



**Second Consolidated Annual Progress Report on  
Activities Implemented under the United Nations Peace Fund for Nepal**

**Report of the Administrative Agent of the United Nations Peace Fund for Nepal  
for the Period 1 January to 31 December 2008**

**Multi-Donor Trust Fund Office  
Bureau of Management  
United Nations Development Programme  
[www.undp.org/mdtf](http://www.undp.org/mdtf)**

**FINAL REPORT**

**23 June 2009**



# UNITED NATIONS PEACE FUND FOR NEPAL

## PARTICIPATING UN ORGANIZATIONS<sup>1</sup>



**Food and Agriculture Organization of the United Nations (FAO)**



**International Labour Organization (ILO)**



**United Nations Development Programme (UNDP)**



**United Nations Educational, Scientific and Cultural Organization (UNESCO)**



**United Nations Population Fund (UNFPA)**



**United Nations Human Settlements Programme (UN HABITAT)**



**United Nations Children's Fund (UNICEF)**



**United Nations Development Fund for Women (UNIFEM)**



**United Nations Office for Project Services (UNOPS)**



**World Food Programme (WFP)**



**World Health Organization (WHO)**

## CONTRIBUTING DONORS



**Canada**



**Denmark**



**Norway**



**Switzerland**



**United Kingdom**

<sup>1</sup> Participating UN Organizations that, as of 31 December 2008, had concluded a Memorandum of Understanding (MOU) with the UNDP MDTF Office, as the Administrative Agent of the UNPFN. The United Nations Office of the High Commissioner for Human Rights (OHCHR) signed the MOU in June 2009.

## Abbreviations and Acronyms

AMMAA	Agreement on Monitoring and the Management of Arms and Armies
CPA	Comprehensive Peace Agreement
EOD	Explosive Ordnance Disposal
FAO	Food and Agriculture Organization of the United Nations
IEDD	Improvised Explosive Device Destruction
ILO	International Labour Organization
LOA	Letter of Agreement
JMCC	Joint Monitoring Coordination Committee
MDTF	Multi-Donor Trust Fund
MOU	Memorandum of Understanding
NPTF	Nepal Peace Trust Fund
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
RC	Resident Coordinator
SRSG	Special Representative of the Secretary-General
TOR	Terms of Reference
UN	United Nations
UN HABITAT	United Nations Human Settlements Programme
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNMAS	United Nations Mine Action Service
UNMAT	United Nations Mine Action Team
UNMIN	United Nations Mission in Nepal
UNOPS	United Nations Office for Project Services
UNPFN	United Nations Peace Fund for Nepal
WFP	World Food Programme
WHO	World Health Organization

## **Definitions<sup>2</sup>**

### **Approved Project**

A project that has been approved by the Executive Committee of the United Nations Peace Fund for Nepal (UNPFN) for which a project document has been subsequently signed.

### **Donor Pledge**

An amount indicated as a voluntary contribution by a Donor. Pledges are not included in the financial statements. Financial reports will report on legally binding Donor commitments and deposits to the UNPFN.

### **Donor Commitment**

A Donor contribution as per signed Letter of Agreement with the UNDP Multi-Donor Trust Fund Office (MDTF Office), in its capacity as the Administrative Agent of the UNPFN.

### **Donor Deposit**

Cash deposit received by the MDTF Office for the UNPFN Account.

### **Project Expenditure**

Amount of project disbursement plus un-liquidated obligations related to payments due for the year.

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<sup>2</sup> Common definitions used by the UNDP MDTF Office in annual progress reporting.

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## **Executive Summary**

### **Introduction**

1. The United Nations Peace Fund for Nepal (UNPFN) was established in March 2007, at the request of Donors and as a complement to the Government's Nepal Peace Trust Fund (NPTF). The UNPFN was established to mobilize resources for activities of clear, short-term relevance to the peace process where these are not possible to be funded or implemented through the NPTF or other existing mechanisms or programmes. The UNPFN channels resources for focused, time-limited activities deemed critical to the peace process and subject to the strategic priorities for United Nations peace support, articulated by the United Nations Mission in Nepal (UNMIN) and the United Nations Country Team in Nepal, in consultation with its partners and aligned with the Government of Nepal's national priorities.
2. The Multi-Donor Trust Fund Office (MDTF Office) of the United Nations Development Programme (UNDP) is designated as the Administrative Agent (AA) of the UNPFN, and has concluded a Memorandum of Understanding (MOU) with eleven Participating UN Organizations (as of 31 December 2008). During the current reporting period (1 Jan. 2008 – 31 Dec. 2008) two new Participating UN Organizations joined the UNPFN, namely the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Development Fund for Women (UNIFEM). In June 2009, the United Nations High Commissioner for Human Rights (OHCHR) added its signature to the MOU.
3. This Second Consolidated Annual Progress Report on Activities under the UNPFN builds on the First Consolidated Annual Progress Report for 2007 submitted to the UNPFN Executive Committee and Donors in June 2008, and reports on the implementation of projects approved for funding as of 31 December 2008. In line with the MOU, the Progress Report is consolidated based on information and data contained in the individual progress reports and financial statements submitted by Participating UN Organizations to the MDTF Office. It is neither an evaluation of the UNPFN nor the MDTF Office's assessment of the performance of the Participating UN Organizations. However, the report provides the UNPFN Executive Committee with a comprehensive overview of achievements and challenges associated with projects funded through the UNPFN, enabling it to make strategic decisions and take corrective measures, where applicable.

### **Strategic Framework**

4. In accordance with its Terms of Reference, the UNPFN fostered in 2008 its activities under four main priority areas:
  - Cantonments/Reintegration
  - Elections/Governance
  - Security
  - Rights and Reconciliation
5. A fifth priority area "Recovery/Quick Impact Projects" was added to the UNPFN Terms of Reference in the first quarter of 2009 to ensure the availability of support to time-sensitive and high impact projects to particularly vulnerable communities where the absence of a 'peace dividend' would represent a proximate threat to the peace process. A review of the UNPFN Terms of Reference, along with an update of the UNPFN Executive Committee Terms of Reference and Rules of Procedures, is to take place in 2009, partly in response to the need for an alignment with Peacebuilding Fund guidelines subsequent to the allocation of \$10 million on the basis of the PBF Nepal Priority Plan. The revisions are expected to be endorsed by the Executive Committee in June 2009.



## **Governance**

6. To ensure non-duplication of effort and strategic coherence in support of the peace process, the UNPFN operates within the same overall governance framework as the Government's NPTF. Projects approved and the operations of the UNPFN are carried out under the overall guidance of the Government-led Steering Committee, in consultation with a Donor Advisory Group, and according to the instructions of an Executive Committee. The Donor Advisory Group helps to avoid the emergence of gaps and duplication in funding, as well as ensure that support to the UNPFN complements support to the Nepal Peace Trust Fund and other existing funding mechanisms.

## **Project Approval Status**

7. The UNPFN Executive Committee approved its first project in April 2007, followed by an additional seven projects in the course of 2007 (including three extensions of existing projects), amounting to \$4,501,229. During the current reporting period, 1 January – 31 December 2008, five projects were approved for funding (including four extensions of existing projects), amounting to a total of \$2,622,049. Only one new project was approved during the reporting period; the UNDP-executed "Project to Support Discharge of Adult Maoist Army Personnel from the Cantonment Sites" with \$348,462. Four project extensions were approved, including three extensions of the United Nations Office for Project Services (UNOPS) executed project in Support of Improvised Explosive Device Destruction (IEDD)/Explosive Ordnance Disposal (OED) Operations in Nepal (\$1,875,434), and one extension of the World Food Programme (WFP) and UN Office for the Coordination of Humanitarian Affairs (OCHA) executed project on Surveillance and Programme Targeting for Post-Conflict Transformation (\$398,153).
8. A further five projects, as well as one project extension, were approved by the UNPFN Executive Committee in January 2009, amounting to an additional \$9,906,982, including projects to be executed by FAO, ILO, OHCHR, UNDP, UNFPA and UNICEF. Consequently, as of January 2009, the UNPFN Executive Committee had cumulatively approved \$17,030,260 for project execution.

## **Project Implementation Status**

9. Of the 13 projects, including seven extensions, which were approved by the UNPFN Executive Committee as of 31 December 2008, four were operationally closed and an additional eight had completed all project activities by the end of the reporting period (with operational closure expected to take place in 2009). Only one project, UNOPS' fifth extension of the project "IEDD/EOD Operations in Nepal" (UNPFN/A-1e), with a projected duration from July 2008 to June 2009 (extended to Nov. 2009), was ongoing as of 31 December 2008.
10. This overall rate of implementation, which in financial terms stands at 80 percent of approved funds as of 3 December 2009, is notable and reflects the appropriateness of the approvals to deliver focused and time-limited support for urgent peace process and early recovery tasks in Nepal. The UNPFN Executive Committee's approval of additional projects in January 2009 signifies a continuation of this approach, as well as a broadening of the programmatic scope of the interventions of the UNPFN.

## **Implementation Achievements and Challenges**

11. Projects approved under the UNPFN, across all priority areas, made significant contributions and, by and large, despite some challenges, achieved the majority of their objectives by the end of the reporting period. Importantly, as four of the five approvals that were made during the reporting period (1 Jan. – 31 Dec. 2008) were extensions of existing projects, much of the basic project management structures were already in place, paving the way for project implementation in line with projected timelines.

12. In the area of mine action, where on behalf of the UN Mine Action Service (UNMAS), UNOPS executing the project “IEDD/EOD Operations in Nepal” (UNPFN/A-1), with its five extensions (three of which were approved in 2008), all phases of the project (except the last extension) completed all envisaged activities. The project, which cumulatively has received \$4,080,582 in funding from the UNPFN, including \$1,875,434 during the current reporting period, has contributed significantly to improving public security and safety, as well as returning valuable land to local communities and industry. In summary, as of 31 December 2008, the project has trained 122 Nepal Army de-miners to international standards, cleared 11 minefields and 60 IED fields, destroyed over 18,500 explosive items and ensured the safe storage of the remaining 40,000 items that are pending destruction.
13. Notwithstanding these notable achievements, there have been challenges in the implementation of the project, primarily related to access to sites and the permission to destroy items. This, in turn, led to the delay of some of the phases of the project, all of which have now been completed. However, further challenges were related to access to satellite sites connected to the Main Cantonment Sites; access was not allowed to 19 of the 21 satellite camps outside the cantonment sites. The project team called for an audit of these satellite sites and subsequent demolition of items unsafe for storage.
14. Although development of the Nepal Army mine clearance capacity progressed extremely well, there is an ongoing need to support the Nepal Army to ensure that the necessary national capacity can be realized. The Government of Nepal therefore requested assistance to establish a fully operational mine action programme by the end of 2008, the Nepal Army Mine Action Coordination Centre (NAMACC). To facilitate this end, the UN Mine Action Unit (MAU) established the NAMACC. Due to the impending liquidation of UNMIN and the possible disbandment of the UNMIN MAU, the Government of Nepal formally requested that an independent mine action team be established to develop the capacity of the Nepal Army and ensure the mine, IED and ERW threat is addressed. The new team will come under the auspices of the UNCT. The UN Mine Action Team (UNMAT) was formally established in January 2009. To support these plans, the UNPFN Executive Committee approved in October 2008 a fifth extension IEDD project (UNPFN/A-1e) with an allocation of \$1,145,838. Initially envisaged to have been completed by June 2009, due to the delayed start-up of the project phase (Oct. 2008), the project was in June 2009 approved for a no-cost extension until November 2009.
15. The verification of Maoist army combatants, funded through the UNDP-executed project “Verification of the Maoist army Combatants in the Cantonment Sites” (UNPFN/A-2) and its extension (UNPFN/A-2a) was completed by late December 2007. However, the duration of the extension phase of the project was revised to December 2008 in order to accommodate a request from UNMIN to provide support in funding 29 Support Force staff-members to support the UNMIN Arms Monitoring Officers in seven cantonment sites, as well as to support the Joint Monitoring Coordination Committee (JMCC) until December 2008, activities that were not envisioned when the project was originally designed. With more than 32,000 personnel registered, including over 8,000 who did not appear for second-round verifications, the total number of combatants verified as members of the Maoist army was 19,604; comprising of 15,761 men and 3,843 women, of which 2,973 were children under the age of 18 on 25 May 2006. The verification provided an important input for the development of a strategy for the discharge and reintegration of these combatants into the security forces, as set forth in the AMMAA, and is thereby considered to have made a significant contribution to the peace process of the country.
16. The project “Support Discharge of Adult Maoist army Personnel from the Cantonment Sites” (UNPFN/A-3) was the first preparatory phase of a two-phase strategy to support the discharge of Maoist Army personnel verified as late recruits and to provide them with assistance to access suitable employment options. In doing so, the project aims to facilitate their transition to normal civilian life

in their communities of return or resettlement and to provide them with an attractive alternative to membership of armed/violent groups. A second implementation phase is to handle implementation and a series of projects related to this were approved in January 2009. During this preparatory phase, the project completed all its activities, including designing, agreeing upon and preparing for implementation of a comprehensive strategy for discharge and reintegration assistance to Maoist army personnel to be discharged as a result of verification.

17. Whereas the postponement of the Constituent Assembly Elections, eventually held on 10 April 2008 after having been postponed twice, delayed the start-up of the two UNDP-executed election projects approved in 2007, “Electoral Observation Resource Centre” (UNPFN/B-1) and “Provision of Specialised Electoral Assistance to the Election Commission of Nepal” (UNPFN/B-2), both became operational and completed all their activities by October 2008. The two projects played a significant role in the UN’s contribution to the convening of the elections. The Electoral Observer Resource Centre was established on 15 February 2008 and succeeded in strengthening public confidence in the electoral process through sustained efforts to facilitate a broad, coordinated and neutral coverage of the election by domestic and international observers. The partnership developed through the project with the Election Commission was seen as a key to the success of the project, and by ensuring that the Election Commission had full ownership of the process, the project is expected to have enabled the Election Commission to implement similar future undertaking on its own.
18. Similarly, the sustained support provided to the Election Commission and its subsidiary offices at regional and district level through the project “Provision of Specialised Electoral Assistance to the Election Commission of Nepal” (UNPFN/B-2), by deploying medium and short-term electoral experts and through the closely related supporting activities that were implemented within the project, had a visible impact both in the preparation and in the administration of the Constituent Assembly electoral process. This sustained support provided to the Election Commission by the project is widely recognized as having had a direct result on the way in which the Constituent Assembly Election was organized and administrated, including the relatively smooth conduct of all election day activities, a very positive outcome for the Constituent Assembly electoral process as a whole, which was officially certified as generally in line with recognized international standards by the various international electoral observation missions.
19. Through the WFP/OCHA-executed project “Surveillance and Programme Targeting for Post-Conflict Reconciliation” (UNPFN/E-1), along with its extension (UNPFN/E-1a) real-time information from conflict-affected districts has been provided to facilitate monitoring by UNMIN Civil Affairs Section and to guide planning and targeting of peace support programmes and initiatives. The scope of the project included field surveillance activities in 38 districts and mapping and targeting activities in all 75 districts of the country. With one WFP-led component and one OCHA-led component, the project has provided critical evidence-based data and disseminated this widely to relevant stakeholders, allowing for a more informed response capacity and enabling advocacy on behalf of the poorest communities.

### **Financial Performance**

20. During the current reporting period (1 Jan. – 31 Dec. 2008), additional contributions from four donors amounting to \$4,696,538 was deposited into the UNPFN account, increasing the cumulative donor deposits to the UNPFN to \$10,348,711 (as of 31 Dec. 2008). Cumulatively, as of 31 December 2008, the five donors to the UNPFN, in order of contributions, were the United Kingdom/DFID (\$3,520,567), Norway (\$2,854,870), Canada (\$2,221,299), Denmark (\$1,552,000) and Switzerland (\$199,975). In the first quarter of 2009, the United Kingdom/DFID contributed an additional \$2,779,000, bringing the total, cumulative donor contributions to \$13,127,712 as of 31 March 2009.

Furthermore, the \$10 million funding envelope from the Peacebuilding Fund is expected to be released in the course of 2009.

21. Of this total amount, \$7,123,278 (69 percent) had been transferred to three Participating UN Organizations by 31 December 2008, including \$2,622,049 that was approved and transferred during the reporting period.
22. The Administrative Agent fee charged at the standard rate of 1 percent of donor deposits cumulatively amounted to \$103,487; of which \$46,965 was deducted from contributions received during the reporting period (1 Jan. – 31 Dec. 2008).
23. During the reporting period, a total of \$2,667,765 was expended which, together with the prior year expenditure of \$3,034,705, adds up to \$5,702,470 (80 percent of the total approved funding of \$7,123,278). This is an increase compared to the 67 percent expenditure rate for the reporting year 2007. During the reporting period, a bulk of the total programme costs were incurred on personnel costs (49 percent of total programme costs) and on procurement of contractual services (37 percent). On a cumulative basis (1 Jan. 2007 – 31 Dec. 2008), these two categories accounted for 88 percent of total programme cost.
24. Cumulative expenditure by Participating UN Organization shows that UNOPS reported the highest amount of actual expenditure at \$2,925,011 (72 percent of the \$4,080,582 received), followed by UNDP at \$1,889,696 (88% of the \$2,154,933 received). In percentages, though, WFP reported 100 percent expenditure in relation to the \$887,763 received in funding, indicating that all funds received were expended.

### **Transparency and Accountability of the UNPFN**

25. The major vehicle for public transparency of operations under the United Nations Peace Fund for Nepal is the MDTF Office-maintained UNPFN website, [www.undp.org/mdtf/nepal](http://www.undp.org/mdtf/nepal). The website is updated regularly and provides the most current information on all issues related to the UNPFN. Public notification of all project approvals made by the UNPFN Executive Committee, as well as additional information and progress updates on these projects, provides a high level of transparency to national authorities, Donors, the public, and Participating UN Organizations. Donor pledges, commitments, and deposits are updated monthly and provide the Executive Committee, as well as all other stakeholders, up-to-date information on the financial status of the UNPFN.
26. In an effort to strengthen transparency and accountability in reporting, as well as to harmonize and simplify reporting procedures, the MDTF Office developed and launched in 2009 a web-based Reporting Portal and online informational data upload system (UNEX) that allows Participating UN Organizations to report expenditures electronically, including the generation of financial reports to be certified by the submitting Participating UN Organization. The Portal facilitates the accuracy and timeliness of annual reports submitted by Participating UN Organizations. For the current reporting period, Participating UN Organizations submitted financial reports through the Portal across all MDTFs administered by the MDTF Office, including the UNPFN, whereas for the next reporting period both financial and narrative reports will be submitted through the Portal.
27. Participating UN Organizations' Annual Progress Reports on individual projects are available to Donors upon written request to the MDTF Office.

## Conclusion

28. In line with its mandate, in its second year of operation, UNPFN-funding has been critical in filling initial and immediate funding gaps. In channelling resources for focused, time-limited activities deemed critical to the peace process and subject to a strategy for United Nations peace support articulated by UNMIN in consultation with its partners, the UNPFN has enhanced the capacity to sustain the peace process in Nepal.
29. With 12 of the 13 projects approved as of 31 December 2009, including seven extensions, having completed all their programmatic activities (including four that were operationally closed), coupled with a significant expenditure rate (financial implementation rate) of 80 percent, the projects reflect the appropriateness of the approvals to deliver focused and time-limited support for urgent peace process and early recovery tasks in Nepal.
30. The UNPFN Executive Committee's approval of additional projects in January 2009 to also include projects executed by FAO, ILO, OHCHR, UNFPA and UNICEF, signifies a broadening of the programmatic scope of the interventions of the UNPFN. In line with revision of the Terms of Reference to also include recovery projects, ensuring the availability of support to time-sensitive and high impact projects to particularly vulnerable communities where the absence of a 'peace dividend' would represent a proximate threat to the peace process.
31. Significant achievements were made across all priority areas during the reporting period. In the area of mine action, the storage and demolition of IEDs contributed to enhancing the security of civilian populations living close to minefields as well as in the area of training, to enhancing the skills and confidence level of the Nepal Army to address mine clearance, and the return of valuable land to local communities. Similarly, the verification of Maoist army combatants that included the verification of 19,604 personnel provided an important input for the development of a strategy for the discharge and reintegration of these combatants into the national security forces. Furthermore, support provided to a preparatory phase of the discharge of adult Maoist Army personnel has laid the ground for a continued effort in this area, assisting personnel with the transition to a civilian life.
32. UNPFN-funded activities also contributed to the successful convening of the Constituent Assembly elections on 10 April 2008. The Electoral Observation Resource Centre assisted the Nepal Election Commission in ensuring a more coordinated approach in electoral observation activities, whereas the sustained specialized electoral assistance provided to the Election Commission was considered as having a direct result on the way in which the Constituent Assembly elections was organized and administered. Similarly, the provision of critical evidence-based data and disseminated this widely to relevant stakeholders, has allowed for a more informed response capacity and enabling advocacy on behalf of the poorest communities. The project included field surveillance activities in 38 districts and mapping and targeting activities in all 78 districts of the country.
33. Contributions to the UNPFN during the reporting period were comparable to that of 2007. As of 31 December 2008, \$10,348,711 was contributed by five donors (United Kingdom/DFID, Norway, Canada, Denmark and Switzerland). In the first quarter of 2009, the United Kingdom/DFID contributed an additional amount bringing the total, cumulative donor contributions to \$13,127,712 as of 31 March 2009. Furthermore, the \$10 million funding envelope from the Peacebuilding Fund, announced in September 2008 on the basis of the PBF Nepal Priority Plan, is expected to be released in the course of 2009.
34. The MDTF Office envisages that this Second Consolidated Annual Progress Report on Activities under the United Nations Peace Fund for Nepal will provide the UNPFN Executive Committee the

basis on which to better assess resource requirements and to advocate and mobilize additional funding in support of the continued peace process in Nepal. Lessons learned during the reporting period have allowed Participating UN Organizations to take appropriate measures within existing projects as well as in project extensions, and ensure that improved project implementation and management arrangements are in place for new projects and extensions.

## **Introduction**

The Second Consolidated Annual Progress Report on Activities Implemented under the United Nations Peace Fund for Nepal (UNPFN) is submitted to the Government of Nepal and Donors contributing to the UNPFN, through the UNPFN Executive Committee, in fulfilment of the reporting provisions of the UNPFN Terms of Reference, the Memorandum of Understanding (MOU) between the United Nations Development Programme (UNDP) and Participating UN Organizations, and the Letter of Agreement between UNDP and Donors. The UNDP Multi-Donor Trust Fund (MDTF) Office represents UNDP as the Administrative Agent (AA) of the UNPFN. This second consolidated narrative and financial report of the UNPFN covers the period from 1 January to 31 December 2008, and builds on the First Consolidated Annual Progress Report for 2007 submitted to the UNPFN Executive Committee and Donors in June 2008. The Progress Report provides information on progress made in the implementation of projects funded by the UNPFN, as well as on common challenges and lessons learned.

By the end of the second annual reporting period (31 Dec. 2008), marking the second year of operations, the UNPFN Executive Committee had approved funding for thirteen projects (including seven project extensions) executed by three Participating UN Organizations in support of interventions designed to enable the rapid delivery of essential peace support activities responsive to the demands of the changing environment in Nepal. A further five projects and one extension were approved in January 2009. Building on the lessons learned to date, including shortcomings and achievements, the UNPFN will continue to strengthen its governance and implementation mechanisms, and enhance monitoring and evaluation of its activities at the project level. It will further contribute to strengthen national institutional capacity, ensuring that every effort is made to sustain the peacebuilding process in the country.

### **Report structure**

This Second Consolidated Annual Progress Report is a consolidation of individual project-level progress reports submitted by Participating UN Organizations. It consists of five chapters: Chapter One provides a review of the strategic framework of the UNPFN, as well as the establishment of the UNPFN. Chapter Two provides an overview of the UNPFN's governance and fund management arrangements and decision-making bodies. Chapter Three provides an update on project approvals and implementation status during the reporting period, as well as highlights of key project implementation progress, with details to demonstrate the achievements, challenges and lessons learned. Chapter Four provides an overview of the financial performance of the UNPFN. Chapter Five elaborates on efforts made to ensure UNPFN transparency and accountability.

## 1. Strategic Framework

On 21 November 2006, after eleven years of internal conflict, the Seven-Party Alliance and the Communist Party of Nepal (Maoist), or CPN (M), signed the Comprehensive Peace Agreement and declared an end to the war. Two months later, on 23 January 2007, the Security Council responded to the request of both parties for United Nations assistance by establishing a United Nations Mission in Nepal (UMMIN) with a mandate to monitor the ceasefire and assist in the election of a Constituent Assembly (S/RES/1740). Both UNMIN and the United Nations Country Team (UNCT) are now actively working with the Government of Nepal to support a full implementation of the Comprehensive Peace Agreement and help consolidate the peace, under the overall coordination of the Special Representative of the Secretary-General (SRSG) and the United Nations Resident Coordinator.

Donors indicated at an early stage their desire to contribute to the peace process through direct contributions to the Government as well as through the United Nations and other implementing partners. To this end, the Government established, in February 2007, a Multi-Donor Trust Fund (the Nepal Peace Trust Fund, NPTF), directly administered by the Ministry of Finance (later, the Ministry of Peace and Reconstruction took over the administration of the NPTF) and designed to be the primary channel for Donors to support the peace process through financing activities carried out by government entities and NGOs in five priority areas: (a) Management of Camps and Reintegration of Former Combatants; (b) Rehabilitation of Internally Displaced People (IDPs); (c) Election of Constituent Assembly; (d) Strengthening of Law and Order and Police Administration; and (e) Support to the Peace Process.

As a complement to the Government-led NPTF, Donors called for the creation of a United Nations Peace Fund for Nepal (UNPFN) that would mobilize resources for activities of clear, short-term relevance to the peace process where these are not possible to fund or implement through the Nepal Peace Trust Fund or other existing mechanisms or programmes. The UNPFN channels resources for focused, time-limited activities deemed critical to the peace process.

The UNPFN fostered during the reporting period activities under four main priority areas:

- **Cantonments/Reintegration:** Improve living conditions in the cantonments that host the People Liberation Army (PLA); register/verify and reintegrate combatants, late recruits, and minors; and dispose of mines and other unexploded devices.
- **Elections/Governance:** Provide technical advice and logistic support on elections/constitutional issues; and provide assistance to restore government at local level.
- **Security:** Restore law and order, especially in the countryside.
- **Rights and Reconciliation:** Assist initiatives related to transitional justice, national monitoring mechanisms of the peace process, and local reconciliation.

A fifth priority area “**Recovery/Quick Impact Projects**” has been added in 2009 to ensure the availability of support to time-sensitive and high impact projects to particularly vulnerable communities where the absence of a ‘peace dividend’ would represent a proximate threat to the peace process.

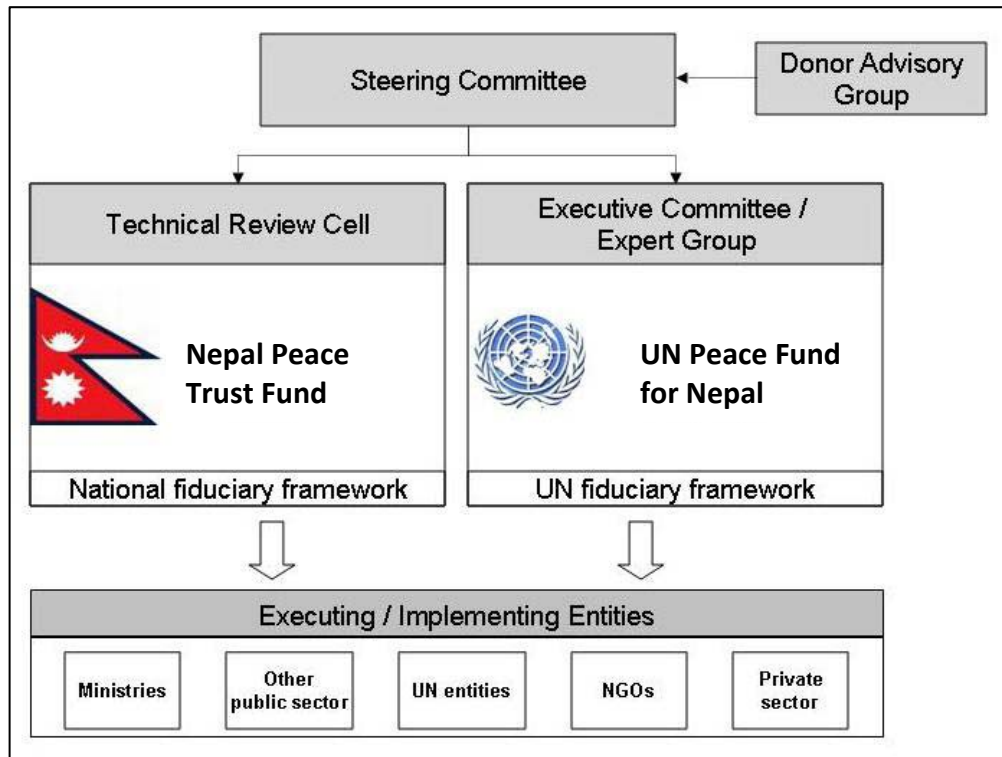
The UNPFN is also expected to enhance United Nations coordination in support of the peace process and to contribute to coherence, efficiency, and aid effectiveness in relation to the peace process. The UNPFN was originally designed to be of limited duration (up to two years) on the assumption that broader reconstruction and peacebuilding needs would be handled through existing mechanisms, including direct funding of Government entities or Participating UN Organizations. The peace process has taken longer than initially envisaged, and the timeframe of the UNPFN has consequently been extended. The operations of the UNPFN are designed and carried out in accordance with its Terms of Reference and complementary to Security Council Resolution 1740 (2007).



## 2. Governance

To ensure non-duplication of effort and strategic coherence in support of the peace process, the UNPFN operates within the same overall governance framework as the Government's Nepal Peace Trust Fund (NPTF), as described in the diagram below. Projects approved and the operations of the UNPFN are carried out under the overall guidance of the Government-led Steering Committee, in consultation with a Donor Advisory Group, and according to the instructions of an Executive Committee. The Donor Advisory Group helps to avoid the emergence of gaps and duplication in funding, as well as ensure that support to the UNPFN complements support to the NPTF and other existing funding mechanisms.

The diagram below provides an overview of the complementary governance arrangements of the NPTF and the UNPFN.



### 2.1. The Steering Committee

The Steering Committee, established to oversee the operations of both the NPTF and the UNPFN, provides overall policy guidance and is responsible for: (a) Identifying funding needs and priorities in support of the peace process; (b) Helping define major programmatic priorities for the UNPFN consistent with the above and complementary to activities supported through the NPTF; (c) Ensuring coherence among peace support activities funded from, respectively, the NPTF, the UNPFN, and other government or Donor channels; (d) Reviewing financial flows and performance as needed to facilitate a harmonized approach to the monitoring and evaluation of peace support activities; and (e) Designating a Representative to serve on the Executive Committee to ensure a complementary approach between the NPTF and the UNPFN.

## **2.2. The Donor Advisory Group**

The Donor Advisory Group provides advice to the Steering Committee on the operations of the funds and is comprised of Donors to the UNPFN and the NPTF. The Donor Advisory Group is responsible for: (a) Providing strategic advice on the UNPFN, through the Steering Committee and the Executive Committee; (b) Reviewing progress of the Fund's operations and ensuring an efficient approach to reporting to all its Donors; (c) Ensuring coherence and coordination among activities funded from the Fund and those financed by the same Donors through other channels; (d) When requested to do so, advising other Donors on the most appropriate allocation of resources, based on needs, priorities, and absorptive capacities; and (e) Designating a Representative to serve on the Executive Committee to ensure a complementary approach between the NPTF and the UNPFN.

## **2.3. The UNPFN Executive Committee**

The UNPFN Executive Committee is the decision-making body of the UNPFN. During the current reporting period, the chairmanship of the UNPFN Executive Committee was transferred from the Special Representative of the Secretary-General (SRSG) to the United Nations Resident Coordinator (RC). The SRSG is now the Vice-Chair and the UNPFN Executive Committee is further composed of two Government Representatives designated by the Steering Committee, a Donor Representative designated by the Donor Advisory Group. Executive Committee meetings are open to representatives of Participating UN Organizations or implementing partners, as appropriate. The UNPFN Executive Committee is responsible for: (a) Reviewing and defining the UNPFN's requirements and priorities in consultation with the Steering Committee and Donor Advisory Group; (b) Reviewing and approving proposals and resource allocations from the UNPFN; (c) Reviewing and approving the UNPFN's annual reports; (d) Making a formal report and bringing recommendations to the Donor Advisory Group at meetings of the latter; and (e) Recommending improvements to project design and/or implementation to make them more effective and efficient in supporting the peace process. The UNPFN Executive Committee is supported by an Expert Group, which is established on a project-to-project basis and provides a technical review of the project proposals submitted to the UNPFN Executive Committee. The Expert Group consists of members of civil society, the donor community, UN Agencies and other relevant experts. A UNPFN Executive Committee is also supported by a Secretariat that, along with the change in chairmanship of the UNPFN Executive Committee, moved in 2009 from the United Nations Mission in Nepal (UNMIN) to the Resident Coordinator's Office.

## **2.4. The Administrative Agent**

The United Nations Development Programme's Multi-Donor Trust Fund Office (MDTF Office) has been designated as the Administrative Agent for the UNPFN. Its responsibilities as Administrative Agent include the receipt, administration, and management of contributions from Donors; disbursement of funds to the Participating UN Organizations in accordance with instructions from the UNPFN Executive Committee; and consolidation of narrative and financial reports produced by each of the Participating UN Organizations as well as the provision of these reports to the Executive Committee for onward submission to Donors. The MDTF Office performs the full range of Administrative Agent functions in accordance with the UNDG-approved "Protocol on the Administrative Agent for Multi-Donor Trust Funds and Joint Programmes, and One UN Funds".

### 3. Project Approval and Implementation Updates

#### 3.1. Project Approval Status

During the current reporting period (1 Jan. – 31 Dec. 2008), five projects were approved for funding (including four extensions of existing projects), amounting to a total of \$2,622,049. Only one new project was approved during the reporting period; the UNDP-executed “Project to Support Discharge of Adult Maoist Army Personnel from the Cantonment Sites” with \$348,462. The four project extensions that were approved included three extensions of the United Nations Office for Project Services (UNOPS) executed project in Support of IEDD/OED Operations in Nepal (totalling \$1,875,434), and one extension of the World Food Programme (WFP) and United Nations Office for the Coordination of Humanitarian Affairs (OCHA) executed project on Surveillance and Programme Targeting for Post-Conflict Transformation (\$398,153).

These 2008-approvals are in addition to the eight project approvals in 2007 (including three extensions of existing projects), amounting to \$4,501,229. A further five projects, as well as one project extension, were approved by the UNPFN Executive Committee in January 2009, amounting to an additional \$9,906,982, including projects to be executed by FAO, ILO, OHCHR, UNDP, UNFPA and UNICEF. Consequently, as of January 2009, the UNPFN Executive Committee had cumulatively approved \$17,030,260 for project execution.

Table 3.1, below, provides details on the projects approved for funding from the UNPFN during the reporting period (1 Jan. – 31 Dec. 2008), it does not include projects approved in 2007. See Table 3.2 for the status of implementation for all 13 approvals as of 31 Dec 2008.

Table 3.1 UNPFN Approved Projects 1 January – 31 December 2008				
Executive Committee Approval Date	UNPFN Priority Area	Project Number and Project Title	Participating UN Organization	Approved Budget (USD)
10 Jan 2008	Cantonments/ Reintegration	UNPFN/A-1c IEDD/EOD Operations in Nepal, Mine Action (Ext. III)	UNOPS	495,813.67
10 Jan 2008	Rights and Reconciliation	UNPFN/E-1a Surveillance and Programme Targeting for Post Conflict Transformation (Ext. I)	WFP (OCHA)	398,153.00
10 Jan 2008	Cantonments/ Reintegration	UNPFN/A-3 Project to Support Discharge of Adult Maoist Army Personnel from the Cantonment Sites	UNDP	348,462.00
5 Apr 2009	Cantonments/ Reintegration	UNPFN/A-1d IEDD/EOD Operations in Nepal, Mine Action (Ext. IV)	UNOPS	233,781.74
27 Oct 2008	Cantonments/ Reintegration	UNPFN/A-1e IEDD/EOD Operations in Nepal, Mine Action (Ext. V)	UNOPS	1,145,838.37
<b>Total</b>				<b>2,622,048.79</b>

### **3.2. Priority Area Overview**

Projects approved by the UNFPN Executive Committee as of 31 December 2008 supported efforts in three of the four priority areas, namely Cantonments/Reintegration, Elections/Governance and Rights and Reconciliation. No projects were approved under the priority area of Security.

The majority of funds approved under the UNFPN have been transferred to projects falling within the Cantonments/Reintegration priority area. Cumulatively, as of 31 December 2008, under this priority area, the UNFPN had funded projects (and subsequent extensions) amounting to \$5,655,797 (79 percent of total funding approved across all priority areas as of 31 December 2008) in three main areas: mine action (UNOPS, \$4,080,582), verification of combatants in cantonment sites (UNDP, \$1,226,753), and in support of discharge of Adult Maoist Army Personnel from cantonment sites (UNDP, \$348,462).

Under the Elections/Governance priority area, the UNFPN did not approve any additional projects during the current reporting period. As of 31 December 2008, the UNFPN has funded two projects amounting to \$579,718 (8 percent of total funding), both executed by UNDP and in support of an electoral observation resource centre and the provision of specialized electoral assistance to the Election Commission of Nepal.

Under the Rights and Reconciliation priority area, where one project extension was approved during the current reporting period, the UNFPN had, as of 31 December 2008, cumulatively approved a total funding \$887,763 (12 percent of total funding) to the WFP/OCHA-executed project, in support of surveillance and programme targeting for post-conflict reconciliation.

### **3.3. Project Implementation Status**

Of the 13 projects, including seven extensions, which were approved by the UNFPN Executive Committee as of 31 December 2008, four were operationally closed and an additional eight had completed all project activities by the end of the reporting period (with operational closure expected to take place in 2009). Only one project, UNOPS' fifth extension of the project "IEDD/EOD Operations in Nepal" (UNFPN/A-1e), with project duration from July 2008 to November 2009, was ongoing. Table 3.2, below, provides an overview of the 13 approvals.

The UNFPN Executive Committee approved its first project in April 2007; the UNOPS-executed mine-action project "IEDD/EOD Operations in Nepal" (UNFPN/A-1). The project falls within the priority area of Cantonments/Reintegration and, in the course of 2007, two extensions to this project were approved. During the current reporting period, 1 January – 31 December 2008, an additional three extensions were approved with the project having received a total of \$4,080,582 from the UNFPN. A total of five extensions have been approved for the project in order to ensure that support for the continued destruction of ammunition and implementation of the Comprehensive Peace Agreement (CPA) and the Agreement on Monitoring and the Management of Arms and Armies (AMMAA). With a fifth extension of the project approved in October 2008 (UNFPN/A-1e, \$1,145,838), the project is ongoing and is on track in meetings its objectives and to ensure balanced UN-support to both parties to the CPA.

**Table 3.2  
Project Implementation Status  
as of 31 December 2008**

<b>Executive Committee Approval Date</b>	<b>UNPFN Priority Area</b>	<b>Project Number and Project Title</b>	<b>Participating UN Organization</b>	<b>Approved Budget (USD)</b>	<b>Status</b>
3 Apr 2007	Cantonment / Re-integration	UNPFN/A-1 IEDD/EOD Operations in Nepal, Mine Action	UNOPS	1,430,963	Activities completed
19 Jun 2007	Cantonment / Re-integration	UNPFN/A-1a (Ext. I) IEDD/EOD Operations in Nepal, Mine Action	UNOPS	234,832.72	Activities completed
21 Jun 2007	Cantonment / Re-integration	UNPFN/A-2 Verification of the Maoist Army Combatants in the Cantonment Sites	UNDP	692,568	Activities completed
13 Jul 2007	Rights and Reconciliation	UNPFN/E-1 Surveillance and Programme Targeting for Post Conflict Reconciliation	WFP	489,610	Activities completed
16 Sept 2007	Elections/Governance	UNPFN/B-1 Electoral Observation Resource Center	UNDP	195,218	Activities completed
1 Oct 2007	Cantonment / Re-integration	UNPFN/A-1b (Ext. II) IEDD/EOD Operations in Nepal, Mine Action	UNOPS	539,352.44	Activities completed
1 Oct 2007	Cantonment / Re-integration	UNPFN/A-2a (Ext I) Verification of the Maoist Army Combatants in the Cantonment Sites	UNDP	\$534,185	Activities completed
1 Oct 2007	Elections/Governance	UNPFN/B-2 Provision of Specialised electoral Assistance to the Election Commission of Nepal	UNDP	\$384,500	Activities completed
10 Jan 2008	Cantonments/ Reintegration	UNPFN/A-1c (Ext. III) IEDD/EOD Operations in Nepal, Mine Action	UNOPS	495,813.67	Activities completed
10 Jan 2008	Rights and Reconciliation	UNPFN/E-1a (Ext. I) Surveillance and Programme Targeting for Post Conflict Transformation	WFP	398,153.00	Activities completed
10 Jan 2008	Cantonments/ Reintegration	UNPFN/A-3 Project to Support Discharge of Adult Maoist Army Personnel from the Cantonment Sites	UNDP	348,462.00	Activities completed
5 Apr 2009	Cantonments/ Reintegration	UNPFN/A-1d (Ext. IV) IEDD/EOD Operations in Nepal, Mine Action	UNOPS	233,781.74	Activities completed
27 Oct 2008	Cantonments/ Reintegration	UNPFN/A-1e (Ext. V) IEDD/EOD Operations in Nepal, Mine Action	UNOPS	1,145,838.37	Ongoing
<b>Total</b>				<b>7,123,278</b>	

The UNPFN Executive Committee has also approved two UNDP-executed projects in the priority area of Cantonments/Reintegration. Firstly, “Verification of the Maoist Combatants in the Cantonment Sites” (UNPFN/A-2) was approved in July 2007 with an extension approved in October 2007 (UNPFN/A-2a). A total amount of \$1,226,753 was approved in 2007 to this project (including the extension). The first phase of the project was completed and operationally closed in 2007, whereas the extension met all its objectives by December 2008 and is expected to be operationally closed in 2009. A second project, “Support Discharge of Adult Maoist Army Personnel from the Cantonment Sites” (UNPFN/A-3) was approved in January 2008 with an allocation of \$348,462. In line with agreements reached between UNMIN and UNDP in 2008, the UNPFN approved, in March 2009, an additional allocation of \$151,152 to this project in order to honour commitments related to payments to Members of the Arms Monitoring Office (AMO) Support Force and cover logistical and administrative support to the Joint Monitoring Coordination Committee. All project activities were completed in 2008 and the project is expected to be operationally closed in 2009.

The two UNDP-executed projects funded under the Elections/Governance priority area (“Electoral Observation Resource Centre,” UNPFN/B-1, and “Provision of Specialized Electoral Assistance for the Election Commission of Nepal,” UNPFN/B-2) were both approved in 2007 and were originally envisaged to commence in the fourth quarter of 2007. However, due to the postponement of the Constituent Assembly elections from 22 November 2007 to 10 April 2008, both projects were temporarily suspended and, consequently, start of project implementation was delayed until February 2008. With the Constituent Assembly elections successfully held on 10 April 2008, both projects completed all envisaged activities by October 2008 and are expected to be operationally closed in 2009.

Under the Rights and Reconciliation priority area, the WFP/OCHA-executed “Surveillance and Programme Targeting for Post-Conflict Reconciliation” (UNPFN/E-1) was approved in July 2007 with a second phase of the project (UNPFN/E-1a) approved by the UNPFN Executive Committee in January 2008. The total amount approved for the project was \$887,763 and was executed jointly by WFP and OCHA. The project was operationally closed in December 2008, having met all its objectives.

### **3.4 Implementation Achievements and Challenges**

Whereas the postponement of the Constituent Assembly elections from November 2007 to April 2008, delayed the implementation and had an impact on the two projects approved for funding under the Elections/Governance priority area, projects approved in other priority areas were less affected and substantial achievements were achieved during the reporting period.

The sections below provide a brief overview of the main implementation achievements and challenges, as reported by the respective Participating UN Organizations.

#### ***3.4.1. Mine Action and IEDD/EOD Operations***

The UNOPS-executed mine-action project “IEDD/EOD Operations in Nepal” (UNPFN/A-1), with its five extensions, has cumulatively received a total of \$4,080,582 in funding from the UNPFN (including \$1,875,434 during the current reporting period). The extensions to the project represent separate phases and distinct interventions that build on the accomplishment of previously implemented phases.

In summary, as of 31 December 2008, the project has trained 122 Nepal Army de-miners to international standards, cleared 11 minefields and 60 IED fields, destroyed over 18,500 explosive items and ensured the safe storage of the remaining 40,000 items that are pending destruction. These efforts have significantly contributed to improving public security and safety, as well as returning valuable land to local communities.

The background for the project is the Comprehensive Peace Agreement (CPA) and its call for the safe storage of arms and ammunition in seven cantonment areas, a process to be physically monitored by the UN. A weapon of choice for the Maoist Army combatants, Improvised Explosive Devices (IEDs) is by its very nature unstable and prone to spontaneous detonation. Consequently, under the terms of the CPA, the Maoist Army is required to place IEDs in a secure storage facility and plan for their destruction. Both sides also agreed to mark all landmines and booby-traps used during the time of armed conflict by providing necessary information within 30 days and to defuse them within 60 days. The parties agreed to provide maps and sketches showing current dispositions, including minefields, landmines, unexploded ordnance, standard explosives, improvised explosive devices and the exact locations of such items.

In order to support the Maoist Army and the Nepalese Army to fulfil their obligations, including the destruction of IEDs, UNOPS as the executing agency and UN's Mine Action Unit (MAU) and subsequently the UN Mine Action Team (UNMAT) have implemented various phases of this project, including the ongoing development of a national mine clearance capacity through the Nepal Army Directorate of Engineers. The below sections provide a more detailed account of the accomplishments and challenges associated with each of these phases.

***Phase IV: UNPFN/A-1c (Ext. III) January – July 2008***

A key implementing partner under all phases of the project has been the British commercial company ArmorGroup that was tasked with monitoring the storage of IEDs in the cantonment sites, completing a total inventory of items stored and assisting the Maoist Army in subsequent demolition of items not suitable for continued storage.

Building on the achievements made under this project in 2007, including assessing and classifying all items in terms of their safety for storage (with 97.5% of all items categorised as not safe for storage), the current reporting period saw the undertaking of continued regular visits to all main cantonment sites for review and improvement of storage facilities, provision of advice to commanders and personnel, and provision of additional resources to improve the storage facilities. Demolition site preparation commenced and finalization of all demolition calculations for destruction of IEDs, bulk explosive and other ERW was completed.

Consequently, as of 15 July 2008, demolitions of all items unsafe for storage had been completed at all seven cantonment sites. The below table shows a more detailed overview of the destruction that was completed:

<b>Table 3.3 Destruction of improvised explosive devices, bulk explosives and other explosive remnants of war</b>	
Main Cantonment Site	Destruction completed as of 31 December 2008
MCS 1	<ul style="list-style-type: none"> <li>• 126 empty socket bombs, 5 mortars, seven hand grenades, 13 Epoxy hardener, 20 meters of safety fuse, and 70 mixed detonators remain at the site for future demolition.</li> <li>• A total of 909 items destroyed since 2007.</li> </ul>
MCS 2	<ul style="list-style-type: none"> <li>• 97 empty socket bombs, two mortars, 20 meters of safety fuse, 87 detonators and 108 electric detonators remain at the site for future demolition (Category 2 – safe for storage).</li> <li>• A total of 664 items destroyed since 2007.</li> </ul>
MCS 3	<ul style="list-style-type: none"> <li>• 639 socket bombs, 5 jug bombs, 1 bottle bomb, 3 pressure cooker bombs, 1 pipe bomb, 10 container</li> </ul>

	<p>bombs, 109 kilograms of nitro-glycerin based bulk explosive, 175 kilograms of sulfur, and 756 kilograms of white powder have been destroyed. 2,000 electronic detonators, 1,000 detonators, 2,500 small ignition caps for safety fuse, 1,600 meters of safety fuse, 10 fragmentation grenades, and 334 empty socket bombs remain at the site for future demolition.</p> <ul style="list-style-type: none"> <li>• A total of 1,017 items destroyed since 2007.</li> </ul>
MCS 4	<ul style="list-style-type: none"> <li>• 2 bucket bombs, 1 mortar smoke bomb, and 1 pressure cooker bomb were destroyed. 33 mortars and 500 empty socket bombs remain at the site for future demolition.</li> <li>• A total of 4,278 items destroyed since 2007.</li> </ul>
MCS 5	<ul style="list-style-type: none"> <li>• 508 socket bombs and seven kilograms of sulphur have been destroyed. Five 81 mm mortars, one improvised claymore mine, 11 tear gas rounds, 175 discharge bomb bullets, two hand grenades, 200 meters of safety fuse, and two camera flashes, remain at the site for future destruction.</li> <li>• A total of 1,480 items destroyed since 2007.</li> </ul>
MCS 6	<ul style="list-style-type: none"> <li>• 3,276 socket bombs, two paint pot bombs, eight improvised landmines, 21 claymore mines, 2,003 discharge bombs, 100 improvised hand grenades, 105 kilograms of gunpowder, 252 kilograms of commercial explosive, 1,135 kilograms of white powder, 101 kilograms of sulphur, 584 kilograms of nitro-glycerin based bulk explosive, 2,330 safety fuses, two firecrackers, one firework, 129 kilograms of sodium nitrate, and 1,530 kilograms of bulk explosives were destroyed. 5,457 empty socket bombs, 66 mortar bombs of various types, two smoke grenades, 11 grenade signal flares, 11 photo flashes, one seismic charge cratering, 15 miscellaneous booby traps and detonators, one 40 kilogram metal chunk, 7,363 electric detonators, 10,566 detonators, 800 mixed detonators, 20 multi-meter cables, 150 assorted fuses remain at the site for future destruction.</li> <li>• A total of 24,475 items destroyed 2007.</li> </ul>
MCS 7	<ul style="list-style-type: none"> <li>• 888 socket bombs, 279 discharge bombs, 1 white phosphorous mortar bomb, and 25 kilograms of nitro-glycerine based bulk explosive were destroyed at the main cantonment site. 240 empty socket bombs, 23 mortar bombs of various types, 150 detonators, and 50 non-explosive bomb materials remain at the site for future destruction.</li> <li>• A total of 1,170 items destroyed since 2007.</li> </ul> <p><i>MCS 7 also has two satellite camps where activities were also conducted:</i></p> <ul style="list-style-type: none"> <li>• In Satellite Camp 1, 576 socket bombs, 230 empty socket bombs, 3 empty discharge bombs, and 20 detonators were destroyed. No items remain at this site. A total of 529 items were destroyed since 2007.</li> <li>• In Satellite Camp 3, 232 socket bombs, 187 empty socket bombs, and 35 empty discharge bombs were destroyed. 5 mortar-spoke bombs, 50 meters of safety fuse, and 1,000 detonators remain at the site for future destruction. A total of 1,055 items were destroyed since 2007.</li> </ul>

Notwithstanding these notable achievements, there have been challenges in the implementation of the project. Despite written agreements in the Joint Monitoring Coordination Committee (JMCC) from the Maoist Army and the Nepal Army, destruction of items has not always been allowed by the district commanders at the sites, significantly delaying the implementation of the project. This required the extension of the project, which allowed for the continued implementation of key objectives.

Further challenges were related to access to satellite sites. The MAU and ArmorGroup were not allowed access to 19 of the 21 satellite camps outside the cantonment sites. An audit of these satellite sites is required and subsequent demolitions of items unsafe for storage should be undertaken.

UNMAT has begun the process of verifying the remaining munitions held in the MCS prior To destruction. To date only one demolition of the remaining items has been completed. Despite the best efforts of the JMCC the continued denial of the Maoist Army divisional commander to allow these remaining items to be destroyed is the major impediment.

***Phase V: UNPFN/A-1d (Ext. IV) April – July 2008***

In recognition of the assistance required by the Nepal Army to support and enhance their capacity to address the landmine and IED problems in Nepal, as well as facilitate their compliance with the CPA and



Agreement between the Negotiating Team of the Government of Nepal and Communist Party of Nepal (Maoist) on Monitoring of the Management of Arms and Armies (AMMAA), UNPFN Executive Committee approved in April 2008 a fourth extension of this project (UNPFN/A-1d - Ext. IV) with an allocation of \$233,782. Through this extension, the project contributed significantly to the training of the Nepal Army and of anti-personnel minefields laid by the Nepal Army by enhancing the skill and confidence levels of the Nepal Army to address clearance in accordance with International Mine Action Standards (IMAS), and marks important progress toward the Nepal Army's obligations under the CPA and AMMAA. In turn, this phase of the project contributed to the security of the civilian population by enabling the Nepal Army to deal with the problem of landmines and ERW as per international humanitarian standards through the provision of demining training and technical support. The demining training has resulted in three teams being trained as per IMAS. The clearance undertaken has improved security and safety as well as returned valuable land to local communities.

***Phase VI: UNPFN/A-1e (Ext. V) July 2008 – November 2009***

Although development of the Nepal Army mine clearance capacity progressed extremely well, there is an ongoing need to support the Nepal Army to ensure that the necessary national capacity can be realized. The Nepal Army therefore requested assistance to establish a fully operational mine action programme by the end of 2008, the Nepal Army Mine Action Coordination Centre (NAMACC). The goal is to develop the NAMACC capacity so it can independently manage clearance operations and hence fulfill the obligations under the CPA and AMMAA with minimal or no external assistance.

To facilitate this end, UNMAT wants to establish NAMACC. Due to the impending liquidation of UNMIN and the possible disbandment of the UNMIN MAU, the Government of Nepal formally requested that an independent mine action team be established to develop the capacity of the NA and ensure the mine, IED and ERW threat is addressed. The new team will come under the auspices of the UNCT. The letter of invitation was received on 3 October 2008 and UNMAT formally established on 23 January 2009. While this is the goal, for the short-term the UNMAT wants to continue the provision of technical support to demining operations to ensure that the appropriate standards are adhered to when demining live minefields.

To support these plans, the UNPFN Executive Committee approved in October 2008 a fifth extension IEDD project (UNPFN/A-1e) with an allocation of \$1,145,838. Initially envisaged to have been completed by June 2009, due to the delayed start-up of the project phase (October 2008), the project was in June 2009 approved for a no-cost extension until November 2009.

As the only phase of the project that was still ongoing by the end of the reporting period (31 December 2008), key activities of the project are well underway, including the training on IMAS compliant demining training, the development of the NAMACC capacity, as well clearance activities.

Overall, this phase is envisaged to significantly contribute to the security of the civilian population by enabling the Nepal Army to deal with the problem of landmines and ERW as per international humanitarian standards by providing demining training and technical support. The demining training has resulted in three teams being trained as per IMAS, but due to high transfer and deployment to other positions only two full teams were active in this reporting period. The clearance undertaken has improved security and safety as well as returned valuable land to local communities.

Further challenges were posed by the Nepal Army's deployment to UN missions and other duties of nine key demining personnel who were unavailable during the reporting period. This had a significant detrimental impact on operations and planning, and is a key element of the strategic planning for training and operations in 2009.

### ***3.4.2. Verification and Support to Discharge of Maoist Army Combatants in Cantonment Sites***

The verification process, funded through the UNDP-executed project UNPFN/A-2 and its extension UNPFN/A-2a, both approved in 2007, was completed by late December 2007. However, the duration of the extension phase of the project was revised to December 2008 in order to accommodate a request from UNMIN to provide support in funding 29 Support Force staff-members to support the UNMIN Arms Monitoring Officers in seven cantonment sites, as well as to support the Joint Monitoring Coordination Committee (JMCC) until December 2008, activities that were not envisioned when the project was originally designed.

With more than 32,000 personnel registered, including over 8,000 who did not appear for second-round verifications, the total number of combatants verified as members of the Maoist army was 19,604; comprising of 15,761 men and 3,843 women. Of these 19,604 verified combatants, 2,973 were children under the age of 18 on 25 May 2006. The verification provided an important input for the development of a strategy for the discharge and reintegration of these combatants into the security forces, as set forth in the AMMAA, and is thereby considered to have made a significant contribution to the peace process of the country.

By the end of the reporting period (31 Dec. 2008), the project contributed to (i) carefully and thoroughly undertake data cleaning, reviewing all 23,610 verification justification sheets of the Maoist Army Personnel cantoned in 7 cantonments and 21 satellite camps, especially the 4008 disqualified cases, tabulation and data entry; (ii) assist UNMIN in funding 29 Support Force staff-members in augmenting surveillance of weapon containers, ammunitions stores and IED sites; and (iii) provide logistic and administrative support to the JMCC to assist parties in implementing the AMMAA signed on 8 December 2006.

UNDP played an important role in the critical area of registration and verification of Maoist army personnel. Under UNMIN's direction, UNDP demobilization experts were assigned from UNDP's Afghanistan office to design the registration process and train teams of national staff who registered 32,250 Maoist army personnel. Subsequently, UNDP designed the verification process and deployed demobilization experts from Rwanda, to combine with UNMIN Arms Monitors and UNICEF staff to complete the process. Fifty-eight verification staff were deployed to assist in the assessment of status, register verified personnel's biographic details, and provide reports and analysis on the verification process which began on 19 June 2007 and completed on 23 December 2007.

The project was described by the SRSG as an outstanding example of collaboration between two UN agencies (UNDP and UNICEF) and UNMIN to support the implementation of the peace agreements in Nepal. The project was implemented in close collaboration with UNMIN and UNICEF. While UN responsibility for support to the implementation of the peace agreements lies with UNMIN, UNDP can play an important role supporting both UNMIN and the Government of Nepal in the implementation of decisions once consensus has been reached and an appropriate political framework has been agreed. Support from the UNPFN has helped ensure that UNDP is prepared to respond quickly with programming support to address peace support needs and the problem areas. UNDP's cooperation with UNICEF covers a wide range of programming areas and this partnership also contributes to a coherent approach to UN support to the peace process.

In January 2008, the UNPFN Executive Committee approved the project "Support Discharge of Adult Maoist army Personnel from the Cantonment Sites" (UNPFN/A-3) for UNDP-execution with an allocation of \$348,462. In line with agreements reached between UNMIN and UNDP in 2008, the UNPFN approved, in March 2009, an additional allocation of \$151,152 to this project in order to honour

commitments related to payments to Members of the Arms Monitoring Office (AMO) Support Force and cover logistical and administrative support to the Joint Monitoring Coordination Committee.

The primary objective of this project was to support the discharge of Maoist Army personnel verified as late recruits and to provide them with assistance to access suitable employment options. In doing so, the project aims to their transition to normal civilian life in their communities of return or resettlement and to provide them with an attractive alternative to membership of armed/violent groups. The strategy is divided into two phases; a preparedness phase covering the first 4 months and a second implementation phase covering the remaining 8 months. Project UNPFN/A-3 covers the preparedness phase, with the objective to design, agree upon and prepare for implementation a comprehensive strategy for discharge and reintegration assistance to Maoist army personnel to be discharged as a result of verification.

The major results accomplished during the reporting period (1 Jan. – 31 Dec. 2008) included: the development of a concept note and detailed deployment plan for a cantonment-by-cantonment survey to profile minors and post-May 2006 recruits; the preparation of a plan for a 3-day Discharge Process to be conducted jointly with UNICEF, and UNFPA; the preparation of three reports presenting an analysis of the existing information from the Registration and Verification Database covering the three categories of Maoist army personnel (Minors, post-May 2006 Recruits and Regulars); the development of a strategy to provide reintegration assistance packages (including vocational skills training, micro-enterprise development, agriculture and livestock training, and non-formal education) to discharged Maoist Army personnel; and the development of a concept note and questionnaire for a rapid labour market assessment to be conducted in districts which discharged personnel indicate they will seek to settle in. All project activities under this project were completed in 2008 and the project is expected to be operationally closed in 2009.

Linked to this project, in January 2009, the UNPFN Executive Committee approved three projects addressing issues associated with former including UNICEF's "Programme Support for Children and Adolescents Formerly Associated with the Maoist Army in Nepal" (UNPFN/A-4), UNFPA's "Support to Female Members of the Maoist Army" (UNPFN/A-5) and UNDP's "Discharge and Reintegration Assistance to Maoist Army" (UNPFN/A-6).

### ***3.4.3. Support to the Constituent Assembly Election in April 2008<sup>3</sup>***

The two UNDP-executed projects funded under the Elections/Governance priority area ("Electoral Observation Resource Centre," UNPFN/B-1, and "Provision of Specialized Electoral Assistance for the Election Commission of Nepal," UNPFN/B-2) were both approved in 2007 and were originally envisaged to commence in the fourth quarter of 2007. However, due to the second postponement of the Constituent Assembly elections from 22 November 2007 to 10 April 2008, both projects were temporarily suspended and, consequently, start of project implementation was delayed until February 2008.

The Electoral Observer Resource Centre was established on 15 February 2008, and staff were recruited. The informative events, the coordination meetings and the technical materials developed by the Centre were highly appreciated by the international donor community, the diplomatic missions, and the domestic and international observers groups. Both domestic and international observers actively participated in all the informative events and coordination meetings organized by the Centre. The Centre provided accreditation to all the domestic and international observers through a process (established by the Election

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<sup>3</sup> The Communist Party of Nepal (Maoist) (CPN (M)) placed first in the election with 220 out of 575 elected seats, and it became the largest party in the Constituent Assembly. It was followed by the Nepali Congress with 110 seats and the Communist Party of Nepal (Unified Marxist-Leninist) with 103 seats. After months of power-sharing discussions and deliberations, CPN (M) Chairman Prachanda was elected as Prime Minister in August 2008.

Commission). Through the establishment of the Electoral Observation Resource Centre, the project succeeded at strengthening public confidence in the electoral process through sustained efforts to facilitate a broad, coordinated and neutral coverage of the election by domestic and international observers.

Notably, the partnership developed through the project with the Election Commission was seen as key to the success of the project. The project achieved its objectives by ensuring an adequate transfer of skills and know-how and by empowering the Election Commission to implement similar future undertakings on its own. It also supported the Election Commission in performing its mandated functions of facilitating the electoral observation exercise to be undertaken for the Constituent Assembly Election, and by ensuring that the Election Commission had full ownership of it.

The main objectives of the project "Provision of Specialized Electoral Assistance for the Election Commission of Nepal" (UNPFN/B-2) was to assist the Election Commission in effectively and swiftly addressing a number of unforeseen challenges and evolving needs connected to the conduct of the Constituent Assembly Election through the rapid identification, recruitment and deployment of highly specialized electoral experts. It also assisted the Election Commission in conducting a comprehensive Post-Election Review exercise to identify, analyze and retain crucial lessons learned during the organization of the Constituent Assembly Election that could be effectively applied to the future administration of the electoral process by the Election Commission and future electoral assistance programmes.

The sustained support provided to the Election Commission and its subsidiary offices at regional and district level through the deployment of electoral experts closely related supporting activities had a visible impact both in the preparation and in the administration of the Constituent Assembly electoral process.

This sustained support provided to the Election Commission by the project is widely recognized as having had a direct result on the way in which the Constituent Assembly Election was organized and administrated, including the relatively smooth conduct of all Election Day activities. This was a very positive outcome for the Constituent Assembly electoral process as a whole, which was officially certified as generally in line with recognized international standards by the various international electoral observation missions.

With the Constituent Assembly elections successfully held on 10 April 2008, both projects completed all envisaged activities by October 2008 and are expected to be operationally closed in 2009.

Whereas the projects are expected to close in 2009, based on the lessons learned from the project "Provision of Specialized Electoral Assistance for the Election Commission of Nepal" (UNPFN/B-2), a three years "Institutional Strengthening and Professional Development Support for the Election Commission of Nepal" has been developed for the period of 2008 to 2011, and funded outside the UNPFN. This new project consists of a 3-year technical assistance initiative, commencing upon the completion of the Constituent Assembly electoral process and following until mid 2011. Without the immediate political and operational pressure for the Election Commission to deliver a specific electoral event, the strategic support provided by the project in the inter-elections period (2008-2011) will have a strong emphasis on building a sustainable and enduring institutional and professional capacity within the Election Commission that could be easily and effectively re-employed in future elections. Through the provision of on-site technical advisory service and specialised electoral support, the project seeks to enhance and further consolidate the institutional and professional capacities of the Election Commission, its Secretariat and the its subsidiary local offices to meet the numerous priorities that need to be addressed to further enhance the credibility and the adequacy of Nepal's future electoral processes. Therefore, with this approach in mind, the strategic support provided by this project is founded on two fundamental

premises: (i) the effective institutionalization and consolidation of crucial and tangible lessons learned during the administration of the 2008 Constituent Assembly election; and (ii) translating these key lessons into a solid basis upon which longer term, “between-election” sustainable technical assistance and specialized expertise will be provided to the Election Commission.

#### ***3.4.4. Provision of Surveillance and Real-Time Information***

The World Food Programme (WFP) and United Nations Office for Coordination of Humanitarian Affairs (OCHA) executed project “Surveillance and Programme Targeting for Post-Conflict Reconciliation” (UNPFN/E-1, \$489,610) was approved by the UNPFN Executive Committee in July 2007, with a second phase of the project (January – December 2008), approved in January 2008 (UNPFN/E-1a, \$398,153).

The project supported the peace process by providing real-time information from conflict-affected districts to facilitate monitoring by the UNMIN Civil Affairs Section and to guide planning and targeting of peace support programmes and initiatives. The project had one WFP-led component and one UN Office for the Coordination of Humanitarian Affairs (OCHA) component and included field surveillance activities in 38 districts and mapping and targeting activities in all 75 districts of the country.

By the end of the reporting period, all objectives of the project had been met. This included the provision of evidence-based analysis by collecting household data and conducting surveys in 38 districts; disseminating data widely; preparing targeting maps; and producing reports related to the impact of conflict on food security; and the provision of field level support (including relevant data and information on food security and targeting maps) to UNMIN’s district-based Civil Affairs Officers by convening information sessions and meetings, and by deploying WFP field-based surveillance teams. The project also provided support in augmenting OCHA’s information management capacity by producing a total of 5,418 maps, including maps on security, cantonments, bandhs (strikes) and blockades, staff locations, as well as ordinance and administrative boundaries at national, regional, district, and municipal levels. In addition, bi-weekly security incident reports were provided under the project to each of the regional OCHA heads of section from the OCHA data base.

More specifically, the achievements under the project have contributed to wider dissemination of more accurate information on i) household level information covering public security and constituent assembly election awareness; ii) land issues as a source of conflict; and iii) IDP status and basic service delivery. The increased availability of information (including periodic food security and field monitoring bulletins, crop situation updates, market watch and emergency updates, sector specific studies, food security, food needs and crop assessments, early warning information and a series of thematic and targeting maps), has substantially increased WFP’s response capacity, enabling advocacy on behalf of the poorest communities and allowing WFP to effectively target its resources to communities most in need.

The dissemination of all produced information products has been accomplished through an extensive mailing list and via the UN Nepal Information Platform website managed by the OCHA ([www.un.org.np](http://www.un.org.np)).

Furthermore, the additional GIS capacity and equipment within OCHA has allowed UNMIN offices - including but not confined to the Office of Civil Affairs (OCA) - to task OCHA with numerous mapping services. Some of these include custom maps on security, cantonment, bandhs and blockades, staff locations, IED and ordinance, Children Associated with Armed Forces and Armed Groups, logistics, challenges to the state, and Nepal administrative boundaries at national, regional, district and municipal levels. A tracking database was developed by OCHA for use by OCA and other partners.

UNMIN’s OCA deployed over 60 staff in the five regions of Nepal before phasing down at the end of 2008. OCA’s operation on the ground has built relationships with the gamut of stakeholders and actors and was thereby able to provide timely and accurate monitoring and analysis of the overall environment in support of

the peace process. The additional resource of 31 WFP field monitors with real time data communication equipment and insight to developments in their respective district contributed to OCA's analytical reporting.

In the current political transition, the OCHA office has continued to monitor, analyze, present (map) and disseminate information on a number of issues directly relating to the Peace Process, including: security incidents (in partnership with the UN Department of Safety and Security), incidents affecting 'operational space' (together with the Basic Operation Guidelines group and other networks), bandhs and other incidents initiated by emerging groups, particularly in the Terai, and the 'reach of the state'.

OCHA has been providing GIS and cartographic support to UNMIN by developing and producing thematic and reference maps to support various activities, including military monitoring, electoral and civil affairs.

By the end of the reporting period, all objectives of the project had been met and the project was operationally closed.

## 4. Financial Performance

UNDP, as Administrative Agent of the UNPFN, officially reports to Donors, through the UNPFN Executive Committee, annually on total contributions received, transfers made to Participating UN Organizations for the implementation of approved projects, and the expenditures incurred against these projects.

### 4.1. Sources, Use, and Balance of UNPFN Funds

During the reporting period (1 Jan. – 31 Dec. 2008), additional contributions amounting to \$4,696,538 was deposited into the UNPFN account, increasing the cumulative donor deposits to the UNPFN to \$10,348,711 (as of 31 Dec. 2008). Of this total amount, \$7,123,278 (69 percent) had been transferred to three Participating UN Organizations by 31 December 2008. Table 4.1 below provides an overview of the overall sources, uses and balance of the UNPFN funds as of the end of the reporting period (31 December 2008), as well as of 31 March 2009.

**Table 4.1. Sources, Uses, and Balance of UNPFN Funds (US\$)**

	31 December 2008	31 March 2009
<b>Source of Funds</b>		
Gross Contributions	10,348,712	13,127,712
Fund Earned Interest Income	142,690	142,690
Participating UN Organization Earned Interest Income	24,032	24,032
<b>Total – Source of Funds</b>	<b>10,515,435</b>	<b>13,294,435</b>
<b>Use of Funds</b>		
Transfers to Participating UN Organization	<b>7,123,278</b>	<b>11,680,224</b>
From Donor Contributions	7,123,278	11,680,224
Refund of Unutilized Balances on Closed Projects by Participating UN Organization	-	-
Administrative Agent Fees	<b>103,487</b>	<b>131,277</b>
Bank Charges	-	-
<b>Total – Use of Funds</b>	<b>7,226,765</b>	<b>11,811,501</b>
<b>Balance of Funds Available</b>	<b>3,288,670</b>	<b>1,482,934</b>

Apart from donor contributions, the other source of funds for the UNPFN is interest income. The two sources of interest earned income are Administrative Agent (Fund) earned interest, which is the interest earned by the MDTF Office as the Administrative Agent on the balance of funds remaining in the UNPFN Fund Account, and Participating UN Organization earned interest, which is the amount earned by the Participating UN Organizations on the undisbursed balance of UNPFN funds.

The Administrative Agent fee charged at the approved rate of 1 percent on deposits amounted to \$103,487 up to the end of December 2008.

## 4.2. Donor Contributions

Four donors contributed to the UNPFN in 2008, all having already contributed in 2007; United Kingdom/DFID (\$2,516,632), Canada (\$986,096), Norway (\$841,810) and Denmark (\$352,000). Cumulatively, as of 31 December 2008, the five donors to the UNPFN had contributed \$10,348,711, including the United Kingdom/DFID (\$3,520,567), Norway (\$2,854,870), Canada (\$2,221,299), Denmark (\$1,552,000) and Switzerland (\$199,975), as shown in Table 4.2. In the first quarter of 2009, the United Kingdom/DFID contributed an additional \$2,779,000, bringing the total donor contributions to \$13,127,712 as of 31 March 2009. Furthermore, the \$10 million funding envelope from the Peacebuilding Fund is expected to be released in the course of 2009.

**Table 4.2. Total Donor Deposits into the UNPFN (US\$)**

Donor	Gross Donor Deposits														
	Jan to Dec 2007		Jan to Dec 2008		Total Jan 2007 to 31 Dec 2008		Jan to Mar 2009		Total Jan 2007 to 31 Mar 2009						
	(Donor Curr)	(US\$)	(Donor Curr)	(US\$)	(Donor Curr)	(US\$)	(Donor Curr)	(US\$)	(Donor Curr)	(US\$)					
United Kingdom	GBP	510,000	1,003,935	GBP	1,270,000	2,516,632	GBP	1,780,000	3,520,567	GBP	2,000,000	2,779,000	GBP	3,780,000	6,299,567
Norway	NOK	11,600,000	2,013,061	NOK	6,000,000	841,810	NOK	17,600,000	2,854,871	-	-	NOK	17,600,000	2,854,871	
Canada	CAD	1,200,000	1,235,203	CAD	1,000,000	986,096	CAD	2,200,000	2,221,299	-	-	CAD	2,200,000	2,221,299	
Denmark	USD	1,200,000	1,200,000	USD	352,000	352,000	USD	1,552,000	1,552,000	-	-	USD	1,552,000	1,552,000	
Switzerland	USD	200,000	199,975	-	-	USD	200,000	199,975	-	-	USD	200,000	199,975		
<b>TOTAL</b>			<b>5,652,174</b>			<b>4,696,538</b>			<b>10,348,712</b>			<b>2,779,000</b>		<b>13,127,712</b>	

## 4.3. Interest Earned

### 4.3.1. UNPFN -Administrative Agent (Fund) Earned Interest

UNPFN Administrative Agent (Fund) earned interest of \$113,549 in 2008, increasing interest earnings to \$142,690 as of 31 December 2008. This amount will become an additional source of income for the fund and will increase the amount of funds available for project funding.

However, it should be noted that in view of the “pass-through” fund management modality of the UNPFN, contributions received from donors are expected to be transferred to the Participating UN Organizations as soon as the projects are approved and are not supposed to be kept as unutilized funds for long periods of time.

### 4.3.2. Interest Earned by Participating UN Organizations

All interest earned by the Participating UN Organizations are expected to be credited to the UNPFN account unless the governing bodies of the said organizations have approved decisions that govern the specific use of interest earned on donor contributions. The refunded interest will be used to augment the availability of funds for project funding.



**Table 4.3. UNPFN Interest Reported Interest Income, as of 31 December 2008 (US\$)**

Administrative Agent	2007 INTEREST		2008 INTEREST		2007 - 2008 INTEREST	
Fund Earned	29,142		113,549		142,690	
	29,142		113,549		142,690	

Participating UN Organization	2007 INTEREST		2008 INTEREST		2007 - 2008 INTEREST	
	Amount Reported	Amount Received	Amount Reported	Amount Received	Amount Reported	Amount Received
UNOPS	9,990	-	21,894	-	31,884	-
UNDP	7,378	24,032	-	-	7,378	24,032
WFP	-	-	-	-	-	-
	17,368	24,032	21,894	-	39,262	24,032

	53,174	113,549	166,723
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As shown in Table 4.3 the total cumulative interest earnings received from the Participating UN Organizations as of 31 December 2008 was \$24,032. UNDP has not reported any interest for 2008 and the return of 2007 and 2008 interest from UNOPS is also still pending. WFP, per its regulations and rules does not report or return interest earned on unused funds.

#### 4.4. Transfer of Approved Funding to Participating UN Organizations

As of 31 December 2008, the UNPFN had funded approved projects for a total of \$7.12 million, which accounted for 70 percent of the total net deposited funds. Additionally, \$4.56 million worth of new projects were funded in the first quarter of 2009, bringing the total amount of projects funded as of 31 March 2009 to \$11.68 million.

The distribution of approved funding, consolidated by priority area and reporting period, is summarized in table 4.4. As of 31 December 2008, three of the five priority areas have received funding of which Cantonment/Reintegration received 79 percent of total approved funding, Rights & Reconciliation received 13 percent and Elections/Governance received 8 percent of total approved funding. As of 31 March 2009, Quick Impact Projects became the fourth priority area to receive funding of \$2.66 million and Cantonment/Reintegration received additional funding of \$1.9 million.

**Table 4.4. Distribution of Funds Transferred, by Priority Area (US\$)**

Priority Area	Funds Transferred					
	as of 31 December 2008			as of 31 March 2009		
	Total (US\$)	% of Total Funds Transferred	No. of Projects	Total (US\$)	% of Total Funds Transferred	No. of Projects
Cantonment /Reintegration	5,655,797	79.4	4	7,556,743	64.7	8
Elections /Governance	579,718	8.1	2	579,718	5.0	2
Quick Impact Projects	-	-	-	2,656,000	22.7	2
Security	-	-	-	-	-	-
Rights and Reconciliation	887,763	12.5	2	887,763	7.6	2
<b>TOTAL</b>	<b>7,123,278</b>	<b>100</b>	<b>8</b>	<b>11,680,224</b>	<b>100</b>	<b>14</b>

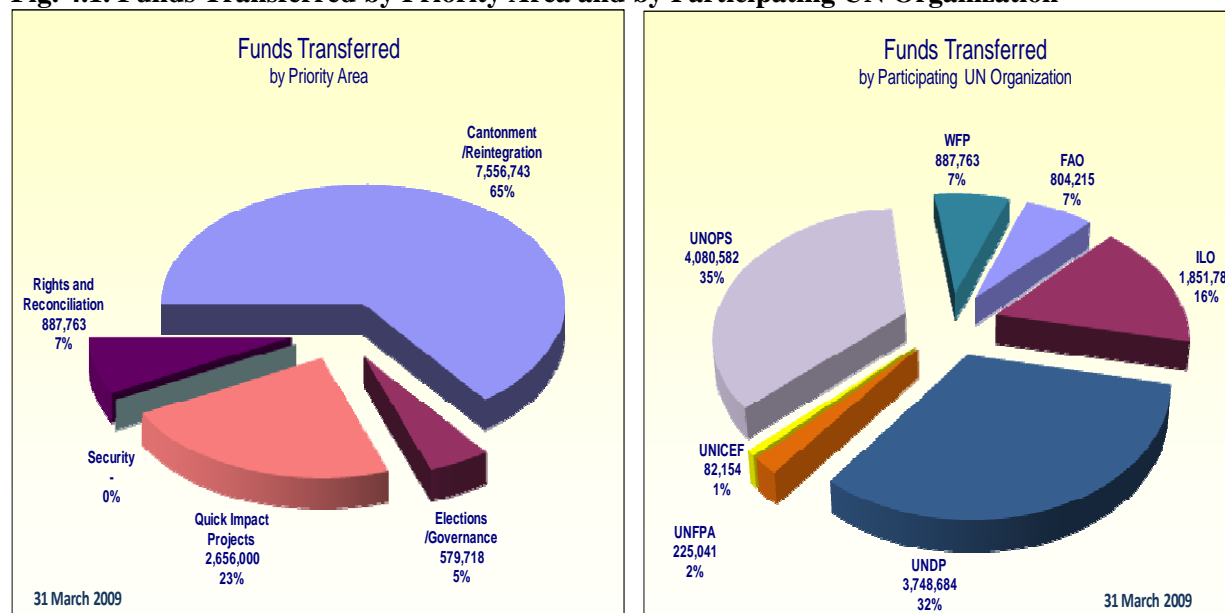
As of 31 December 2008, UNDP, UNOPS and WFP were the three Participating UN Organizations that received funding for the UNPFN projects. Table 4.5 provides the breakdown of funding by Participating UN Organizations.

UNOPS received the bulk of the funding (57.3 percent) followed by UNDP (30.3 percent) and WFP (12.5 percent). As of 31 March 2009, additional funding was received by FAO of \$804,215; ILO of \$1,851,785, UNDP of \$1,593,751; UNFPA of \$225,041 and UNICEF of \$82,154. Figure 4.1 provides the breakdown of funds transferred by Priority Areas and by Participating UN Organization as at 31 March 2009.

**Table 4.5. Funds Transferred, by Participating UN Organization (US\$)**

Participating UN Organization	Funds Transferred					
	as of 31 December 2008			as of 31 March 2009		
	Total (US\$)	% of Total Funds Transferred	No. of Projects	Total (US\$)	% of Total Funds Transferred	No. of Projects
FAO	-	0.0	-	804,215	6.9	1
ILO	-	0.0	-	1,851,785	15.9	1
UNDP	2,154,933	30.3	5	3,748,684	32.1	7
UNFPA	-	0.0	-	225,041	1.9	1
UNICEF	-	0.0	-	82,154	0.7	1
UNOPS	4,080,582	57.3	1	4,080,582	34.9	1
WFP	887,763	12.5	2	887,763	7.6	2
<b>TOTAL</b>	<b>7,123,278</b>	<b>100</b>	<b>8</b>	<b>11,680,224</b>	<b>100</b>	<b>14</b>

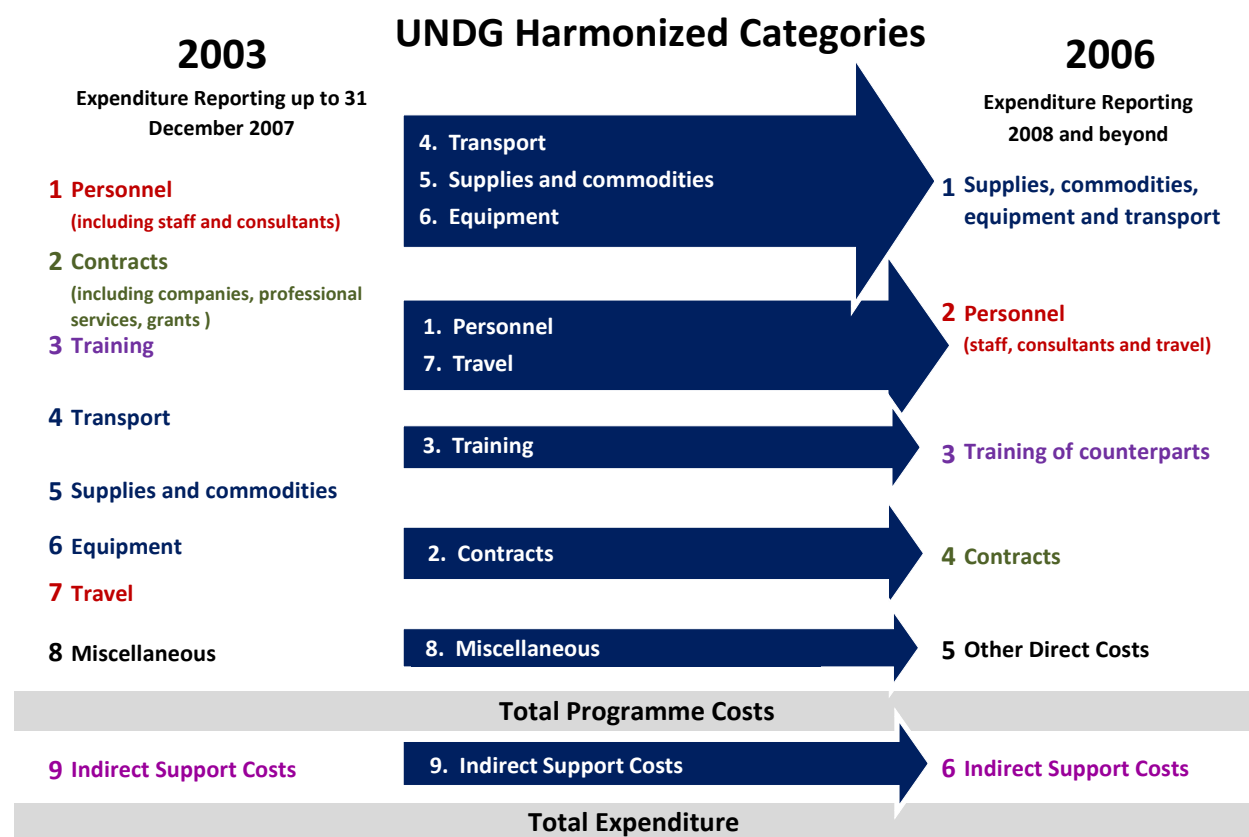
**Fig. 4.1. Funds Transferred by Priority Area and by Participating UN Organization**



## 4.5. Expenditure

During the reporting period 1 January to 31 December 2008, a total of \$2.67 million was expended which together with the prior year expenditure of \$3.03 million adds up to \$5.70 million which is 80 percent of the total approved funding of \$7.12 million. As part of the process to streamline expenditure reporting for all the Multi Donor Trust Funds and Joint Programmes, the 2003 UNDG approved nine budget and expenditure categories were replaced by the 2006 UNDG approved six budget and expenditure categories and the Participating UN Organizations have reported on the six harmonized categories for period ending 31 December 2008. The mapping of the 2003 UNDG harmonized nine categories to the 2006 UNDG harmonized six categories is given in Figure 4.2.

**Fig. 4.2. Mapping the 2003 to the 2006 UNDG Harmonized Categories**



### 4.5.1. Analysis of Expenditure for the Period ending 31 December 2008

During the reporting period, a bulk of the total programme costs were incurred on Personnel costs (\$1,246,241) or 49 percent of total programme costs and on procurement of Contractual services (\$942,777) which is 37 percent of total programme cost. On a cumulative basis, the categories of Contracts (2,573,429) and Personnel (2,075,463) together accounted for 88 percent of total programme costs. The expenditure on Supplies, Commodities, Equipment and Transport was at 7.8 percent (\$410,264), for Other Direct Costs at 3.8 percent (\$199,738), and for Training at 0.5 percent (\$25,574) of total programme costs. Table 4.6 provides a summary of expenditure incurred by category within each priority area as of 31 December 2008.

The overall rate for indirect support costs charged by the Participating UN Organizations is 7.9 percent which is well within the range of 5 to 9 percent specified in the LOA and MOU. Some Participating UN Organizations have charged indirect support costs on total project budget amounts instead of on actual expenditures as per their Regulations and Rules, with appropriate adjustments to be made upon project completion.

**Table 4.6. Summary of Total Expenditure, by Category and Reporting Period (US\$)**

Category	Expenditure						
	P1	P2	Total	% of Total	Cantonment/ Re- integration	Elections/ Governance	Rights and Recon- ciliation
	2007	2008	2007 + 2008	Programme Costs	2007 + 2008	2007 + 2008	2007 + 2008
Supplies, Commodities, Equipment and Transport	196,042	214,221	<b>410,264</b>	<b>7.8</b>	201,598	21,681	186,985
Personnel	829,222	1,246,241	<b>2,075,463</b>	<b>39.3</b>	1,394,521	65,331	615,611
Training	18,154	7,420	<b>25,574</b>	<b>0.5</b>	13,450	-	12,124
Contracts	1,630,652	942,777	<b>2,573,429</b>	<b>48.7</b>	2,573,319	110	-
Other Direct Costs	56,368	143,370	<b>199,738</b>	<b>3.8</b>	179,451	5,321	14,966
<b>Total Programme Costs</b>	<b>2,730,439</b>	<b>2,554,029</b>	<b>5,284,468</b>		<b>4,362,340</b>	<b>92,443</b>	<b>829,685</b>
Total Indirect Support Costs	304,266	113,736	<b>418,002</b>	<b>7.9</b>	346,259	13,665	58,078
<b>TOTAL Expenditure</b>	<b>3,034,705</b>	<b>2,667,765</b>	<b>5,702,470</b>		<b>4,708,599</b>	<b>106,108</b>	<b>887,763</b>

All expenditure reported for the year 2008 were submitted by the Head Quarters' of the Participating UN Organizations via the MDTF Office Reporting Portal, and extracted and analyzed by the MDTF Office.

As reflected in Table 4.7, for the reporting period of 1 January to 31 December 2008, the priority area for Cantonment/Reintegration reflected the highest expenditure of (\$2,058,340), followed by Rights and Reconciliation (\$609,425), and with no expenditure reported for Elections/Governance. Given that funds were transferred for two projects to UNDP for Elections/Governance, and no expenditure was reported by UNDP (expenditure reported for only one project instead of for four projects) for this priority area, a breakdown was obtained from UNDP Nepal Country Office. The status using the breakdown provided by UNDP, Nepal Country Office would have shown that the expenditure for the Cantonment/Reintegration priority area would go down to \$1,870,863, which is 33 percent of funded amount (\$2,058,340) and Elections/Governance would go up to \$188,327 which is 32 percent of funded amount (\$579,718). Overall, the cumulative expenditure for Cantonment/Reintegration priority area would still be the highest at \$4,521,122, representing 80 percent of funds transferred, and Elections/Governance at \$294,435, representing 51 percent of funds transferred. Table 4.8 reflects cumulative expenditure by priority area and categories. Since Tables 4.7 and 4.8, and the detailed project-level expenditure figures in tables 4.11 and 4.12 are provided from UNDP Headquarters' upload into the MDTF Reporting Portal, UNDP is expected to make adjustments in 2009 to reflect correct distributions of 2008 expenditure by project and priority areas.

**Table 4.7. Annual Expenditure, by Priority Area, with Breakdown by Category, for the reporting period of 1 January - 31 December 2008 (US\$)**

Priority Areas	Funds Transferred USD	Total Expenditure (Jan - Dec 08) USD	Rate (%)	EXPENDITURE by CATEGORY (\$)					
				Supplies, Commodities, Equipment & Transport	Personnel	Training	Contracts	Other Direct Costs	Indirect Support Costs
Cantonment / Re-integration	5,655,797	2,058,340	36	101,003	794,526	-	942,777	132,345	87,689
Elections/Governance	579,718	-	-	-	-	-	-	-	-
Rights and Reconciliation	887,763	609,425	69	113,218	451,714	7,420	-	11,025	26,047
<b>TOTAL</b>	<b>7,123,278</b>	<b>2,667,765</b>	<b>37</b>	<b>214,221</b>	<b>1,246,241</b>	<b>7,420</b>	<b>942,777</b>	<b>143,370</b>	<b>113,736</b>
<i>Percentage of Total Programme Costs</i>				<i>8.4</i>	<i>48.8</i>	<i>0.3</i>	<i>36.9</i>	<i>5.6</i>	<i>4.5</i>

As shown in table 4.8, overall, the priority area for Rights and Reconciliation priority area reported expenditure of \$887,763 or 100 percent of approved funding, indicating that all funded amounts were expended. The priority area for Cantonment/Reintegration had the highest reported expenditure of \$4,708,559 which works out to 83 percent of approved funding, followed by the Elections/Governance priority area with reported expenditure of \$106,108 or 18 percent of the approved funding.

**Table 4.8. Total (Cumulative) Expenditure, by Priority Areas, with Breakdown by Category, as of 31 December 2008 (US\$)**

Priority Areas	Funds Transferred USD	Total Expenditure (Jan 2007- Dec 2008) USD	Rate (%)	EXPENDITURE by CATEGORY (\$)					
				Supplies, Commodities, Equipment & Transport	Personnel	Training	Contracts	Other Direct Costs	Indirect Support Costs
Cantonment / Re-integration	5,655,797	4,708,599	83	201,598	1,394,521	13,450	2,573,319	179,451	346,259
Elections/Governance	579,718	106,108	18	21,681	65,331	-	110	5,321	13,665
Rights and Reconciliation	887,763	887,763	100	186,985	615,611	12,124	-	14,966	58,078
<b>TOTAL</b>	<b>7,123,278</b>	<b>5,702,470</b>	<b>80</b>	<b>410,264</b>	<b>2,075,463</b>	<b>25,574</b>	<b>2,573,429</b>	<b>199,738</b>	<b>418,002</b>
<i>Percentage of Total Programme Costs</i>				<i>7.8</i>	<i>39.3</i>	<i>0.5</i>	<i>48.7</i>	<i>3.8</i>	<i>7.9</i>

For the reporting period, the overall rate of expenditure amounted to \$5,702,470 (or 80 percent of approved funds). UNOPS reported the highest amount of expenditure (\$1,183,802), followed by UNDP (\$874,538), and by WFP (\$609,425). Overall, UNOPS, which received the largest amount of funding amounting to \$4,080,582 also reported the highest amount of expenditure viz.\$2,925,011 followed by UNDP which received funding of \$2,154,933 and reported expenditure of \$1,889,696. WFP reported 100 percent of expenditure in relation to funding, thus reflecting that all funds received were expended. A breakdown of expenditure category and by Participating UN Organization as of the reporting period and cumulatively as of 31 December 2008 is provided in table 4.9 and table 4.10.

**Table 4.9. Annual Expenditure, by Participating UN Organization, with Breakdown by Category, for the reporting period 1 January - 31 December 2008 (US\$)**

Participating UN Organization	Funds Transferred USD	Total Expenditure (Jan - Dec 08)		EXPENDITURE by CATEGORY (\$)					
		USD	Rate (%)	Supplies, Commodities, Equipment & Transport	Personnel	Training	Contracts	Other Direct Costs	Indirect Support Costs
UNDP	2,154,933	874,538	41	84,950	669,731	-	-	119,857	-
UNOPS	4,080,582	1,183,802	29	16,053	124,795	-	942,777	12,488	87,689
WFP	887,763	609,425	69	113,218	451,714	7,420	-	11,025	26,047
<b>TOTAL</b>	<b>7,123,278</b>	<b>2,667,765</b>	<b>37</b>	<b>214,221</b>	<b>1,246,241</b>	<b>7,420</b>	<b>942,777</b>	<b>143,370</b>	<b>113,736</b>
<i>Percentage of Total Programme Costs</i>				<i>8.4</i>	<i>48.8</i>	<i>0.3</i>	<i>36.9</i>	<i>5.6</i>	<i>4.5</i>

**Table 4.10. Total (Cumulative) Expenditure, by Participating UN Organization, with Breakdown by Category, as of 31 December 2008 (US\$)**

Participating UN Organization	Funds Transferred USD	Total Expenditure (Jan 2007- Dec 2008)		EXPENDITURE by CATEGORY (\$)					
		USD	Rate (%)	Supplies, Commodities, Equipment & Transport	Personnel	Training	Contracts	Other Direct Costs	Indirect Support Costs
UNDP	2,154,933	1,889,696	88	207,226	1,335,057	-	42,999	161,157	143,257
UNOPS	4,080,582	2,925,011	72	16,053	124,795	13,450	2,530,430	23,616	216,667
WFP	887,763	887,763	100	186,985	615,611	12,124	-	14,966	58,078
<b>TOTAL</b>	<b>7,123,278</b>	<b>5,702,470</b>	<b>80</b>	<b>410,264</b>	<b>2,075,463</b>	<b>25,574</b>	<b>2,573,429</b>	<b>199,738</b>	<b>418,002</b>
<i>Percentage of Total Programme Costs</i>				<i>7.8</i>	<i>39.3</i>	<i>0.5</i>	<i>48.7</i>	<i>3.8</i>	<i>7.9</i>

Detailed project-level expenditure figures, by priority areas as well as by Participating UN Organization, are provided in tables 4.11 and 4.12 below.

**Table 4.11. Total Expenditure against Approved and Funded Projects, by Priority Area, as of 31 December 2008 (US\$)**

MDTF Award Number	MDTF Project Number	Project	Participating UN Organization	Executive Committee Approval Date <sup>a</sup>	Funds Transferred US\$	Expenditure			% of Funds Transferred
						Jan - Dec 2007 US\$	Jan - Dec 2008 US\$	Total US\$	
<b>Cantonment/ Re-integration</b>									
55441	67441	UNPFN/A-1	UNOPS	03 Apr 07	4,080,582	1,741,209	1,183,802	2,925,011	72
55443	67443	UNPFN/A-2	UNDP	21 Jun 07	692,568	692,568	-	692,568	100
55447	67447	UNPFN/A-2a	UNDP	01 Oct 07	534,185	216,482	874,538	1,091,020	204
55451	67451	UNPFN/A-3	UNDP	20 Mar 08	348,462	-	-	-	-
					<b>5,655,797</b>	<b>2,650,259</b>	<b>2,058,340</b>	<b>4,708,599</b>	<b>83</b>
<b>Elections/ Governance</b>									
55445	67445	UNPFN/B-1	UNDP	16 Sep 07	195,218	56,296	-	56,296	29
55448	67448	UNPFN/B-2	UNDP	01 Oct 07	384,500	49,812	-	49,812	13
					<b>579,718</b>	<b>106,108</b>	<b>-</b>	<b>106,108</b>	<b>18</b>
<b>Rights and Reconciliation</b>									
55444	67444	UNPFN/E-1	WFP	13 Jul 07	489,610	278,338	211,272	489,610	100
55450	67450	UNPFN/E-1a	WFP	14 Jan 08	398,153	-	398,153	398,153	100
					<b>887,763</b>	<b>278,338</b>	<b>609,425</b>	<b>887,763</b>	<b>100</b>
					<b>7,123,278</b>	<b>3,034,705</b>	<b>2,667,765</b>	<b>5,702,470</b>	<b>80</b>

<sup>a</sup> Date of Executive Committee approval does not signify date of project implementation start-up.

**Table 4.12. Total Expenditure against Approved and Funded Projects, by Participating UN Organization, as of 31 December 2008 (US\$)**

MDTF Award Number	MDTF Project Number	Project	Participating UN Organization	Executive Committee Approval Date <sup>a</sup>	Funds Transferred US\$	Expenditure			% of Funds Transferred
						Jan - Dec 2007 US\$	Jan - Dec 2008 US\$	Total US\$	
<b>UNDP</b>									
55443	67443	UNPFN/A-2	UNDP	21 Jun 07	692,568	692,568	-	692,568	100
55447	67447	UNPFN/A-2a	UNDP	01 Oct 07	534,185	216,482	874,538	1,091,020	204
55445	67445	UNPFN/B-1	UNDP	16 Sep 07	195,218	56,296	-	56,296	29
55448	67448	UNPFN/B-2	UNDP	01 Oct 07	384,500	49,812	-	49,812	13
55451	67451	UNPFN/A-3	UNDP	20 Mar 08	348,462	-	-	-	-
					<b>2,154,933</b>	<b>1,015,158</b>	<b>874,538</b>	<b>1,889,696</b>	<b>88</b>
<b>UNOPS</b>									
55441	67441	UNPFN/A-1	UNOPS	03 Apr 07	4,080,582	1,741,209	1,183,802	2,925,011	72
					<b>4,080,582</b>	<b>1,741,209</b>	<b>1,183,802</b>	<b>2,925,011</b>	<b>72</b>
<b>WFP</b>									
55444	67444	UNPFN/E-1	WFP	13 Jul 07	489,610	278,338	211,272	489,610	100
55450	67450	UNPFN/E-1a	WFP	14 Jan 08	398,153	-	398,153	398,153	100
					<b>887,763</b>	<b>278,338</b>	<b>609,425</b>	<b>887,763</b>	<b>100</b>
					<b>7,123,278</b>	<b>3,034,705</b>	<b>2,667,765</b>	<b>5,702,470</b>	<b>80</b>

<sup>a</sup> Date of Executive Committee approval does not signify date of project implementation start-up.

#### 4.6. Balance of Funds

Table 4.13 provides an overall status of the fund and indicates that 70 percent of funds had been transferred to Participating UN Organizations as of 31 December 2008. There was \$3,121,947 available for funding in the UNPFN account as of 31 December 2008. Apart from the aforesaid, there is also interest income (from fund earned plus from Participating UN Organizations) of \$166,722. With the funding of additional projects in the first three months of 2009, the fund availability dropped to 1,316,211 as of 31 March 2009. The unutilized balances remaining with Participating UN Organizations as at 31 December 2008 was \$1,420,808 indicating that 80 percent of the total funds received by them had been expended and only 20 percent of the funding remained unutilized.

**Table 4.13. Balance of Funds**

	Balance of Funds			
	as of 31 December 2008		as of 31 March 2009	
	Total (US\$)	% of Gross Deposits	Total (US\$)	% of Gross Deposits
<b>Gross Donor Contributions</b>	10,348,712	-	13,127,712	-
<b>AA Fee</b>	103,487	1	131,277	1
<b>Net Donor Deposits</b>	10,245,225	99	12,996,435	99
	Total (US\$)	% of Net Deposits	Total (US\$)	% of Net Deposits
<b>Funds Transferred</b>	7,123,278	70	11,680,224	90
<b>Balance of Funds from Net Donor Deposits with AA</b>	3,121,947	30	1,316,211	10
	Total (US\$)	% of Net Deposits	Total (US\$)	% of Net Deposits
<b>Fund Earned Interest Income</b>	142,690	1.39	142,690	1.10
<b>Participating UN Organization (PUNO) Interest Income</b>	24,032	0.23	24,032	0.18
<b>Total Earned Interest Income</b>	166,722	1.63	166,722	1.63
	Total (US\$)	% of Net Deposits	Total (US\$)	% of Net Deposits
<b>Balance of Funds with AA</b>	3,288,669	32	1,482,933	11
	Total (US\$)	% of Funds Transferred	Total (US\$)	% of Funds Transferred
<b>Funds Transferred to PUNOs</b>	7,123,278	70	11,680,224	90
<b>Expenditure</b>	5,702,470	80	N/A *	-
<b>Balance of Funds with Participating UN Organization</b>	1,420,808	20	N/A *	-

\* N/A - Not covered in this reporting period

#### 4.7. Cost Recovery

As indicated in the earlier reports, the cost recovery for UNPFN is guided by the applicable provisions of the Terms of Reference, the LOA concluded by UNDP as the Administrative Agent of the UNPFN with donors, and the MOU concluded with Participating UN Organizations.

For the reporting period, the costs were as follows:

- (a) The Administrative Agent fee of \$103,487, charged for the entire duration of the Fund, amounted to one percent which is what is usually charged by UNDP for administering similar funds.
- (b) Indirect costs of Participating UN Organizations amounted to \$418,002, which amounts to 7.9 percent of total programme costs which is within the range of 5 to 9 percent, specified in the UNPFN MOU and LOA.



## **5. Transparency and Accountability of the UNPFN**

The major vehicle for public transparency of operations under the United Nations Peace Fund for Nepal is the MDTF Office-maintained UNPFN website, [www.undp.org/mdtf/nepal/](http://www.undp.org/mdtf/nepal/). The website is updated regularly and provides the most current information related to the UNPFN. The public notification of all project approvals made by the UNPFN Executive Committee, as well as additional information and progress updates on these projects, provides a high level of transparency to national authorities, Donors, the public, and Participating UN Organizations. Donor pledges, commitments, and deposits are updated monthly and provide the Executive Committee, as well as all other stakeholders, up-to-date information on the financial status of the UNPFN.

The UNPFN Executive Committee's Terms of Reference and Rules of Procedure, including detailed information on the decision-making process and criteria for allocation of resources as well as templates and guidance notes, are posted on the website. Additionally, project summaries and project progress updates, provided by Participating UN Organizations, are posted regularly, providing the UNPFN Executive Committee, Donors, and others with a tool to enable oversight and monitoring of the implementation of the projects.

Additionally, updates are provided regularly at the country level by the Executive Committee Support Office, located in the Resident Coordinator's Office, to the Executive Committee and UNPFN Donors on the UNPFN financial status and projects approved.

Participating UN Organizations' individual project-level 2008 Annual Progress Reports are available to Donors upon written request to the MDTF Office.

The MDTF Office introduced the MDTF Reporting Portal in early 2009 to upload expenditure data for the year ending 31 December 2008. Using the UNEX component of the Portal, Participating UN Organizations have uploaded annual expenditure data for the UNPFN using a single Excel spreadsheet containing all data pertaining to all the MDTFs administered by the MDTF Office in line with the 2006 six harmonized UNDG budget and expenditure categories.

The introduction of the MDTF Reporting Portal along with the new MDTF1 General Ledger Business Unit (MDTF1 GLBU) enables the MDTF Office, as Administrative Agent, to hold pass-through funds on behalf of Participating UN Organizations to be recorded on a separate ledger to ensure the highest level of accountability, transparency and audit traceability.

## Conclusion

This Second Consolidated Annual Progress Report on Activities under the United Nations Peace Fund for Nepal reports on the implementation of the projects approved for funding up to 31 December 2008. The Progress Report is consolidated based on information and data contained in the individual progress reports and financial statements submitted by Participating UN Organizations to the MDTF Office.

In line with its mandate, UNPFN funding has been critical in filling initial and immediate funding gaps. In channelling resources for focused, time-limited activities deemed critical to the peace process, and subject to the strategic priorities for United Nations peace support articulated by UNMIN and the UNCT in consultation with its partners, the UNPFN has enhanced the capacity to sustain the peace process in Nepal.

With 12 of the 13 projects approved as of 31 December 2009, including seven extensions, having completed all their programmatic activities (including four that were operationally closed), coupled with a significant expenditure rate (financial implementation rate) of 80 percent, the projects reflect the appropriateness of the approvals to deliver focused and time-limited support for urgent peace process and early recovery tasks in Nepal.

The UNPFN Executive Committee's approval of additional projects in January 2009 to also include projects executed by FAO, ILO, OHCHR, UNFPA and UNICEF, signifies a broadening of the programmatic scope of the interventions of the UNPFN, in line with revision of the Terms of Reference to also include recovery projects, ensuring the availability of support to time-sensitive and high impact projects to particularly vulnerable communities where the absence of a 'peace dividend' would represent a proximate threat to the peace process.

Significant achievements were made across all priority areas during the reporting period. In the area of mine action, the storage and demolition of IEDs contributed to enhancing the security of civilian populations living close to minefields as well as in the area of training, to enhancing the skills and confidence level of the Nepal Army to address mine clearance, and the return of valuable land to local communities. Similarly, the verification of 19,604 Maoist army combatants was an essential input for the development of a strategy for the discharge and reintegration of these combatants into the national security forces. Furthermore, support provided to a preparatory phase of the discharge of adult Maoist Army personnel has laid the ground for a continued effort in this area, assisting personnel with the transition to a civilian life.

UNPFN-funded activities also contributed to the successful convening of the Constituent Assembly elections on 10 April 2008. The Electoral Observation Resource Centre assisted the Nepal Election Commission in ensuring a more coordinated approach in electoral observation activities, whereas the sustained specialized electoral assistance provided to the Election Commission was considered as having a direct result on the way in which the Constituent Assembly election was organized and administered. Similarly, the provision of critical evidence-based data and dissemination to relevant stakeholders, has allowed for a more informed response capacity and enabling advocacy on behalf of the poorest communities. The project included field surveillance activities in 38 districts and mapping and targeting activities in all 78 districts of the country.

Lessons learned through the implementation of projects have allowed Participating UN Organizations to take appropriate measures within existing projects and incorporate these in project extensions, where applicable, to ensure that improved project implementation and management arrangements are in place.

The UNPFN Executive Committee's broadening of the programmatic scope of the UNPFN by approving allocations to five additional Participating UN Organizations, coupled with the change of chairmanship of the UNPFN Executive Committee to the UN Resident Coordinator, has contributed to the strengthening of coordination and coherence within the UN Country Team, mirroring a shift from an immediate post-conflict operating modality to one that supports early recovery and peace-consolidation. Related to this programmatic expansion of the scope of the UNPFN is the need for additional resources. As of 31 March, the UNPFN had received donor contributions of about \$13 million (in addition to the \$10 million from the Peacebuilding Fund expected to be released in the course of 2009).

The MDTF Office envisages that this Second Consolidated Annual Progress Report on Activities under the UNPFN will provide the UNPFN Executive Committee the basis on which to better assess upcoming resource requirements and to advocate and mobilize additional funding in support of the continued peace process in Nepal. Similarly, it is envisaged that the Consolidated Progress Report's detailed description of progress made under projects funded through the UNPFN will provide the Government of Nepal, Donors and other stakeholders with a comprehensive overview of the results achieved as of the end of the reporting period, and thereby contributing to a better understanding of the UNPFN's critical role in filling initial and immediate funding gaps through channelling resources to focused, time-limited activities deemed critical to the peace process in Nepal.