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ACRONYMS

CA	Constituent Assembly
CDF	community development funds
CPA	Comprehensive Peace Agreement
CPN	Communist Party of Nepal
FPTP	first-past-the-post
MINAP	Mithila Natya Kala Parishad
MJF	Madhesi Jana Adhikar Forum
NC	Nepali Congress
NGO	nongovernmental organization
OTI	Office of Transition Initiatives
PLA	People's Liberation Army
PR	proportional representation
PSA	public service announcement
SOLVEN	Social Organization for Liberal Volunteer Engagement Nepal
SRS	strategy review session
UML	United Marxist and Leninist
UNMIN	United Nations Mission in Nepal
USAID	United States Agency for International Development
VDC	village development committee

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 increase

- Access to information and diversify public debate on issues critical to the political transition
- Local-level engagement and participation in the peace process

USAID/OTI commenced its program at the request of, and in close coordination with, the U.S. Embassy and the USAID Mission to Nepal.

The implementing partner for USAID/OTI in Nepal is Chemonics International, Inc., selected through a competitive bidding process. The program consists of a series of small grants and short-term technical assistance activities in furtherance of Nepal's transition process.

I. COUNTRY SITUATION

The Constituent Assembly (CA) election was conducted peacefully, with the Communist Party of Nepal-Maoist (CPN-M) unexpectedly winning a majority. After two postponements and despite high levels of pre-election violence, clashes between political parties, and predictions of violence on election day, Nepal's historic CA election on April 10, 2008, proceeded peacefully throughout the country. Some constituencies reported incidents of violence and booth capturing, and a re-election was held at 106 election booths in 21 constituencies.

Turnout on election day was more than 60 percent. Contrary to the predictions of various national and international analysts, the post-election atmosphere also was calm and stable. Unexpectedly, the final results for both the first-past-the-post (FPTP) and proportional representation (PR) systems favored the former rebel group, CPN-M. Of 575 contested seats (240 under FPTP and 335 under PR), CPN-M secured 220 seats (120 FPTP and 100 PR). The leading political parties before the election, Nepali Congress (NC) and the CPN-United Marxist and Leninist (UML) secured 110 (FPTP 37 and PR 73) and 103 (FPTP 33 and PR 70) seats, respectively. The unexpected win for the CPN-M party win reflects an environment of intimidation but also Nepalis' desire for change. The Madhesh-based parties secured 83 seats in Terai (FPTP 45, PR 38) — with the Madhesi Jana Adhikar Forum (MJF) leading with 52 seats. Madheshi candidates won 74 out of 240 seats in FPTP elections. However, no single party won the two-thirds majority required to lead the government.

The monarchy was abolished and the first president and vice president of the Nepali Republic declared. At the first historic seating of the Constituent Assembly on May 28, Nepal was declared a republic state. At the same time, former king Gyanendra was reduced from a royal to a private citizen. The organization of the new government—with power shared among the political parties, republican agendas, and the formation and dissolution of political alliances by the major political parties — continued to overshadow Nepali political developments months after the CA election.

With the Maoists failing to reach consensus with other parties, the NC-backed president, MJF-backed vice president, and UML-backed CA chair were elected by an alliance of those parties. Somewhat surprisingly, both the presidential and vice presidential candidates were Madhesi. The public welcomed the presidential choice, but nationwide protests followed vice president Paramananda Jha's taking the oath of office in Hindi.

Student wings of eight political parties and some members of the public burned effigies of Jha and disrupted traffic in Kathmandu, the Terai, and other parts of the country. The United Madhesi Students' Union called for an indefinite transit strike in Saptari to protest vandalism of the MJF central office in Kathmandu by student members of the eight parties. Into its eighth day, as the protests become more destructive and clashes between MJF supporters and students in parties in Parsa and Rautahat were reported, Vice President Jha clarified that his taking the oath of office in Hindi was not intended to offend Nepali sentiments. Jha's statement came in response to speculations regarding violence between Madhesi and Pahadi communities.

A new government was formed under the leadership of CPN-M. After political parleys failed to form a national consensus government, CPN-M chairman Puspa Kamal Dahal (Prachanda), was elected first prime minister of the Republic of Nepal. Backed by an alliance of CPN-UML, MJF, and other fringe parties, Prachanda won 464 of 577 votes cast by members of the assembly. The NC candidate, Sher Bahadur Deuba, won only 113 votes. With this defeat, NC, the second-largest party in the assembly, is now out of the government and will remain in opposition. The new government's cabinet comprises the prime minister and 23 other ministers. Ten cabinet ministers are Maoists; six are CPN-UML members, four are MJF members, and three are members of fringe parties.

UNMIN completed verification of Maoist combatants, and the mandate was extended by six months. On January 2, 2008, the Joint Monitoring Coordination Committee accepted verification of combatants. Of 32,250 registered Maoist army personnel, 19,692 combatants were verified, including 3,846 women. However, 8,640 personnel were disqualified because they failed to appear for second-phase verification interviews.

Following the cabinet's request to extend the term of the United Nations Mission in Nepal (UNMIN) by six months, the UN Security Council renewed UNMIN's mandate to January 23, 2009 to complete its monitoring and management of the arms and personnel of the Nepali army and combatants of the Maoist People's Liberation Army (PLA). However, observers increasingly report PLA cadres leaving their cantonment sites to participate in political campaigning and, on several occasions, PLA using UNMIN-registered weapons to protect campaigning Maoists.

Major agitation took center stage in Terai in early 2008. At the anniversary of the Madhesh movement in January 2008, Madhesi leaders vowed to renew agitation. On December 10, 2007, four Madhesi members, including senior NC leader Mahanta Thakur, resigned from their parties and the Parliament citing government indifference to Madhesi demands. They were joined by other Madhesi leaders, and several new parties were formed. Demands for autonomy from other ethnic groups have affected parts of the far east of Terai and some portions of the hills, particularly in the east, where such minorities predominate.

February 2008 saw rapid deterioration in the Terai: 16 days of strikes virtually cut Kathmandu off from supply pipelines. Shortages in gasoline, diesel, kerosene, water, and other commodities became acute as the strikes continued. State brutality and police excesses were reported, including police attacks on protestors inside hospitals. Nine people, including a police officer, were reportedly killed. On February 28, a deal between the Madhesi groups and the government ended the strikes and created a favorable climate for the CA election in the Terai. However, since the election, the Madhesh-based parties have been demanding that the fifth constitutional amendment incorporate a clause guaranteeing an autonomous Madhesh state and entry of Madhesis into the army as a discrete group. Various indigenous groups and political parties protested against the demands of Madhesi members of the Constituent Assembly and demanded their own autonomous states in the Terai region. The fact that the Madheshi issues have not been addressed may contribute to political uncertainty and obstruct normal assembly proceedings following the formation of the new government.

The security situation continued to worsen. During this reporting period, law and order continued to deteriorate in Nepal in general and in the Terai in particular. Intense campaigning before the CA election was accompanied by a surge in clashes, obstruction, intimidation, and violence. Supporters of political parties were seen targeting candidates, supporters of competing parties, and voters. Several political parties recruited youth volunteers for their campaigns, and numerous clashes among these youth groups were reported. The most serious incidents involved conflicts between the Young Communist League and the Youth Force (the youth wing of CPN-UML) in Lamjung and Dhankuta during August.

Two days before the first seating of the Constituent Assembly, three minor bombings occurred: two outside the International Conference Center (the venue for the assembly proceedings) and one outside the home of civil society leader Devendra Raj Pandey. A bombing in Kathmandu on May 27 injured six people at a gathering the day before Republic Day. Ranbir Sena, a Hindu extremist group with alleged royalist links, claimed responsibility.

The Terai has also seen an alarming increase in extortions, kidnappings, shootings, and killings. However, much of this violence is not being reported at the national level. Armed groups have allegedly gathered in Bihar, India, to form an alliance that threatens the region's fragile peace and security. Various armed groups operating in Terai have targeted local businesspersons, kidnapped village development committee (VDC) secretaries, and bombed government offices. Amid the poor security situation in Terai, 54 inmates — including 30 Janatantrik Terai Mukti Morcha-Jwala Singh cadres — escaped from a Siraha jail by overpowering guards. Armed groups operating in central Terai, the Terai Rastriya Mukti Sena, and the Terai National Liberation Army issued threats to journalists and media outlets reporting and broadcasting in Nepali.

The Koshi River breached its embankments; havoc ensued in the eastern Terai district of Sunsari. A sudden breach in the spurs and embankments of the Koshi river on August 17, 2008, displaced more than 50,000 people in Sunsari district, where the OTI field office is located. The damaged embankments caused the Koshi to shift its course 1.5 kilometers to the east. Several small bridges were swept away, rendering the east-west highway impassible for several kilometers and limiting the field office's ability to support implementation and monitoring in the Siraha and Saptari districts.

Parts of the country east of Sunsari are now inaccessible from the west. Although rescue operations are underway, it is unlikely that the highway will be operational any time soon.

II. OTI HIGHLIGHTS

A. OTI-Nepal Grant Activity Summary

During the reporting period, OTI approved 115 new activities¹ with grants totaling \$4,493,933:

- \$2,178,677 focusing on community stabilization
- \$1,478,220 focusing on key political transition agreements and processes
- \$61,141 focusing on social inclusion
- \$407,251 focusing on media strengthening
- \$368,664 for elections

The Itahari field office contributed to clearing 46 grants totaling \$1,366,349; the Kathmandu office cleared the remaining grants. More \$5.57 million has been disbursed over the duration of the program.

USAID/OTI started operations in Nepal in July 2006, and Chemonics International started operations as the implementing partner in August 2006. Prior to Chemonics' arrival, USAID/OTI cleared four grants totaling \$25,587. Since August 2006, OTI, through Chemonics, has funded a 197 small grant and technical assistance activities² totaling \$7,638,412. As reflected in the table below, OTI activities are distributed among five main sectors: social inclusion (5 percent), elections (14 percent), key political transition agreements and processes (37 percent), community stabilization (36 percent), and media strengthening (8 percent) over the total program period.

Grants Committed by Sector

Sector	Grants Cleared September 2007-August 2008	Total Estimated Budget for Grants Cleared September 2008-August 2008	Total Grants Cleared Since August 2006	Total Estimated Budget for Grants Cleared Since August 2006
Social inclusion	2	\$61,141	16	\$374,794
Elections	12	\$368,644	24	\$1,044,438
Key political transition agreements and processes	43	\$1,478,220	82	\$2,828,878
Community stabilization	48	\$2,178,677	59	\$2,792,569
Media strengthening	10	\$407,251	16	\$597,732
Total	115	\$4,493,953	197	\$7,638,411

Data as of August 31, 2008

Annex A compares the first and second years of the program. The quarterly trend analysis indicates a dramatic shift in the program sector concentration in the second quarter of 2008 (Annex B) due to a shift in programmatic focus to community stabilization activities.

¹ Cancelled grants were counted in this figure only if monies was spent on the activity—for example, several election commission grants.

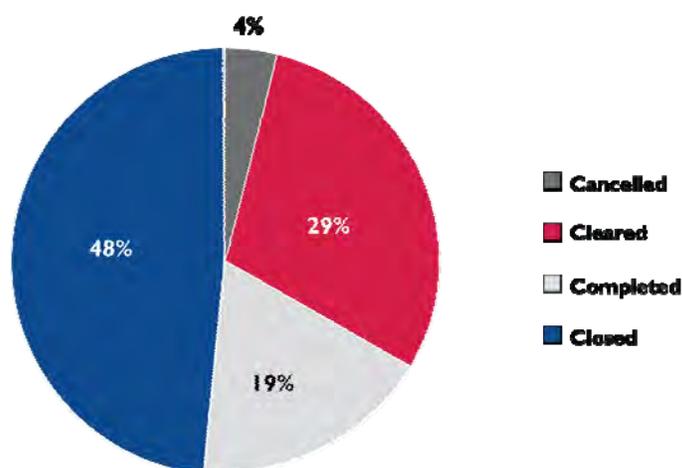
² This figure excludes the four grants implemented by USAID/OTI prior to the commencement of the Chemonics contract.

Over the last year, the program adapted its second objective to more clearly reflect the nature of the activities and to improve reporting. This decision was reached after strategy review sessions in January and June 2008. Since then, all grants have been recoded to fit within the new objectives. Annex C compares the first and second years of the program. Between Years 1 and 2, there has been a definite shift toward the second objective. Year 1 focused more on increasing access to information; based on the success of this support, the program became more oriented to local-level activities. This reorientation was due not only to the presence of our field office in Sunsari but also to community-based demand for these types of activities. Annex D provides a quarterly trend analysis of objectives for the first and second years of the program.

At this writing, 48 percent of the program's activities are in closed status (Exhibit 1) and 29 percent in cleared status. The program has improved its ratio of active to closed activities since the last reporting period.

Exhibit 1.

COMMITTED FUNDS BY STATUS



Data as of August 31, 2008

With the successful completion of the Constituent Assembly election on April 10, USAID/OTI program development and current portfolio shifted their attention to community stabilization activities. In accordance with the decision of USAID/Nepal and USAID/OTI Nepal to scale up programming in the Terai focused on community development funds (CDFs) and visible infrastructure activities utilizing \$1 million in 1207 and OTI monies, the new programming will most probably be used as a model for investing future 1207 money in the Terai. The USAID obligation of \$500,000 was received on July 3, 2008; \$431,714 was earmarked for grants. By the end of August, \$416,215 (96 percent) was already committed.

The majority of grant activities include peace messaging in the eastern and central Terai through the involvement of youth and women; managing the public's expectations following the CA election through street dramas, cultural shows, and radio and TV public service announcements

(PSAs); and peace and reconciliation activities through youth peace volunteers, sports, and rehabilitation activities. USAID/OTI also cleared grants to replicate successfully implemented activities. These include using comedy to disseminate information on transitional issues, distributing books produced from the highly acclaimed “A People War” photo exhibition to educate the population about the conflict, and training youth groups on conflict management.

Annex E provides a country-wide picture of USAID/OTI’s radio programming and support. This support predominantly falls into three sectors: community stabilization, key political transition agreements and processes, and media strengthening.

Annex F depicts USAID/OTI program intensity by district.

USAID/OTI and Chemonics held its fifth strategy review session on June 2 and 3 in Kathmandu. Most of the OTI/Nepal field team, including the Itahari field office staff, was present. Washington-based OTI Asia and Near East team leader Stephen Lennon, USAID Nepal Mission Director Beth Paige, and USAID/Nepal Senior Conflict Advisor Leila Abugheida attended the first day of the strategy review session. An OTI grantee made a presentation to the group and three grantees participated in a panel discussion.

During the strategy review session, the team agreed to retire the program’s original Objective 2 (increase effectiveness of key political transition institutions) and adopt a new Objective 2: increase local-level engagement and participation in the peace process. The new objective covers both engagement and participation in the national peace process, including the Constituent Assembly, and in many types of local peace-building activities, both at the official government level and locally led, that aim to stabilize and normalize key areas outside of the Kathmandu valley, especially in the eastern and central Terai.

B. OTI-Nepal Grant Activity Highlights

Community Stabilization

During this reporting period, USAID/OTI cleared 48 activities totaling \$2,178,677 — \$1,607,021 from the Itahari field office and \$571,656 from the Kathmandu office.

Youth have always been critical actors in motivating Nepali communities to support the peace process. Thus, educating and mobilizing youth to build peace is an effective way to catalyze their positive energy and foster communal harmony and reduce the number of violent incidences that have occurred more frequently at the grassroots level in the recent past.

USAID/OTI, through its support of five youth-focused activities, trained and mobilized youth in community conflict management and reconciliation processes, good governance, and human rights at the grassroots level in the Bara, Parsa, Rautahat, and



A rally in Kalaiya, Bara to encourage youth participation in peace and development

Makawanpur districts to positively engage them in the peace process. These grants mobilized youth through youth peace networks and peace volunteers and conducted social campaigns on peace and reconciliation in four central Terai districts. Within a short period, the youth volunteers established themselves as mediators to resolve local disputes. One of these activities also included the formation of 63 youth listeners' groups in 45 VDCs in the Bara and Rautahat districts. The purpose of these groups is to discuss issues affecting youth, good government, life skills development, and conflict management content broadcast by two local FM radio stations. Peace volunteers in Makawanpur are writing articles on peace and reconciliation, good governance, and human rights that are being published in leading regional newspapers.

Two grants to Samjhauta Nepal, a tested USAID/OTI partner, successfully trained more than 20,000 Madhesi and Pahadi youth from eight critical Terai districts in conflict resolution and community peace building. One grant targeted the Madhesi community in the southern belt of the Terai; the other focused on the Pahadi community near the east-west highway in the Terai region. Youth involved in the activities made remarkable contributions to their communities, and the village-level orientation developed the capacity to analyze the conflict in the Terai. Participants also learned to resolve conflicts peacefully. The participants were highly motivated to work on peace-building programs at the local level. In addition, the program achieved strong recognition among local communities and regional and national media outlets. The youth peer educators and program trainers were recognized as local peace-building experts and activists. They were invited to mediate local conflicts such as disputes among youth and gender- and caste-based conflict.

The youth peer educators received bicycles, which enabled the grantee to mobilize according to the region's political, peace, and security context. Because these grants were developed to positively engage youth in reducing violent confrontations and create a favorable atmosphere in the Terai for the upcoming CA election, youth volunteers also were mobilized to disseminate information on post-election processes. These activities have contributed to Nepali politics by helping to conduct the election and showing citizens how they can move toward the possibility of sustainable peace in the country.

Sports often provide normalization and a safe space where youth and other community members can interact. Therefore, USAID/OTI cleared a grant to introduce sports — in this case, soccer — as an independent and politically neutral medium through which to engage and attract Nepali youth. A tour featuring a prominent national soccer team will travel to eight locations around the country in September 2008 to play friendly matches with local youth. The overall theme of the tour will focus on peace.

Two of USAID/OTI's most successful grants went to Nepa~Laya for an exhibition that traveled to 31 locations in Nepal. "A People War: Images of the Nepal Conflict, 1996-2006" is based on a book of the same name. The exhibition comprises photographs documenting the suffering experienced during Nepal's 11-year insurgency. The images, most taken by Nepali photographers, remind and educate the people of Nepal about the costs of war and motivate them to collaborate on peaceful solutions during the current political transition. More than 300,000 people saw the photo exhibition, and 4,800 copies of the book were distributed to the libraries across the nation. USAID/OTI cleared two additional grants to expand the exhibition's reach.



Photo exhibition on the move: "A People War: Images of the Nepal Conflict, 1996-2006"

Through these new grants, 1,200 additional copies of the book were printed and distributed to schools and youth clubs in 24 districts. Additionally, a 40-minute documentary, *Frames of War*, focused on the second phase of the exhibition tour, and 19 television news stories were developed to increase awareness of the negative impact of ongoing clashes between Pahadi and Madhesi people and to avoid recurring violence.

During this reporting period, USAID/OTI cleared grants to five radio stations to produce and air 41 radio PSAs. The one-minute announcements were intended to motivate the public to work on communal harmony and promote a peaceful and democratic transition following the CA election. Candidates and prominent social leaders were invited to record nonviolent messages to help address the possibility of rising communal divisions and violence before and after the election. Three additional radio station

grants have been cleared to produce and air talk shows to initiate dialogue between district and national government officials and residents of the Sunsari, Morang, and Jhapa districts. Local and national decision makers have been invited to take part in the 48 programs to talk directly with people about issues facing their communities. Listeners can call a toll-free number to ask questions of the panelists. USAID/OTI provided equipment to enable the stations to effectively implement these shows.

Street dramas and other cultural events have always been a popular mechanism for disseminating messages to audiences in Nepal. USAID/OTI cleared seven grants for musical and cultural events to encourage communal harmony among the Pahadi and Madhesi communities and increase awareness of the peace process. Several new methodologies were used. As experience has shown over the past year, post-conflict communities assimilate and appreciate these messages more when they are delivered via cultural events than through classroom-style trainings and workshops.

Another grant supported by USAID/OTI expanded on the Nepali fondness for dramatic presentations. Mithila Natya Kala Parishad 's (MINAP's) methodology combined street drama with cultural programs, including songs and dances, to present community-oriented messages. This approach spurred greater audience participation than street dramas alone. MINAP presented 40 street dramas and 40 cultural programs in 40 VDCs of central Terai districts to reinforce the cordial relationship between the Pahadis and Madhesis. The success of the tour prompted Kathmandu-based organizations to invite MINAP to present the performance in the capital. The *Himalayan Times*, a national English-language daily newspaper, called MINAP's lyrical street drama "the most entertaining part of the whole event, where the play revolved around the themes of communal harmony and the message for people of different parts of the country to come together." Because of the overwhelming success of this activity, USAID/OTI recently signed a new grant with MINAP to support 60 street theater performances and cultural programs to

generate mass awareness of the Constituent Assembly's role and function, understanding of citizens' responsibilities, and patience during the process of writing a constitution.



Youth mobilization to resolve community disputes over water and sanitation issues through Water Caravan activities

USAID/OTI also experimented with relating messages on the peace process to water and sanitation in the Kathmandu valley. The Water Caravan provided tangible peace dividends while utilizing youth as important and positive actors in their communities. More than 40,000 people visited and observed water and sanitation exhibitions, street dramas, and an art competition that helped raise awareness of conflict mitigation and resolution of key basic community issues through community involvement. The overwhelming success of the Water Caravan activities also resulted in several

requests from schools and community-based organizations to replicate these activities in their respective communities.

The Itahari field office cleared three activities supporting cultural activities to encourage communal harmony and increase awareness of the peace process in Jhapa, Morang, and Sunsari. The activities included essays, art, dance, quiz shows, and peace stalls at two large fairs in the region. On average, 2,000 to 3,000 people attended these events. Most significantly, one grantee had a peace stall at *Mai Mela*, a four-day religious cultural fair in Jhapa. More than 20,000 visitors stopped by the stall to receive information on the Comprehensive Peace Agreement (CPA). Through another grantee, a peace stall was placed at a commercial fair in Sunsari visited by more than 90,000 people. The stall itself registered more than 42,000 visits.

Post-election analysis in Nepal suggests that Nepalis tended to vote for candidates and parties that they saw as more responsive to their needs and demands in this new period in Nepal's history. Aspirations and expectations for the new government are very high. With this in mind, USAID/OTI cleared two grants for MaHa Sanchar (an organization founded by actors Madan Krishna Shrestha and Hari Bansha Acharya — collectively known as MaHa) and Interface Nepal to develop and air six one-minute television PSAs on managing expectations and encouraging political tolerance in the post-election period. MaHa, renowned for their comic genius and respected for their democratic convictions, are involved in developing the PSAs. USAID/OTI has worked with MaHa and Interface on six other well-received PSAs. With the objective of promoting a peaceful and democratic transition in Nepal following the CA election, the current PSAs will provide a flexible mechanism for targeting specific key messages critical to Nepal's ongoing transition process.

With the USAID/OTI's grant clearance of more than \$130,000, Antenna Foundation Nepal began its multimedia *Mero Jindagi* (My Life) campaign in May. Based on National Public Radio's *This I Believe* program, the campaign will engage Nepalis in discussing and writing about the core values and beliefs that guide their daily lives. Twenty-six TV and radio packages will be developed, showcasing participants from different walks of life who have made positive contributions to their families, communities, regions, and the nation. In conjunction with the broadcasts, participants' stories will be published as newspapers essays. The grantee

commissioned a song, “My Life — My Belief,” by a well-known Nepali lyricist, Durga Lal Shrestha.

With a grant of \$133,942, Women in Environment is implementing the first visible infrastructure activity utilizing USAID/OTI and 1207 money in Mahottari district. The project’s two-pronged approach seeks tangible results for communities. One output will be the rehabilitation of infrastructure; the other will focus on social healing through an inclusive process that encourages communities to work together for their mutual benefit. The activity will rehabilitate and repair 2 dams, 9 road culverts, and 15 hand pumps and artesian wells in 5 VDCs, utilizing a strategic combination of integrated peace-building mechanisms, social mobilization, labor efforts, and community rehabilitation. It is assumed that community interactions through peace-building trainings and reconstruction activities will foster open dialogue and reconciliation, leading to long-term peace and restoration of unity in the targeted communities. An important goal is dissuading community members from joining armed insurgencies in the Terai.

Field-office grants for district programs focusing on youth mobilization in Sunsari, Morang, Siraha, and parts of Jhapa and Saptari have successfully launched youth mobilization committees in 150 VDCs. These programs aim to motivate youth to develop their VDCs through community development funds. The positive grassroots response to CDFs has also led USAID/Nepal and USAID/OTI Nepal to scale up programming in the Terai focused on CDFs and visible infrastructure activities, utilizing a total of \$1 million in 1207 and OTI monies. Activities include reconstruction of community libraries and early childhood development centers and rehabilitation of roads and schools (repairing roofs, painting, etc.).

Community response to CDF activities at implementation sites in eastern Terai has been strong, with impressive contributions of both funds and labor; the youth mobilization committees have managed both the process and the communities’ contributions. It has not been lost on these areas that young people, through their committees, play positive and dynamic roles in their communities.

As of August 20, 2008, community matching funds for CDF activities in eastern Terai are almost half of the total USAID/OTI CDF funding. The CDF activities are being replicated and expanded into the 150 VDCs of central Terai and the 50 VDCs of eastern Terai. USAID/OTI committed more than 96 percent of 1207 funds for CDF and visible infrastructure activities in just two months.

In late March 2008, USAID/OTI hired 19 community mobilizers to cover 12 districts of Eastern and Central Terai for almost three months. Their first task was to observe the ongoing political situation in their respective districts for several days prior to the CA election. They provided information well in advance of what the media reported and transmitted information to the U.S. Embassy’s call center on election day. Shortly after the election, the community mobilizers began their primary task of assessing 576 VDCs. The mobilizers produced substantial reports, including findings from focus group discussions, along with timely and relevant political updates that helped to shape the program’s strategy. The reports contributed to the selection of target VDCs for CDF activities.

Because the community mobilizer model has proven appropriate and produced useful results, OTI extended the tenure of 13 mobilizers for three months to cover nine key districts where it is implementing programs. In lieu of scaling up programming focused on CDFs and visible infrastructure activities in the Terai, a workshop was organized to train the 13 mobilizers in monitoring roles for the scaling-up activities. It is anticipated that the community mobilizer framework will continue to help the OTI program to do legitimately what we cannot manage under the program's current staffing structure and prevailing conditions that may prevent access to some areas and actors for CDFs and visible infrastructure activities. The community mobilizers have already started monitoring the CDF activities in the eastern Terai in addition to regular USAID/OTI grant activities.

To enhance the relationship between the Madhesi and Pahadi communities and model positive inter-ethnic cooperation, 10 Pahadi and 20 Madhesi female artists of the Janakpur Women's Development Center painted 39 peace messages in the Mithila art form in the four central Terai districts of Siraha, Dhanusha, Mahottari, and Sarlahi. This campaign was hugely successful in promoting positive inter-ethnic relations between Madhesi and Pahadi women and motivated Madhesi and Pahadi groups to work on communal harmony. Locals from the concerned districts reported that the paintings



Madhesi and Pahadi women collaborate on a painting showing communal harmony

could repair relations between these two communities, which had deteriorated because of recent Madhesh agitation. The artistic collaboration could enhance opportunities to bring the two communities together again. The overwhelming success of this activity led to an extension of the grant for 60 new wall paintings in the Saptari, Sunsari, and Morang districts of eastern Terai.

Key Political Transition Agreements and Processes

USAID/OTI continues to support a substantial number of activities focusing on key political transition agreements and processes. Over the past year, USAID/OTI cleared 43 activities totaling \$1,478,220 — \$612,050 from the Itahari field office and \$721,150 from the Kathmandu office. These activities include printing and disseminating key documents such as the comprehensive peace agreement and the arms management agreement. With the CA election finally completed after two postponements, USAID/OTI shifted much of its attention toward educating local people on the role and function of the CA and managing post-election expectations.

Six grants focusing on raising awareness of the CPA in five central Terai districts were completed. Five focused on implementing activities; one monitored and coordinated activities. On December 3, 2007, a two-day post-activity reflection meeting brought representatives of all the organizations to Kathmandu. Grantees commented that the activities were extremely successful and described specific experiences, success stories, and difficulties in implementing the program. Among the success stories was that of a woman who persuaded her husband to leave the Maoist party and stop committing extortion; a displaced man living in a cave to avoid

Maoists who returned home after a visit from a local peace volunteer; and several people who felt empowered to refuse Maoists' demands for money.

USAID/OTI concluded that progress toward CPA implementation has been insufficient. Feedback from seven USAID/OTI CPA information dissemination activities included strong suggestions that information on the CPA be provided to local, mid-level political party leaders, who are often excluded from national decision-making but who can play key roles as local opinion leaders. In response, USAID cleared a grant activity with Democracy and Election Alliance Nepal to provide leadership training and key information regarding the CPA and the then-upcoming CA election to 750 members of political parties, civil society, and the media in 15 VDCs in the Bara, Parsa, and Mahottari districts of the Terai. USAID/OTI assumed that training mid-level political party leaders and key stakeholders, who could promote the election and the peace process, would help facilitate a peaceful transition process at the community level and create pressure at the national level to move the peace process forward.

USAID/OTI's support to six regional radio stations in Dhanusa, Sunsari, Morang, and Jhapa for the development of content for shows focusing on the CPA, the CA election, and transition issues continues to reach many listeners. The stations' programming (in Nepali and local languages) utilizes interactive technology and VDC-level dialogues through call-in radio programs. This programming has proven so successful that all the activities received at least one cost amendment over the reporting period. Extension of these grants focuses on transmitting accurate information on the roles and responsibilities of the Constituent Assembly and helping the public manage their expectations.

In response to USAID/OTI's request, these stations invited election officers from their respective districts to discuss pre- and post-election processes. Station B FM in Morang inserted timely information about the election code of conduct, the vote counting process, and the timeline for CA election results into its radio drama series. These programs were intended to manage the expectations of youth during the critical transition period before and after the election. Station Koshi FM in Morang noted that the show *Shanti Batuwa* (Peace Traveler) appeared to have become a known brand in the listening area; traveling radio journalists have been called peace travelers. The program coordinator joked that many callers ask if it is the "peace traveler station." They claim that more people know of the Peace Traveler program than know of Koshi FM. Local events are well attended; participants said they could not previously have their questions answered by local decision makers. The station received numerous calls from local political leaders requesting clarification of the CPA. Station representatives credited live translation of the programs in Nepali and Maithili as part of its success, making it accessible to nearly everyone in the listening area.

Another successful activity has been mobile media fairs (*melas*) in nine districts, presented in cooperation with three local FM stations in areas with minimal access to radio broadcasts. The *melas* used *doko* (transportable radio units assembled in a traditional bamboo basket). All the mobile fairs occurred during the reporting period. The grantee received overwhelmingly positive feedback from participants, particularly about the Antenna Foundation's focus on local rather than national issues. Many have requested additional fairs.

The television PSAs that began in July 2007 received praise throughout the country. The campaign, with a unique animation technology launched in Nepal by Interface, used animated 3-D characters with Nepali names to appeal to a wider audience. The characters were promoted as “Messengers for Change,” and the PSAs conveyed messages of peace and security, diversity and communal harmony, reconstruction, CPA, participation in the CA election, and permanent peace. The appearance of the popular performers Madan Bahadur and Hari Bahadur (MaHa) in the fifth and sixth PSAs added to their popularity and effectiveness. Preliminary findings from a survey conducted by ACNielsen and the BBC World Service Trust under Kathmandu grant 094 revealed approximately 50 percent face recognition value for the animated characters. This finding indicates the effectiveness of the PSAs in reaching a diverse population and disseminating transitional information. Another grant to Interface funded the development of 12 comic strips — six reiterating and six extrapolating the Messengers for Change PSAs. USAID/OTI recently signed a new grant through which Interface will use the “Messengers for Change” for additional messaging campaigns.



Animated “Messengers for Change”



Hari Bansa and Madan Krishna (MaHa), actors in the popular television show

USAID/OTI provided support to MaHa for 15 new episodes of their television show focusing on key transitional issues. The use of comedy had a substantial impact in reaching viewers and informing them of key political transition processes and agreements in the changing political context. This grant was an extension of a previous activity through which USAID/OTI funded MaHa’s production and broadcast of 12 episodes of a comedy show. An estimated 7.5 million viewers (more than 80 percent of them in Nepal) watched the show regularly — an increase of 2 million in Nepal and 500,000 abroad over earlier shows. Research conducted by ACNielsen revealed that the only broadcasts on Kantipur TV more popular than the MaHa program were regular news bulletins. The episodes made under this grant

disseminated social and political messages, including political messaging on deteriorating law and order of Madhesh parties, in cities such as Kathmandu and throughout the country and their effect on the lives of Nepalis; the constitutional assembly; and post-election expectations following the CA election. In addition to focusing on negative aspects of the transitional period, the episodes portrayed changes witnessed after *Jana Andolan* — the People’s Movement.

USAID/OTI believes that songs, poems, and cultural events are excellent mechanisms for energizing and involving youth. Such activities promote constructive engagement in the political process, educate participants about democracy and their role in the “new Nepal,” and reduce the likelihood of involvement in disruptive activities. With USAID/OTI’s grant of more than \$9,000, the Social Organization for Liberal Volunteer Engagement Nepal (SOLVEN) organized two day-long cultural events in April and May 2008. The objective of these activities was to raise awareness and inform youth of the importance of democracy and to pass the message to young people.



Young people pass the message to young people mark the second anniversary of Democracy Day

cultural programs. The April awareness-raising event marked the second anniversary of Democracy Day and the successful completion of the CA election. The May activity in Kathmandu focused on engaging youth to celebrate the first sitting of the Constituent Assembly and pressuring its members to rise above partisanship and draft a constitution adhering to the aspirations of the Nepali people. Both activities included street drama, speeches, recitations, and folk-song concerts that focused on the positive roles youth should play in promoting democracy. These activities aimed to constructively engage youth in the political process by better educating them about democracy and their roles in the “new Nepal.” More than 20,000 people attended the two events.

With USAID/OTI assistance and a field office grant, 195 street dramas took place in the Sunsari, Morang, and Jhapa districts. This activity trained and mobilized performers to generate mass grassroots awareness of the Constituent Assembly’s role and citizens’ responsibilities in the constitution writing process and to encourage patience as elected representatives debate what the “new Nepal” would look like. The grantee has consistently received positive feedback and is inundated with requests from VDCs to bring the shows to their areas. The field office team was impressed by the grantee’s creativity, dedication, and ability to present the shows even during disturbances. USAID recently extended the grant for an additional 150 performances in 69 sensitive VDCs and 6 municipalities in the Sunsari, Morang, and Jhapa districts. The activity will focus on VDCs where understanding of the role of the Constituent Assembly is low but expectations and security threats are high.

Two activities funded by USAID/OTI involved qualitative assessments of grants intended to raise awareness of the CPA at the grassroots level. These assessments were helpful in informing future USAID/OTI activities with a similar focus. The findings showed that most CPA-related activities have been extremely successful, with street dramas found effective. Several suggestions focused on improving posters and other information, education, and communication materials.

With support from USAID/OTI, the Citizens’ Campaign for the Right to Information broadcast eight radio shows about the 2007 Right to Information Act on Voice of Youth FM. The grantee also developed a Web site, <http://www.rtinepal.org>, as a more permanent resource to both provide and elicit information about the act. In addition, the grantee organized three district-level trainings in the central and eastern Terai districts of Morang, Saptari, and Parsa for journalists, government officials, and representatives of civil society. Two trainings in Rautahat and Dhanusa were cancelled because of turbulence in those areas.

To improve understanding of the Right to Information Act on the grassroots level, USAID/OTI recently cleared a new grant to revise citizen charters. The grant also will use awareness-raising programs to educate communities and stakeholders in 55 VDCs and 46 wards of the Bara, Parsa, and Rautahat districts in central Terai on the provisions of the charters. Reinvigorating these citizen charters will increase the transparency of government agencies and nongovernment offices at the grassroots level. Proactively assisting these agencies and offices engagement in engaging with and providing efficient services to the public should reduce misunderstanding and increase rural people’s participation in the local government process. The result should be improved relationships between these entities and citizens.

USAID/OTI cleared two field office grants for activities to train and mobilize 180 women in the Sunsari and Siraha districts to educate women and communities about the roles and functions of the Constituent Assembly. USAID/OTI assumes that training women to be educators in their communities will both strengthen their status in the community and enable them to raise their communities' issues with district and national leaders. This in turn will help increase the positive participation of these communities in Nepal's transition to peace.

With the overwhelming success of the election commission media center it supported during the CA election (page 19), USAID/OTI cleared three successive grants for approximately \$149,000 to the Secretariat of the Legislative Parliament of Nepal. The grants will provide equipment and facilities support to establish and maintain a media resource center for journalists, a press conference hall, and an internal system to broadcast Constituent Assembly proceedings. It is anticipated that this activity will develop and maintain a professional public information interface for the assembly.

With support from USAID/OTI, Aarohan Theater will conduct 320 performances in 16 districts of the central and eastern Terai to solicit grassroots input for the new constitution, which it will present to members of the Constituent Assembly. This activity will bring artists from 12 Terai theatre groups to Kathmandu for training on the constitution development process and the performance script. The trained groups will present 20 street dramas in each of 16 central and eastern Terai districts — 320 in all. By dramatizing a legislative forum, the performances will invite audiences to comment on the process of creating a constitution and what should be included. The compiled suggestions will be disseminated to all attendees — including members of the assembly, the media, and civil society. USAID/OTI assumes this activity will help to establish and strengthen the connection between assembly members and their constituents.

Elections

During the reporting period, USAID/OTI cleared 12 activities totaling \$368,664, of which \$32,842 came from the Itahari field office and \$335,821 from the Kathmandu office.

Early in the period, four grants directly related to the CA election were cancelled because of the postponement in October 2007. Two of the cancelled grants were in support of the election commission, and two were intended for media monitoring during the election and for reporting. The postponement also required the readjustment of several grants that were CA-based or had CA components. As possible, grants were revised to include only CPA and/or transition information. Because there was no deadline for conducting activities, all grassroots activities were to be completed one month before the election. The cancellation allowed more time to conduct several activities, and seven grants were extended. Media monitoring equipment obtained for the cancelled grant to Press Council Nepal was used for a media monitoring program funded by other donors. This program, the first of its kind in Nepal, would not have been possible without the equipment funded by USAID/OTI.

With the announcement that CA election would be held on April 10, 2008, eight key activities totaling almost \$400,000 were developed and cleared. In collaboration with the election

commission, MaHa revised their 50-minute film, *Aama*, at their own expense. The film ran twice on Kantipur and once each on Nepal Television and Image TV. A grant was also cleared for MaHa to work with the election commission to develop two voter education television PSAs in Nepali, Maithali, Bhojpuri, and Tharu. The election commission also requested a PSA on the election code of conduct; the activity was amended to include this additional PSA.

An activity was cleared with Communication Corner to disseminate accurate information related to the CA election, given the sensitive political dynamics. This activity developed and aired PSAs in Nepali and 15 local languages for 19 FM radio stations around the country, gave some technical support to two of Communication Corner's largest newsrooms, and provided training and minimal logistic support to enhance media coverage by 69 local journalists in the run-up to the election. Reports from these districts was incorporated into Communication Corner's daily news updates and was considered some of the best pre- and post-election coverage in the country. Five thousand copies of the *Guidebook on Election Coverage for Media Correspondents* (with the election commission's code of conduct incorporated as an annex) were printed and disseminated in and outside of the Kathmandu valley. The guidebook, extracted from a document prepared for elections in Kenya, was intended to support impartial, accurate, and public-oriented media coverage of the CA election. It proved an effective tool for journalists in Nepal.

USAID/OTI provided support to the election commission media center to effectively establish and maintain a fully equipped and functional center where journalists and media representatives could access official, timely and accurate information for their coverage before, during, and after the CA election. Immediately before and after the election, an average of 300 journalists (60 percent Nepali and 40 percent international) used the media center. During the peak period, the center was often open until 10 or 11 p.m. About 1,200 national and 128 international journalists were accredited through the center. Twenty-two press conferences, each lasting 30 to 45 minutes, were held.



Election commission media center

Additionally, 5 million printed voter invitations were delivered to the election commission for dissemination to all households with registered voters during the second week of February. The invitations increased voter awareness of the election date and the location of polling stations. During a trip to Banke, U.S. Ambassador Powell asked a group of anti-poachers from a remote VDC in the midwest region if they had received their invitations; all of them had.

The Nepali people viewed the CA election as a historic event through which they could address long-held grievances by exercising their right to vote and thereby participating in the creation of a new constitution. However, numerous obstacles existed — not only in holding the election but also in managing the expectations of voters in the days and weeks afterward, a paramount concern because the electoral system was new and the election differed from previous ones. Expectations of change, and what that change should look like, have increased exponentially.

Two activities totaling approximately \$50,000 were cleared for the Kathmandu and Itahari offices to launch a civic education campaign to encourage support and patience in the post-election environment. This activity supported the printing, translation, and distribution of post-election information, education, and communication materials — posters, handbooks, and pamphlets — to be disseminated as needed in the central and eastern regions and possibly throughout the country. The Nepali version of the leaflet “What Happens After the Polls Close?” was published in the three major national dailies and four regional dailies in eastern Terai with a total circulation of 376,000. A further 60,800 copies were provided to Democracy and Election Alliance Nepal and Samjhauta Nepal for distribution to the public, and 1,600 in both English and Nepali were distributed to the media center, The United Nations Development Programme, and UNMIN for distribution just before the CA election.

Managing expectation campaigns was the major focus of USAID/OTI election-related activity immediately before and after the CA election. In response to a special request from the election commission to rapidly develop and air a television PSA for the nine-point Managing Expectation Campaign, USAID/OTI approved a second cost amendment and time extension for MaHa Sanchar to develop a PSA with senior Nepali movie artists.

USAID/OTI’s support to election-related activities effectively educated voters and promoted and facilitated professional, objective, and factual national, local, and international media coverage of the CA election. Now that the election results are final, the election-related grant activities are in the closing phase. However, USAID/OTI may be called upon to support a voter education campaign for five bye-elections that will occur sometime in November 2008.

Social Inclusion

During this reporting period, USAID/OTI cleared two activities for approximately \$61,141.

In the face of growing human rights violations in the eastern Terai, Informal Sector, one of Nepal’s leading human rights organizations, organized one-day peace and harmony rallies in the Morang, Sunsari, Saptari, and Siraha districts. To encourage attendance, a 60-member committee and 140 members of NGOs affiliated with Informal Sector traveled to the rally sites from their VDCs. Prominent artists and civil society leaders also attended. Despite strikes in Sunsari, Saptari, and Siraha, the rallies attracted an average of 6,000 people; the Morang rally attracted more than 12,000 people. The events received widespread national, regional, and local media coverage.

Songs are a highly effective means for transmitting critical transitional messages to illiterate people, such as much of the Maithili community. A press event on November 26, 2007, was the venue for the release of an album in Maithili with six songs emphasizing communal harmony and advocating for peace. Coverage on national television characterized the album as a unique work and praised the collaboration of Maithali musicians and poets. The response has been overwhelmingly positive, with listeners lauding the songs’ quality. Several national media programs targeting the Madhesi community featured the album; the *Hello Mithila* program aired all six songs. Following the success of the album, the grant was amended to develop eight new songs. The second album also was well received. A total of 3,000 cassettes and 1,000 CDs were

distributed in the Jhapa, Morang, Sunsari, Saptari, Siraha, Dhanusha, Mathottari, Sarlahi, Rautahat, Bara, Parsa, Nawalparasi, Rupandehi, Banke, Bardiya, and Kailali districts of Terai region.

To address women in the Terai, particularly those from the Madhesi community, USAID/OTI supported the Women, Peace, and Security activity in seven districts in the central Terai. The project, the first of its kind in the region and focused on educating local women and their stakeholders on United Nations Security Council Resolution 1325, building capacity, and drafting an action plan based on the theory and resolution with the goal of promoting the role of women in the Terai in the peace process.

Media Strengthening

During this reporting period, USAID/OTI cleared 10 activities for \$407,251 — \$103,820 from the Itahari field office and \$303,431 from Kathmandu office.

One of USAID/OTI's greatest successes over the year has been the use of the media in disseminating key transitional messages. USAID/OTI continuously engaged with partner organizations to enable the media to increase access to information for a larger number of people. Nepal's free, energetic, and sophisticated media are both protagonists and catalysts in the country's ongoing political transition — and can be a powerful tool for positive change. Therefore, understanding how people consume and are influenced by the media — and how they make decisions in response to it — is essential to any effort aimed at shaping the public's opinion of the country's transition process. With this in mind, OTI's media programming, particularly content development support to large, regional FM stations in local languages, has evolved over the last one and a half years.

The public has a general perception that the CA election would lead to a solution to every problem that Nepal faces. For the transition to move forward in Nepal there is a need for substantial discussions on key topics. Radio can play an important role in bridging the information gap, particularly in rural areas — but increased technical knowledge is needed. With these issues in mind, USAID/OTI cleared a new activity for Equal Access to train 28 radio journalists from 14 grassroots FM radio stations. The training will focus on reporting and discussing, in a fair and balanced manner, issues relating to state restructuring — including federalism, the Constituent Assembly, the writing of the constitution and topics it should include, and the different models of a republic. The main objective of this activity is to ensure that Nepali citizens in rural areas are aware of the CA process and that two-way communication between rural areas and Kathmandu brings the views of citizens to decision makers while substantive debate and accurate information regarding the new state reach remote areas.

Various agitation groups in Terai have targeted local and national media outlets and journalists. The journalists operating in the Terai region are often accused of partiality and failure to fairly represent Madhesi people. At times, stories based on stereotypes and generalizations have triggered violence between the Madhesi and Pahadi



Madhesi journalists interview a local businesswoman in the hill district of Sankhuwasabha.

communities. USAID/OTI partnered with the Regional Media Resource Center of Morang in organizing inter-ethnic exchange visits for 10 Madhesi and 10 Pahadi journalists in sensitive areas of six eastern hilly and Terai districts. With the objective of understanding each other's issues, the challenges they face, and myths in both communities, the journalists explored the reality of ongoing communal and political issues of their areas. The journalists received positive feedback from the communities they visited, and they produced 60 articles that were published in newspapers in the journalists' home districts. Through both the experience and the articles, the aim of promoting tolerance and strengthening relationships between the two geographic regions through the media was achieved. The activity was covered in the weekly English-language *Nepali Times* in a June 28, 2007, story, "Uniting Hills and Plains: A Unique Journalists' Exchange Bridges the Gap between Madhesh and Pahad." Following the overwhelming success of the activity, USAID/OTI is in the process of clearing a new activity with the grantee to replicate the journalists' visits in western Terai regions.

With equipment support from USAID/OTI, Radio Kailash (an initiative of Antenna Foundation Nepal and Snowland Integrated Development Centre) broadcast its official inaugural program on May 26, 2008. Despite technical problems, licensing issues, strikes, and bad weather, Radio Kailash began test transmissions in mid-March. With 50-watt transmission power, the station broadcasts seven and a half hours daily to an area covering 17 VDCs with more than 20,000 listeners across the Humla district. The station currently broadcasts music; *Nepal Chautari*, a national, live call-in talk show supported by USAID/OTI; national news (through a national satellite communication system supported by USAID/OTI); and local programs.

The first community radio station in Humla was officially inaugurated by visiting Deputy Assistant Secretary of State Evan Feigenbaum, Deputy Chief of Mission of the U.S. Embassy to Nepal Randy Berry, Mission Director of USAID/NEPAL Beth Paige, and OTI Country Representative for Nepal Melissa Rosser.

USAID/OTI provided a back-up solar power system to another FM station in Jumla to ensure a permanent power supply. The station now airs programming 12 hours per day. USAID/OTI cleared a grant that will train 48 female Madhesi journalists from the eastern and central Terai districts, increasing their professional opportunities and mobilizing them in their respective districts to increase coverage of local issues and concerns through newspapers and radio stations. USAID/OTI assumes that active, informed community involvement in the current transition — especially through reporting female by Madhesi journalists — will improve the chances of long-term sustainability of peace and democracy in Nepal. It is anticipated that the increased coverage will improve district- and national-level decision makers' awareness of local issues and that they can therefore be more accountable to their constituents.



Evan Feigenbaum, Randy Berry, and Beth Paige cut the ribbon at the first community radio station in Humla

USAID/OTI completed its support to Equal Access in the creation of a code of conduct governing responsible media conduct and regulating the entire media sector. The code of conduct was created with buy-in from the entire media sector, referencing existing regulatory provisions (Ministry of Information and Communications, the elections commission, and the Nepal Press Council. Initially self-regulated, the code will play an important role in moderating inflammatory or inappropriate use of the media. Importantly, this process will also build on the emerging media monitoring function of the Nepal Press Council and strengthen the capacity of radio and print organizations (the Broadcasting Association of Nepal, the Association of Community Radio Broadcasters, etc.) for self-regulation. Because of its broad reach, radio was the primary focus for this activity.

USAID/OTI also supported expanding the Ujyalo network that distributes programming to local FM stations. This activity targeted 23 FM stations, providing digital audio broadcast receivers to new FM stations, including seven back-up receivers that will reduce disruption if repairs are necessary. USAID/OTI also supported the expansion of the network under a previous grant.

USAID/OTI also has provided support to seven radio stations to augment their technical capacity and increase their coverage. This support also enhanced the stations' ability to reach listeners by conducting dialogues at the VDC level. The stations are Koshi FM, Radio Kanchenjunga, and Saptakoshi FM in the eastern region; Radio Janakpur and Radio Palung in the central region; Radio Bheri in the mid-western region; and Radio Suklaphanta in the far western region. The Antenna Foundation provided training and is monitoring the stations.

C. Indicators of Success

Speed

USAID/OTI responded quickly to the October 2007 election postponement by reorienting several ongoing activities specific to the Constituent Assembly. The reorganized activities encompassed broader issues related to the political transition and focused on raising awareness of the CPA. Grantees were asked to adapt their activities to the changing political context. After the announcement of the April 10, 2008, election date, USAID/OTI received numerous requests for support of elections-related programming. After the MaHa PSAs were aired, and in response to substantial violations of the code by major political parties, the election commission made a last-minute request for a one-minute television PSA focusing on the its code of conduct. A cost amendment was developed, and shooting began within two days of the request.

Media in Nepal can be both a connector and a divider in the transition and peace process. A reputable, media-based NGO requested support for adaptation of Article 19's guidelines on election reporting in Kenya to the Nepali context. Within 10 days of signing the grant agreement, the text had been adapted and translated into Nepali, with 5,000 copies printed and distributed to the local NGO. Because Equal Access was conducting a workshop for more than 120 persons representing various sectors of Nepali media at time, 175 copies of the guidelines were distributed immediately.

Following the election commission's request for broadcast of the nine-point "Managing Expectation Campaign," USAID/OTI approved a cost and time extension amendment to MaHa Sanchar to televise a PSA immediately after the CA election.

USAID/OTI approved the leaflet "What Happens after the Polls Close?" on the April 8, 2008, the day the election commission made it's request; 1,600 copies were distributed the following day. The text was published in the three major national dailies and four regional dailies in eastern Terai (total circulation: 376,000); the Kathmandu papers ran the text the day after the election, and the regional papers published it shortly afterward.

USAID/OTI responded quickly to some of the activities related to Democracy Day on April 23, 2008, the CA election on May 10, and the first seating of the Constituent Assembly on May 28. SOLVEN's proposals for cultural programs were cleared within three days, and the grantee organized the event within two days. In response to the possibility of post-election violence, USAID/OTI supported Radio Janakpur, Koshi FM, Kanchenjunga FM, and Saptakoshi FM for recording nonviolent messages read by the candidates. The turnaround from content approval to the recording of the PSAs was less than 24 hours.

Following a decision by USAID/Nepal and USAID/OTI Nepal to scale up programming in the Terai focused on CDFs and visible infrastructure activities utilizing 1207 and OTI monies for a total of \$1 million USAID/OTI committed more than 96 percent of the 1207 money within two months.

Re-targeting and Flexibility

After the CA election was postponed, several grants whose activities focused on the Constituent Assembly and the elections were re-targeted to address other transitional issues, including raising awareness of the CPA. After the election, USAID/OTI quickly reoriented several ongoing activities that were specific to the assembly and that involved managing post-election expectations. USAID/OTI has continued to support several media outlets that can adapt to changing transitional scenarios. Among them, the MaHa comedy show and Interface's animated TV PSAs have proven particularly popular and effective in reaching large audiences and providing information critical to the election and the peace process and to managing voters' expectations. Live call-in radio talk shows targeting youth also are effectively adapting their themes to the current political context.

The USAID/OTI media strategy has consistently supported information dissemination networks that display flexibility in response to the ongoing transition process. The program has supported radio and television shows that address current transitional issues through programming such as call-in radio shows at the national and local level, 3-D PSAs, and the MaHa television show. Because radio guests are scheduled each week, the stations can address rapidly evolving transition issues.

Community-Based Activities

Many USAID/OTI activities involve outreach at the grassroots level. These include raising awareness of the CPA and youth peace volunteers and activities related to the Constituent Assembly. As OTI's work has become more local — based both on context and operational partners — the selection of 19 community mobilizers across the 12 in eastern and central Terai districts has helped to establish and maintain a firm understanding of ongoing events and political and security-related trends in the districts relevant to the strategy, goals, and objectives of USAID/OTI program.

USAID/OTI also is supporting efforts of local FM stations to develop dialogue at the VDC level. In addition, USAID/OTI has worked with several organizations that have a wide reach and that network at the community level, making it possible to operate despite deterioration in law and order, particularly in the eastern and central Terai.

USAID/OTI has also incorporated lessons learned from earlier activities. For example, after observing the effectiveness of street dramas, two new grants were cleared for these activities in the eastern and central Terai districts. The new dramas will focus on raising awareness of Constituent Assembly activities and on managing expectations.

The CDF activities take a community-based approach, working with youth mobilization committees from VDCs that collaborate with their communities to identify projects. Communities appreciate the fact that funding for these projects is outside the VDC local development bureaucracy. So far, the relatively low costs have escaped political party influence. The funding is seen as nonpolitical and does not have earmarks, so communities can have a real say in the projects they want rather without fighting the VDC bureaucracy. The communities have enthusiastically supported the projects through both attendance and their promises to share

costs. According to one grantee, communities support the projects because they want to support youth who are trying to help their own communities. Additionally, with an in-kind mechanism and the small amount (less than \$400) contributed by the CDFs, the activities do not necessarily attract the attention of armed groups, and community buy-in generates a high level of community protection. Lastly, development of budgets by the youth mobilization committees and the community ensures transparency and accountability in the implementation of the CDF. This translates into greater accountability for VDC budgets and delivery of services.

Leveraging Resources

USAID/OTI continues to leverage its resources through awardees' organizations and partnerships with other international donors. Since August 2006, USAID has supported 80 percent of the total costs; 16 percent has been provided by grantees and 4 percent by other donors. For example:

- USAID/OTI support for radio programming has been limited to equipment and content development; the radio stations cover the cost of air time
- The success of the MaHa television comedy show led to the production of an additional episode during the second season, for which the grantees incurred the costs
- USAID/OTI supported Film World for the production of a two-minute PSA; the grantee coordinated with movie theaters across the country to play the PSA

Leveraging resources has significantly reduced USAID/OTI's costs. The savings can be utilized in other activities.

D. Indicators of Impact

In January 2008, the field office began to pilot three CDF activities covering 150 VDCs in five districts. These activities have had high symbolic and tangible value for the communities and the youth involved in them. As observed during several monitoring visits, the communities place high value on these activities. On several occasions it has been noted that these activities are the first initiated — or completed — in these communities for some time. The state has been so absent that there has been little or no delivery of services at the local level. The USAID/OTI activities have provided a means to positively engage youth and their positive contributions to their communities. Some youth mobilization committees have gone on to manage other activities after completing the CDFs.

The program has observed that targeting youth in a variety of activities has increased their self-confidence as well as expanding their responsibilities within the community. Communities have begun to turn to these young people to mitigate local conflicts. Some peace volunteers commented that their small stipends were important incentives at first but that, over time, the role of youth has become much more important than the money. These activities have fostered civic engagement and generated a moral voice of sorts in these communities.

Media activities in the OTI program portfolio have focused primarily on increasing access to information under Objective 1 (increase access to information and diversify public debate on issues critical to the political transition), with broad local replication of live, national-level, call-in radio talk shows. These activities have adopted techniques from the successful *doko* (transportable radio) activity, incorporating community dialogue into the talk shows. FM radio stations have realized that they can act as journalists rather than simply providing entertainment. The grants have given them the means to produce more live, interactive, informational programs. The infusion of funding has pushed these stations in a new direction, and they are beginning to respond with better programming. These talk programs also reflect Objective 2 (increase local-level engagement and participation in the peace process) in that programming focuses on increasing local-level engagement between constituencies and their government.

USAID/OTI has become known as the “go-to” program. When many other programs take more time to assess situations prior to implementation, OTI is seen as dynamic and quick to obtain results — as noted by the election commission, the Secretariat of the Legislative Parliament of Nepal, USAID, and the U.S. Embassy.

III. ACTIVITY IMPLEMENTATION AND PROBLEMS ENCOUNTERED

A. Summary of Activity Implementation and Appraisal

Overall, the program has been clearing grant activities well, with burn rates increasing each quarter. Implementation has been running smoothly since the second year of the program. The situation in the Terai worsened in mid-February, and the entire country experienced severe fuel shortages. The Kathmandu office had difficulty maintaining a constant water supply because a shortage of gasoline restricted deliveries. Implementation of program activities in central and eastern Terai came to a virtual standstill during the last two weeks of the reporting period; most grantees had to suspend work. Notwithstanding these problems, the program had a fairly robust clearance rate during this period, mostly because of central- and national-level activities supporting elections.

The program effectively re-targeted its election-related activities and developed new activities to suit the changing environment in the Terai. Staff morale improved with this changed focus, although the political impasses and crises were frustrating. Following the successful CA election and the long-awaited formation of the new government, positive momentum in the transition are anticipated.

All grants were assigned to the permanent implementation teams that were finalized. After the central Terai monitoring trip, in consultation with USAID/OTI and staff, the team structure (program development officer, grants management specialist, and procurement specialist) will now focus geographically. One team will cover Parsa, Bara, Rautahat; another, Dhanusha, Mahottari, and Sarlahi; and a third team will provide surge support for the field office and handle national-level activities. This arrangement has been monitored closely to ensure balanced workloads. National-level grants can be assigned to any team member depending upon workload.

The program is in the process of establishing two satellite offices in Birgunj (Parsa) and Janakpur (Dhanusa) to support labor-intensive CDF activities. A location and staff have been identified for Birgunj, where the office will be operational during the first week of September. A team is tentatively scheduled to travel to Janakpur during the first week of September to identify space and begin recruiting staff.

B. Problems Encountered and Proposed Remedial Actions

Many of the problems encountered were political in nature. Grantees worked in their main offices, submitted content approval requests, and caught up on paperwork and other administrative tasks while awaiting resolution of the political crisis in the Terai.

In May, rogue elements of Janatantrik Terai Mukti Morcha-Jwala threatened a staff member and demanded money in a telephone call. The staff member will no longer travel to this region, and was provided with a new cell phone. Traveling program staff received new business cards that list only the office telephone number; cell phone numbers were omitted. The senior management

team proactively kept the embassy and mission informed during this period. To cover these geographic areas and support the scaling-up phase of the program, a program officer will be hired for the central Terai.

In July, a field office staff member was threatened in two telephone calls from an alleged member of an armed group in Sunsari district. The chief of party, who was at the field office to cover during the regional program manager's absence, met with the superintendent of police to discuss the situation and how to file a police report. The program is currently updating its security arrangements.

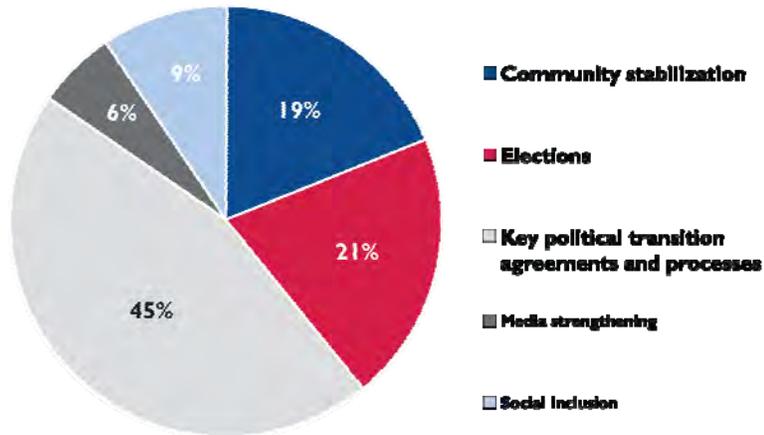
Because of the overwhelming volume of VDC assessment data and information from community mobilizers, the decision was made to use a translator for the VDC community profile and focus group transcripts. Key information is being consolidated into a matrix that will be utilized for context and potential programming ideas.

The sudden breach in the spurs and embankments of the Koshi River and subsequent flooding placed — and continues to place — considerable strain on our field office. First, much of the attention in Sunsari is on flood relief, an activity that we do not have the resources to support. Two current and/or past grantees and two potential grantees based in Sunsari informed us that they cannot currently implement any activities in Sunsari that are not flood-related. There is pressure from the local development officer and flood victims to focus all of their attention on the flood areas. This severely restricts our partner pool for any future activities in the district. Second, obstruction of the east-west highway restricts the field office's ability to support implementation and monitoring in the Siraha and Saptari districts. The highway is not likely to be operational in the near future. Compounding the situation is the fact that the majority of recent CDFs and activities developed and cleared by the field office are focused on Siraha and Saptari, two of the most sensitive districts in the Terai. The senior management team is assessing the feasibility of shifting the field office to Janakpur.

ANNEX A. YEARLY TREND ANALYSIS OF SECTORS

Exhibit 2.

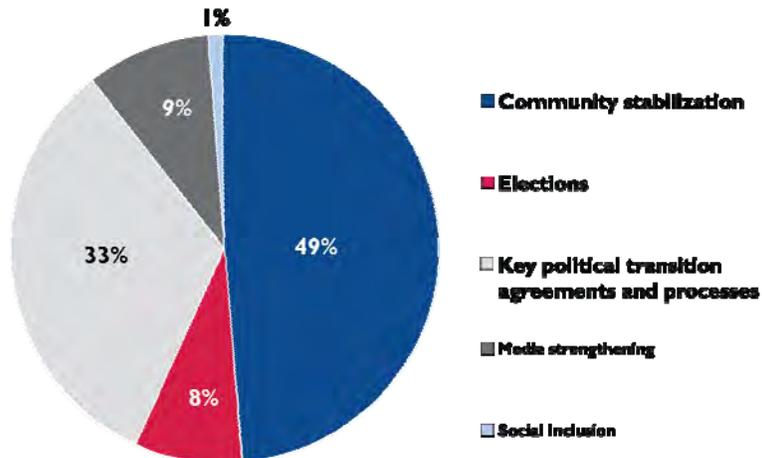
COMMITTED FUNDS BY SECTOR SEPTEMBER 2006 - AUGUST 2007



Data as of August 31, 2008

Exhibit 3.

COMMITTED FUNDS BY SECTOR SEPTEMBER 2007 - AUGUST 2008

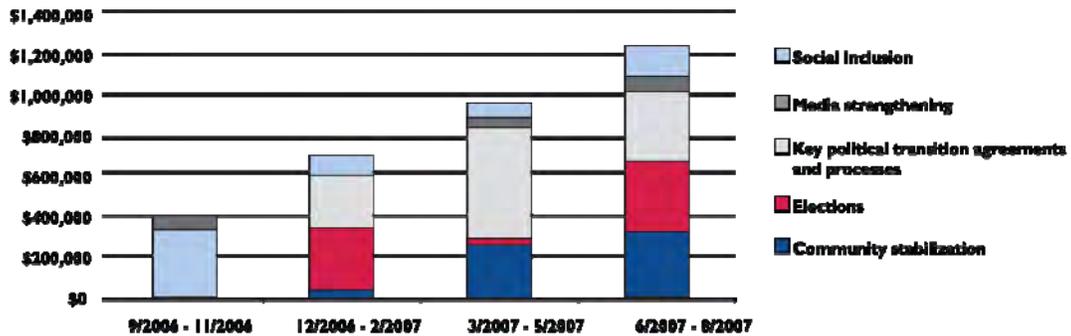


Data as of August 31, 2008

ANNEX B. QUARTERLY TREND ANALYSIS OF SECTORS

Exhibit 4.

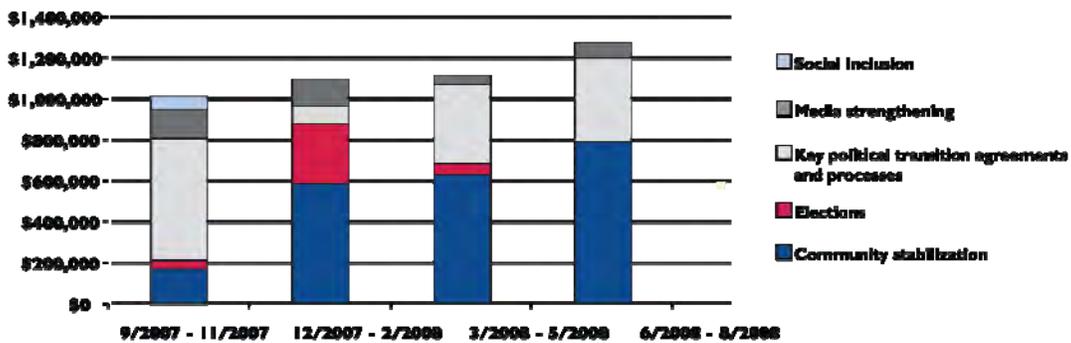
COMMITTED FUNDS BY SECTOR SEPTEMBER 2006 - AUGUST 2007



Data as of August 31, 2008

Exhibit 5.

COMMITTED FUNDS BY SECTOR SEPTEMBER 2007 - AUGUST 2008

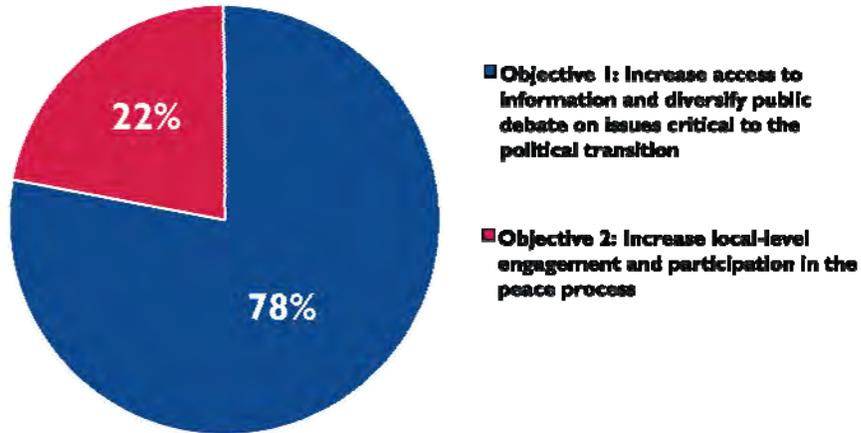


Data as of August 31, 2008

ANNEX C. YEARLY TREND ANALYSIS OF OBJECTIVES

Exhibit 6.

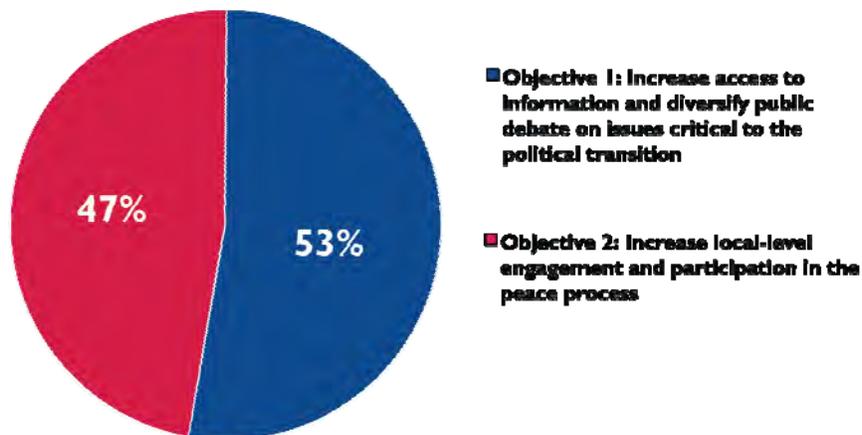
COMMITTED FUNDS BY OBJECTIVE SEPTEMBER 2006 - AUGUST 2007



Data as of August 31, 2008

Exhibit 7.

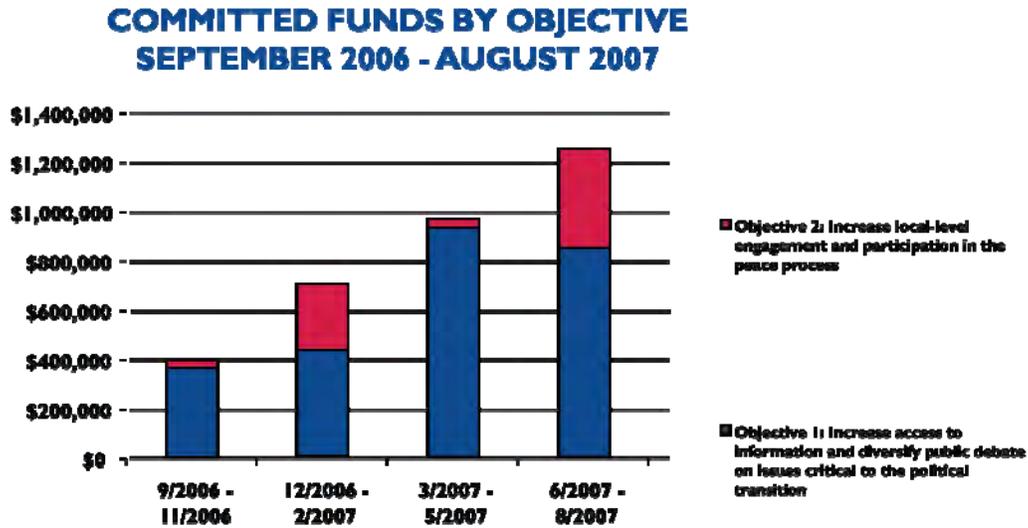
COMMITTED FUNDS BY OBJECTIVE SEPTEMBER 2007 - AUGUST 2008



Data as of August 31, 2008

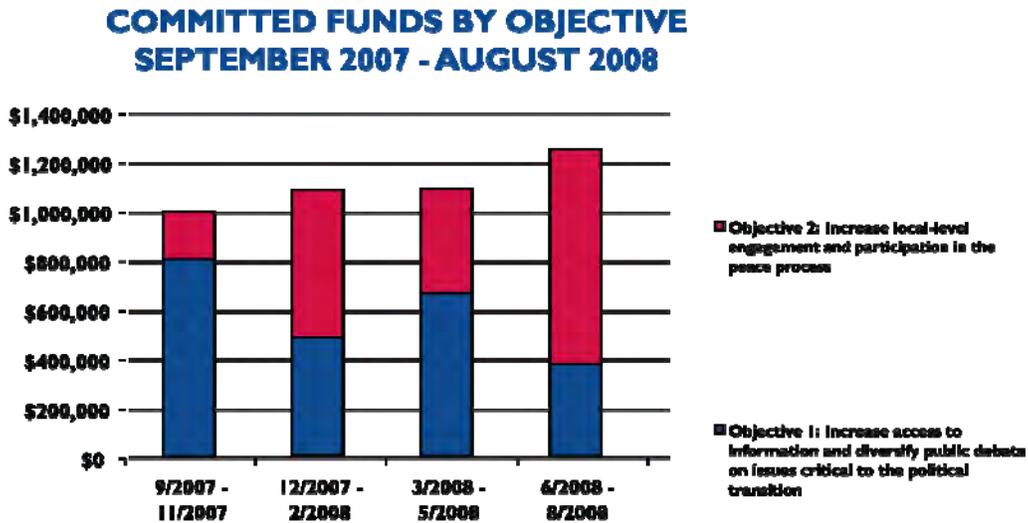
ANNEX D. QUARTERLY TREND ANALYSIS OF OBJECTIVES

Exhibit 8.



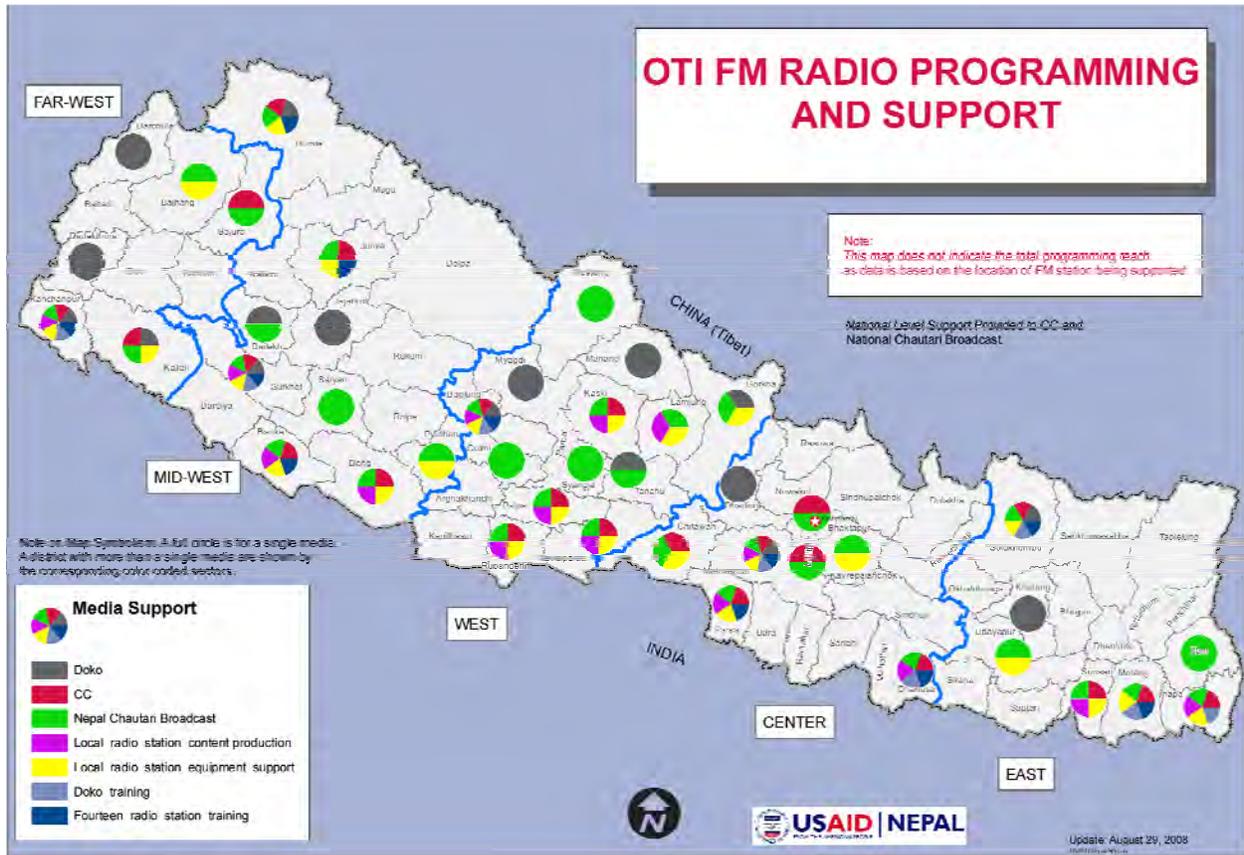
Data as of August 31, 2008

Exhibit 9.



Data as of August 31, 2008

ANNEX E. USAID/OTI MEDIA PROGRAMMING IN NEPAL



ANNEX F. USAID/OTI PROGRAM INTENSITY BY DISTRICT

