not expected for training activities to be launched until the second half of FY 2008 at the earliest. The targets listed for FY 2008 should therefore be treated as highly provisional at this point.

#### **Program Area Performance \ 5 Humanitarian Assistance \ 5.1 Protection, Assistance and Solutions**

USAID is currently designing a new flood recovery program. There were no activities in this program area in FY 2007.

#### **Key Issue Performance \ Local Organization Capacity Development**

The goal of all USAID programs is to enhance development leadership through local organizational capacity development.

The national Peace Secretariat was elevated to cabinet level in FY 2007. USAID assistance played a key role in preparing the Peace Secretariat for this role. USAID helped the new Ministry of Peace and Reconstruction to create a clearinghouse for global best practices which is used by 19 other ministries involved in peace-building.

Forty-three organizations implementing USAID's HIV/AIDS prevention, treatment and care services received training in financial management, monitoring and evaluation, and management information systems. USAID strengthened monitoring, evaluation and surveillance capacity in the National Center for AIDS and STD Control. The center then developed and operationalized the National Monitoring and Evaluation Guidelines.

USAID designed and pilot tested a leadership and management training curriculum targeting health facility management committees in three districts. The curriculum was endorsed by the National Health Training

Center and is now ready for expansion into new districts.

USAID also contributed to local organization capacity building with a focus on community based organizations. USAID provided training in advocacy, civic education, conducting transparent and representational elections of office holders, and promoting greater inclusion of women and disadvantaged minority groups to 869 community forest user's associations.

### **Key Issue Performance \ Trafficking in Persons**

The Government of Nepal (GON) is making significant efforts to eliminate trafficking in persons but, as a Tier 2 country, it has not fully met the minimum standards for the elimination of trafficking.

USAID activities built the capacity of at-risk and affected persons by providing them an education, counseling and life skills training. Activities benefited 6,506 individuals, including 1,286 at-risk girls and trafficking survivors. USAID trained service providers and GON officials to raise awareness about trafficking and to advocate for policy and behavioral changes. USAID also supported awareness training for political parties, which resulted in a commitment to include trafficking in their platforms. Additional activities included: safe migration training to 1,576 labor migrants; psychological counseling to 650 women; and awareness training to journalists. A shelter for survivors was also supported, which benefited 139 girls. An additional 209 girls received education and literacy classes. The Department of State awarded grants to organizations working to combat trafficking. The grants were used to strengthen and expand community-based anti-trafficking strategies through awareness and safe migration initiatives; to improve the investigation, management and prosecution of trafficking cases; for training on the investigation and proper handling of trafficking cases; and for data collection on the nexus between trafficking and foreign employment of Nepali citizens.

### **Key Issue Performance \ Anti-Corruption**

Corruption remains a key development challenge in Nepal. According to the Millennium Challenge Corporation, Nepal received a passing score in 2007 in the "Control of Corruption" category but its ranking has been on a downward trend in this category since 2002. The perception of the degree of corruption in Nepal improved slightly according to Transparency International's Global Corruption Report for 2007.

In FY 2007, the mission supported activities that discouraged corrupt practices by promoting transparency and accountability in the use of public resources and authority. USAID provided equipment to the Commission on Investigation of Abuse of Authority (CIAA). As a result, CIAA was able to investigate and prosecute 57 cases of corruption. Assistance to the Supreme Court of Nepal (SCN) allowed it to begin posting court proceedings and decisions online for public viewing. USAID also supported CSOs in advocacy campaigns to hold government accountable and to pressure for improved responsiveness. Advocacy campaigns included issues such as negotiating the tax on forest products with local government and a more inclusive education scholarship committee. USAID provided financial management training to staff in the Auditor General and Controller General offices, central-level accountants at the Ministry of Health and Population, and to district-level accountants and financial managers in District Public Health Offices in all 75 districts.

### **Key Issue Performance \ Microenterprise**

USAID's programs provide support for the development of microenterprises primarily to women and other disadvantaged groups to enable them to increase their incomes and improve their livelihoods.

USAID assistance has enabled rural households to initiate and expand microenterprises and livelihood activities. Support was provided for sustainable income generation activities in horticulture/vegetable production, forestry, livestock, micro-irrigation, business development services and local level market development, fisheries, and regional and national level marketing. In FY 2007, USAID supported 104 women's microenterprise groups, with a total of 2,426 micro-entrepreneurs in high value crops, animal husbandry, and retail shops/services. The average entrepreneur earned an income of \$128, which is a 34% net increase in total household income.

An additional 15,000 women and their families benefited from income earning opportunities through improved literacy and numeracy skills, as well as the skills to form and successfully manage savings and credit groups. In FY 2007, 15,332 women actively saved within their savings and credit groups (550 groups), and 10,600 initiated or expanded their livelihoods activities. Women's savings increased to a total of \$221,722. These savings have enabled women to revolve loans totaling over \$837,094 to begin livelihood activities such as animal husbandry, horticulture, and retail enterprises.

### **Key Issue Performance \ Global Climate Change**

An estimated 30% of Nepal's total land area is covered by forests. The country's forests supply the large majority of household fuels, and more than 50 percent of the fodder needed to support livestock. Forests also supply Nepalis (especially rural Nepalis) with food, medicine, and construction materials.

USAID contributes to the global climate change program in Nepal through the Strengthened Actions for Governance in Utilization of Natural Resources (SAGUN) program. This program strengthens the internal governance practices and natural resource management capacity of community forest user's associations. USAID trained forest user's groups in sustainable forest management practices and enabled them to advocate for local management of forests at the sub-district, district, and national levels. These groups have prepared forest operational plans and constitutions, applied sustainable management practices, and held local authorities accountable for improving the conditions of forests. As a result of USAID's efforts 12,050 hectares of forests were brought under improved management in FY 2007. These efforts contributed to improved management of forests and the reduction of deforestation, thereby helping the people of Nepal contribute to solving the global climate change challenge.

### **Key Issue Performance \ Inclusive Development: Participation of People with Disabilities**

In Nepal, specialized rehabilitation services for People with Disabilities (PwDs) are limited due to a shortage of qualified physical therapy and orthopedic professionals. There are also a limited number of rehabilitation centers in the country. The conflict has exacerbated the situation with an estimated 15,000 additional people with physical disabilities.

US funds provided to Nepal via USAID increased the level of available expertise through specialized training and made overall assistance more accessible. In particular, the quality of physical rehabilitation services provided to patients was improved through enhancement and reinforcement of rehabilitation staff skills.

In FY 2007, seventeen people completed a one-year course in physical rehabilitation in India and another 168 received in-country training. 3,600 people with disabilities received higher quality rehabilitation therapy from community development workers trained with US funding. 18,900 physical rehabilitation sessions were conducted. Corrective surgeries were performed on 201 people and 379 assistive devices were provided. 573 PwDs were provided legal and administrative support (ID cards, transportation and subsidies) to access existing GON and other donor services.

### **Key Issue Performance \ Community Mobilization/Participation**

Community mobilization is a key component of USAID's community-based approaches supporting good governance, natural resource management and health in Nepal. USAID programs galvanize community collective action for equity and improve basic services and livelihoods.

In health, 49,000 Female Community Health Volunteers led women's groups and disseminated key health, pregnancy and family planning information in their communities. Women's listener groups enhanced radio-based communications in marginalized populations and discussed key health messages and community implications. Peers are engaged in HIV programs as community mobilizers to reach vulnerable populations with prevention messages, knowledge of counseling, testing and other services, to distribute condoms and promote condom use, and to reduce stigma in their communities. Family planning and reproductive health volunteers promote healthy spacing of pregnancies, generate demand for family planning and promote healthy behaviors, including those requiring social change.

USAID's civil society program strengthens local governance, improves sustainable natural resource management and economically empowers traditionally marginalized minorities through the strengthening of Forestry Groups, which also incorporate family planning and child health topics. This serves to extend health knowledge beyond the sector, while promoting increased contraceptive prevalence to reduce population pressures on forests.

### **Key Issue Performance \ Public-Private Partnerships**

In FY 2007, USAID partnered with 8 private organizations (corporations, universities, and NGOs) to jointly carry out development programs in Nepal. These alliances have multiplied the impact of official US development assistance by leveraging \$4.5 million in private resources since 2004.

Through these partnerships, more than 17,000 coffee farmers increased production of specialty coffee and began exporting to the US through the Holland Coffee Company. This program supports USAID's overall objective of increasing growth in the agriculture sector through the production and marketing of high-value crops. USAID's partnership with a local utility company also provided power to more than 21,000 people in 5 districts of Nepal. USAID's "Nepal Clean Transport Employment Alliance" program partnered with the Bank of Kathmandu to employ 157 people to work as mechanics and drivers of electric vehicles, simultaneously promoting the use of clean energy and providing jobs to unemployed men and women.

USAID also worked to strengthen emerging private sector markets to achieve more sustainable development results. For example, USAID and the GON worked together to help 3 companies develop a long-term, sustainable private condom market. This program enhanced the commercial sector's ability to target condom sales to populations vulnerable to HIV, while increasing consumer demand for condoms and promoting their proper use. Annual sales of high quality condoms are expected to reach 10 million.

## **Key Issue Performance \ Civil Society**

In the absence of local elected officials in Nepal, community organizations have become the main voice of civil society and often the only active form of local democratic governance in rural areas. Community Forest User's Groups (CFUGs) are well-established grass-roots Civil Society Organizations (CSOs), with a membership of over six million people, or about a third of Nepal's rural population. CFUGs have recently engaged in social and political issues at the local, district, and national levels demonstrating that they are the main grassroots channels for social activism and democracy.

In FY 2007, USAID supported 869 CSOs by helping them to build internal organizational capacity related to good governance, livelihood improvement, and policy advocacy; supported over 200 advocacy campaigns aimed at increasing government accountability to its citizens; and reached almost 200,000 persons (42% female) with messages on the importance of inclusion of women and ethnic minority groups. The bilateral program was complemented by the work of OTI in Nepal.

These CSOs are applying democratic principles in their operations, conducting elections of office holders, promoting inclusion for leadership positions, and improving livelihoods. The current political environment in Nepal is now much more open for CSO activism than in the past. Through supporting these CSOs, USAID has helped the Nepalese people work toward a more democratic, prosperous future.

## **Key Issue Performance \ Conflict Mitigation/Prevention/Transformation**

In FY 2007 US diplomatic efforts and foreign assistance worked in concert to support Nepal's fragile peace process and avert a return to conflict.

IMET military training programs supported increased professionalization of the army with special emphasis on human rights, legal justice, and improved public communication. These programs also supported seminars and workshops to provide opportunities for enhancing civil-military cooperation and included leaders from civil society and the uniformed services. The ultimate goal was to develop mechanisms for successful subordination of the military to democratic political institutions.

USAID's programs addressed the political, economic, and social underpinnings of the conflict. US foreign assistance supported the planned (now postponed) constituent assembly elections by providing technical assistance to political parties, the Election Commission, promoting voter awareness, and providing equipment and funds to print ballots. Income generation projects helped over 754,000 Nepalese to weather the impact of the conflict and to increase their standards of living. Counseling was provided to over 13,400 affected persons to help address the psychological trauma of the conflict. USAID also supported the government in providing health services to 1.3 million households in Nepal, improving government service delivery in rural areas -- a root cause of conflict.

## **Key Issue Performance \ Increasing gender equity**

Gender equity and social inclusion priorities are integrated throughout the entire USAID/Nepal portfolio.

USAID's civic education activity benefited 4,300 women in remote areas of the country. Under the Mission's infrastructure activity, 160,000 women received short-term employment opportunities. USAID's

agriculture activity provided technical support and training to 23,177 women farmers out of 45,243 total beneficiaries (51 percent). In the natural resources management activity, USAID support benefited 82,774 women participants out of 199,250 total beneficiaries (41 percent). Out of a total of 848 youths trained under USAID's conflict mitigation activity, 348 were women (41 percent). USAID helped 15,332 women with job skills training to provide them with sustainable incomes. Under an anti-trafficking activity, 95 percent of the beneficiaries were women. USAID's health programs equitably target women and gave extra emphasis to women through non-formal education, literacy and radio listeners groups. In FY 2007, 159,281 women and girls were reached through these activities with HIV/AIDS, family planning, and life skills learning. In addition, 49,000 Female Community Health Volunteers convened regular meetings in their communities to discuss health-related topics, reaching more than a million women throughout Nepal.

### **Key Issue Performance \ Biodiversity**

Nepal has high levels of biological diversity at the landscape, ecosystem, and specie levels. It is also recognized for making great progress at conservation in recent years. However, major threats to biodiversity persist, including over-exploitation of forest resources, illegal trade in wild plant and animal products, over-grazing, deforestation, encroachment on forest areas, forest fires, and unsustainable harvesting of non-timber forest products.

To address these threats, USAID assisted almost 900 forestry and buffer zone groups to build their capacity for good governance, livelihoods improvement, and biodiversity conservation during FY 2007. Support for these groups focused on activities such as mobilization of anti-poaching units, participatory biodiversity monitoring, community-based livestock insurance schemes, herder's education and awareness programs, development/update of a snow leopard GIS-based habitat map, construction of watch towers, support for eco-tourism, and construction of bio-fencing at significant sites such as national parks and conservation areas. Support was also provided for the development and implementation of forest operational plans in six community forestry program districts.

As a result of these efforts, 12,050 additional hectares of community forests and buffer zone area were brought under improved management adding to the 2006 baseline of 24,000 hectares.