USAID/OTI Nepal Annual Summary Report

Oct 2006 – Sept 2007

Program Description

In August 2006, USAID's Office of Transition Initiatives (OTI) inaugurated a program to help advance Nepal's transition to peace and democracy. The objectives of the USAID/OTI program in Nepal are to:

1. Increase access to information and diversify public debate on issues critical to the political transition, and

2. Increase the effectiveness of key political transition institutions.

OTI/Nepal's implementing partner is Chemonics International Inc., and the FY 2007 program budget is $7,909,821. The OTI program provides small grants and short-term technical assistance to support its objectives in Nepal.

Country Situation

Comprehensive Peace Agreement Signed - On November 21, 2006, the Government of Nepal, consisting of the Seven Party Alliance (SPA) and the Communist Party of Nepal-Maoist (CPN-M), signed a historic Comprehensive Peace Agreement (CPA), bringing an end to 11 years of armed insurgency. The agreement established a timeline for the cantonment of Maoist combatants, the promulgation of an interim constitution, the formation of an interim parliament and cabinet, and Constituent Assembly (CA) elections, now slated for November 22 after being postponed from the original date in June.

On January 15, 2007, an interim constitution was promulgated and an interim parliament was formed with 83 of the 205 seats given to the Maoists; on April 1, 2007, a new government that included the Maoists was sworn in. However, on September 18, 2007, the Maoists quit the government, resigning from all five cabinet posts they held. The Maoists have demanded a fully proportional electoral system and the abolition of the monarchy as preconditions to the elections; they also have vowed to disrupt the elections if their demands are not met. Senior leaders of the political parties have been meeting in an attempt to reach a consensus.

Cantonment Process Ongoing - On November 28, 2006, a tripartite deal on arms management was signed between the United Nations, the Government of Nepal, and the CPN-M, finalizing the modalities on arms management for both the People's Liberation Army (PLA) and the Nepali Army. In accordance with the tripartite deal, the first phase of the registration of Maoist soldiers and separation of weapons was completed on February 23, 2007. The second phase, which seeks to verify combatants' ages and combat history with the PLA, is underway after much obstruction from the Maoists.

It is estimated that as much as 30 percent of the sequestered force could be sent home as a result of the verification exercise. Negotiations are underway with the Maoists on this sensitive point. Meanwhile, conditions in the cantonment camps are inadequate, and a large number of Maoists have reportedly left the camps due to the poor quality of infrastructure, unhygienic surroundings, insufficient health care services, and lack of income generating opportunities. Maoist combatants with various demands have repeatedly left the camps to protest. The lack of agreement between the Maoists and the government on security-sector reform plans has also been a sticking point in the peace process.

CPA Violations and Maoist Misbehavior Continue Unabated - While the signing of the CPA and arms management deal brought much optimism to the country during the past year, reports indicate that Maoists continued to flagrantly, and with complete impunity, violate the terms of the CPA in many parts of the country. Maoist militias openly carry weapons; extortions and abductions continue across the country; and threats and violence against other political factions, the media, and nongovernmental organizations (NGOs) are routine. Perhaps most worrisome, the Youth Communist League (YCL) has been mobilized to increase Maoist influence in urban communities using a combination of public service drives and intimidation. Throughout the year, Maoists have been

meting out extrajudicial punishments and imposing fines for labor disputes, interfering with the publication of newspapers and threatening media houses and journalists, and obstructing the return of police posts. In at least two cases, the YCL raided newly established police posts and looted weapons. The government, however, still refuses to apply the rule of law to the Maoists.

Madhesi Movement and Social Inclusion Issues - Coming as a serious challenge to the peace process, activists of the Madhesi People's Rights Forum (MPRF) led a 3-week demonstration in mid-January, shutting down much of eastern Nepal and resulting in a number of deaths and significant destruction. The uprising marked the beginning of months of unrest in the Terai and presaged a proliferation of armed groups and similar agitations from various indigenous groups demanding political concessions from the government. After several rounds of negotiations, the government has reached agreements with many of the protesting groups, including the MPRF. However, many splinter groups continue to protest, and ethnic and political tensions remain high across the region. The most recent clashes in Kapilbastu, between Muslims and Hindus following the murder of a prominent Muslim leader, have left an estimated 1,500 families displaced and more than 30 people dead.

Law and Order Situation Worsening - Security in the central and eastern regions of the Terai has continued to deteriorate. Several armed groups, including Maoist splinter groups and criminal gangs, have increased their activities in more than 10 districts. It is estimated that at least 22 armed political groups are operating in the Terai, and reports of politically motivated murders, abductions, and threats have increased. Strikes called by various political groups have crippled transportation and business, and the delivery of basic government services has been disrupted. Many of the Pahadi (ethnic hills people) who work for the government have fled the Terai due to abductions and murders that have targeted village development committee members. In Kathmandu, the Terai Army, a little-known group, claimed responsibility for three simultaneous bomb blasts that took the lives of three people in early September. Nepali police have classified eight Terai districts as highly sensitive and have instituted additional security provisions for the CA elections. The Home Ministry has vowed to take stern action to improve security in the Terai and has increased the deployment of armed police. Further deterioration in the security situation could pose a threat to the viability of the November CA election process.

OTI Highlights

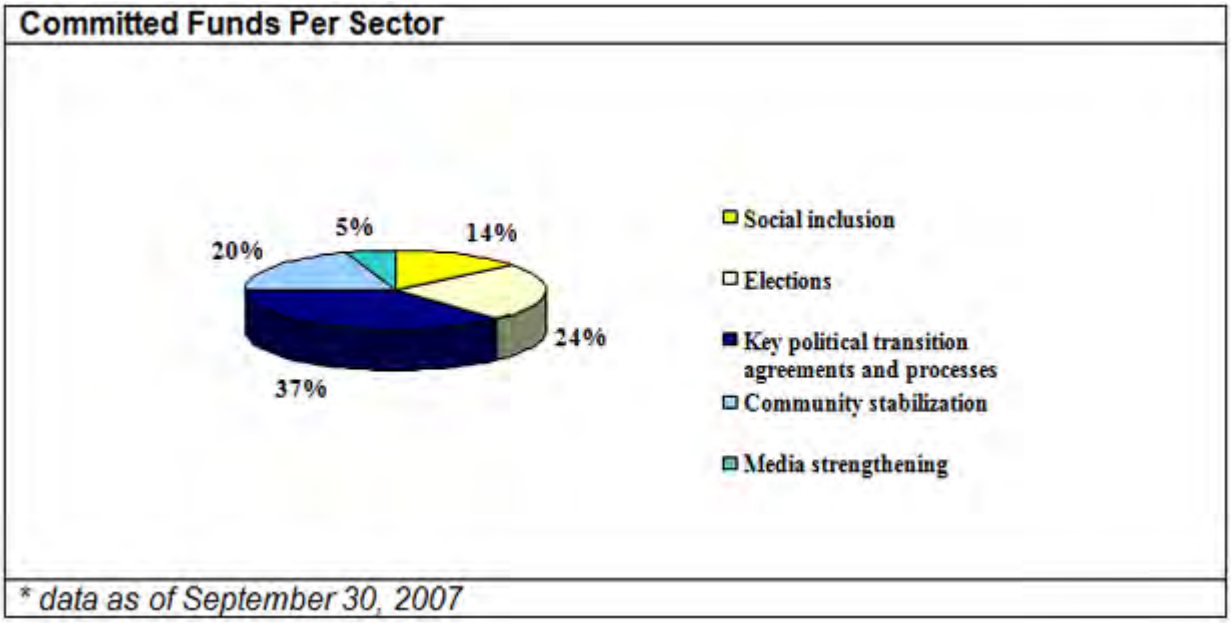
A. OTI/Nepal Grant Activity Summary

Between October 1, 2006, and September 30, 2007, OTI approved 93 new activities with grants totaling $3,594,210. Since August 2006, OTI, through implementing partner Chemonics, has funded a total of 101 small-grant activities, with grants totaling $3,994,788. As reflected in the following table and graphic, OTI activities are distributed among five main sectors: key political transition agreements and processes (37%), elections (24%), community stabilization (20%), social inclusion (14%), and media strengthening (5%).

Grants Approval Summary

Sector	Grants Cleared Oct 2006 - Sept 2007	Estimated Budget for Grants Cleared Oct 2006 - Sept 2007	Total Grants Cleared	Total Estimated Budget for Grants Cleared Since August 2006
Social inclusion	16	$547,623	17	$544,764
Elections	12	$880,828	14	$940,290
Key political transition agreements and processes	47	$1,435,049	50	$1,544,967
Community stabilization	12	$529,950	14	$764,007
Media strengthening	6	$200,760	6	$200,760

Total	**93**	**$3,594,210**	**101**	**$3,994,788**



B. Grant Activity

1. The OTI/Nepal program's initial focus, in late 2006, was on the National Monitoring Commission on the Ceasefire Code of Conduct (NMCC), the first official body established to monitor the precursor agreements to the CPA. OTI was the only donor supporting the NMCC at this early stage. Support included the provision of essential equipment for the NMCC's seven monitoring teams, help to increase public awareness of the ceasefire agreement, and translation of key ceasefire monitoring reports into English. OTI distributed more than 75,000 booklets containing information on various agreements between the SPA and the CPN-M, including the Code of Conduct for the Ceasefire and instructions for reporting ceasefire violations. Additionally, 210,000 brochures that consolidated information from the booklets were distributed to the general public. Both of these literature distribution projects covered all 75 districts in Nepal. The NMCC was officially dissolved on November 27, 2006, but while it was active, OTI provided quick and responsive support to the commission, which was the only monitoring body involved in the peace process at the time.

2. After the CPA was signed, OTI's focus shifted from supporting NMCC activities to informing the Nepali people about key political transition agreements and processes. These efforts have supported 40 activities – at both the national and the grassroots level – worth $1,357,436 and have included initiatives to print key documents such as the CPA and the Arms Management Agreement. To date, more than 200,000 CPA booklets have been distributed in all districts of Nepal, and this information has been supplemented with posters and leaflets. In addition, OTI has supported its NGO partners with the distribution of information about the CPA at the community level through street dramas, public speaking and quiz contests, community dialogues, and cultural programs. The organizations enlisted in this effort have been varied and have included farmer's cooperatives, forest-user groups, Dalit organizations (Dalits are considered "untouchables" in the Hindu caste system.), and women's microcredit groups. OTI has also worked to inform the Nepali people about key political processes. These educational activities have focused on the constitutional issues facing the country, placing particular emphasis on the upcoming CA elections since the next assembly will draft Nepal's new constitution.

3. Recognizing the challenges faced by the government institutions charged with implementing the many facets of the CPA, OTI has provided strategic support to help accomplish key transition tasks. For example, OTI has worked closely with the Election Commission (EC) to identify critical weaknesses in its ability to plan and administer the elections. Support to the EC continued and expanded even after the election date was postponed to November 22, 2007. OTI support has also been extended to other organizations with projects

focused on the CA elections, such as the Press Council Nepal and its national media-monitoring project. Furthermore, OTI is supporting a voter education campaign that will be broadcast over 40 radio stations and include reporting in the pre-election period. The Communication Corner-implemented project will reach all 75 of Nepal's districts using programming in sixteen languages.

4. Support to the media has been a key focus area over the last year, and OTI has provided technical assistance to a number of radio stations to enhance broadcast capabilities and disseminate information on key political agreements and processes. The Doko Radio project carries portable broadcast equipment to remote, radio-blind areas in traditional bamboo baskets, or doko. The project has been particularly well received. OTI has also supported innovative media programming that informs the Nepali people about current events and key political processes. On January 1, 2006, with OTI assistance, the Antenna Foundation launched "Nepal Chautari," a live, national, toll-free call-in radio show that provides listeners throughout the country with access to the people that are determining the country's future. The show is the first of its kind in Nepal. Similarly, with the aim of informing people about the transition and promoting positive attitudes to influence the peace process, OTI supported a TV series featuring Nepal's leading comic duo, Madan Krishna Shrestha and Hari Bansha Acharya. Known by their stage name of MaHa, the performers are renowned for their comic genius and respected for their democratic convictions. Their show, "Madan Bahadur/Hari Bahadur," is the story of a conniving villager's relationship with his kind-hearted neighbor. The show has addressed a number of transitional issues, including the plight of internally displaced persons, inclusiveness and social harmony, the incessant demonstrations and strikes, the CPA, arms management, women's rights, landmine problems, human rights abuses, compensation for victims, and elections.

5. In the Terai region, in response to a deteriorating situation that has been characterized by growing ethnic tensions and expressions of frustration by minority groups, OTI has focused much of its attention on activities that promote social inclusion and communal harmony. OTI provided support for the regional broadcast of 10 public service announcements (PSAs) that featured national-level leaders from across the political spectrum, civil society leaders, and public figures. A concert featuring the American band Ozomatli was organized on a similar harmony-promoting theme. The concert brought more than 10,000 people into downtown Kathmandu and was broadcast on national television. Other activities initiated to reduce tensions in the Terai have included CPA awareness campaigns, workshops to identify Madhesi issues and articulate them at the national level, model parliaments in the Terai, and initiatives to advocate for Dalit rights. A media-monitoring grant focusing on the media's role during recent critical incidents in the Terai was successfully conducted and the report will be publicly released. Also, as the unrest and violence in the Terai threatened to destabilize the peace process, OTI opened a field office in the Sunsari District of eastern Terai in July.

C. Indicators of Success

Re-targeting/Flexibility

OTI programming continued to be responsive by supporting media projects that addressed immediate transitional issues – including a live, call-in radio show and a youth-focused television show. In addition, a comedy television show was produced in three installments of four episodes each so the show could retain the flexibility to address pressing issues in the political transition as they arose.

Social inclusion has become one of the most contentious issues during the transition period, as many ethnic groups that have historically been marginalized are demanding greater representation within state structures. Several grants were slightly modified to better reflect current issues. Furthermore, OTI has shown flexibility by geographically retargeting CPA awareness-raising activities in the Terai. Program realignment included a shift in geographic focus to address increased tensions in the Terai and to support activities addressing a disturbing increase in ethnic tensions. The refocusing led to the decision to establish a field office in the region.

Resource Leveraging

OTI continues to effectively leverage the resources of grantees. For example, Communication Corner is providing up to one-fourth of the costs for a radio station project. Similarly, Jaghrit Nepal, an organization that is working with OTI to promote communal harmony through local-level dialogues in the Terai, is covering 10 percent of the project costs with its own resources. In addition, OTI has successfully partnered with international donors. For example, OTI has developed an extremely collaborative relationship with the Open Society Institute (OSI) on several activities. Two activities requiring more than $550,000 in funding are currently being implemented: OSI is providing approximately $252,000; OTI, $226,000; and the grantee, $74,000. Furthermore, OSI is providing funds for media-monitoring activities during the elections, adding more than $79,000 to OTI's contribution of nearly $183,000.

OTI was able to facilitate a collaboration between the Election Commission (EC) and the comic duo MaHa for the

creation two PSAs in three languages and a 45-minute movie on electoral procedures. MaHa is making a significant contribution to the project. In addition, Film World will coordinate with theaters and local administrations to ensure that the minute-long PSAs are screened in the run-up to the elections. This approach is significantly reducing OTI's costs for the activity.

Speed
Speed has been one of the key strengths of OTI programming. Following a request by Samjhauta Nepal, a grantee, to provide additional assistance for a national-level dialogue on achieving sustainable peace, an activity was developed and cleared within one week. Similarly, a grant to provide the EC with computer software and assistance with the printing of 5,000,000 "voter invitations" was cleared within 4 days of the request. And it took only 3 working days to prepare a grant supporting the Center for Women and Politics' effort to form a Madhesi Women Advocacy Forum. OTI also moved with speed to air PSAs to foster communal harmony during the unrest in Terai. Through reliable partners like the Antenna Foundation and Communication Corner, radio PSAs were broadcast in response to critical transitional issues such as voter registration and a Maoist child-recruitment drive. The timely responses ensured that messages remained relevant to the context.

Indicators of Impact
Although only 12 episodes of the OTI-supported television show "Madan Bahadur/Hari Bahadur" were planned, the success of the comedy show resulted in the production of three additional episodes. The show's stars, known as MaHa, plan to produce the show independently in the near future. The series quickly became one of Nepal's most popular shows, with an estimated 7 million viewers in Nepal and abroad. Viewer's letters expressed gratitude to MaHa for addressing relevant issues. And the show's catchphrase, "yaso gare kaso hola" (what if we do this instead), is mimicked by people in everyday speech and has become a common title for editorials and cartoons.

In coordination with United States Institute of Peace, OTI has supported a number of dialogues between civil society organizations and the police in order to increase cooperation and build trust. Each dialogue was attended by senior police officers as well as respected civil society leaders. The dialogues were conducted in Nepalgunj on May 16 and 17, Lahan on May 30 and 31, Dhangadhi on July 1 and 2, Jhapa on July 30 and 31, Chitwan on August 12 and 13, and in Butwal on August 27. The discussions were extremely productive, as all parties recognized the need for dialogue. After discussing the challenges facing the peace and security situation, attempts were made to find solutions. Follow-up meetings were held in many of the zones, and other mechanisms to continue the coordination have been developed.

With the intention to disseminate information and create a platform for discussions among people in remote areas, Antenna Foundation Nepal instituted the Doko Radio project. This project transports a complete mobile broadcast station and studio – which can be carried on foot in traditional bamboo baskets called doko – to some of the most inaccessible areas of the country. Between March 16 and June 3, the Doko Radio team traveled to five remote village development committees (i.e., subjurisdictions) covering 12,540 households, or approximately 60,000 people, in five districts (Gorkha, Humla, Darchula, Solukhumbu, and Manang). Pre-recorded radio programs were broadcast to inform people of ongoing political developments in the country, and the views of locals were recorded and transmitted. The response to the broadcasts was overwhelmingly positive, with citizens actively engaging on topics such as the CA elections and the role of youth and political parties in the peace process. While political transition and local issues were the main topics addressed, people also shared their musical talents and expressed their grievances. In Humla district, residents said that Doko Radio made it possible to bring local political leaders from all the parties together for the first time in 10 years.

Next Steps/Immediate Priorities

Emergent issues:

- Developing post-election scenarios and strategic plans.
- Local Peace Committees may start to form in the next quarter.
- Continued unrest and violence in the Terai is predicted, warranting special programmatic focus.

USAID/OTI Nepal will:

- Continue to develop activities in support of the CA elections.

- Maintain and continue to develop activities in response to political issues and conflict in the Terai.
- Assess OTI/Nepal media activities and refine as necessary.
- Continue to support programming that targets youth.
- Support the Local Peace Committees, should they become functional.
- Continue to identify gaps in roles and responsibilities of the team and fine tune the operational aspects of implementation.