

### The Canada Fund for Local Initiatives (CFLI): 2007/08:

The Canada Fund was established in 1987. The purpose of the Canada Fund in Nepal is to address basic human needs, socio-economic infrastructure and promote gender equality, human rights, democracy and good governance. The CFLI program supported sub-projects are linked to Canada's six ODA priorities (basic human needs, gender equality, infrastructure services, human rights, democracy and good governance, private sector and the environment). CFLI is a responsive mechanism to support specific local needs and demands through community-based approach working with Community Based Organizations (CBOs) in implementing and sustaining local initiatives and access to resources for secured livelihoods. The CFLI total budget for 2007/2008 is CAD 230,000. The Canada Fund also received CAD 200,000 for the Fiscal Year 2007/08 to provide support to flood and landslide victims as a humanitarian response. The CCO administers the Canada Fund.



**Local Development Facility (LDF): 2003-2008:** LDF is a CIDA strategic facility with quick disbursement mechanism, responsive and proactive, tapping on conflict resolution and peace building opportunities. This has been best fitted to the conflict environment inclusive of economic and social issues at the grassroots level. Strategic shift towards BOG dissemination, program for internally displaced people (IDPs), local conflict resolution and HR protection work based on environmental needs have been mostly done through this fund. It provided leverage for CIDA's presence and to its commitments on HR during high conflict periods. It has supported the participation of civil society representatives in 61st session of the UN commission on Human Rights and 49th session of commission on the status of women in order to protect HR defenders and coordinate HR monitoring in Nepal. The facility's operational modality and best practices have been shared with Poverty Alleviation Fund (PAF) – WB/Government joint initiative, UNFPA, INGOs and other donors as 'sharing – learning – working in conflict'. The LDF's current focus is on peace building with reconciliation, rehabilitation and reintegration and strengthening of local governance. Total CIDA fund towards this facility is CAD 4.3 million. Recent evaluation has led to the extension of this facility until 2008. The CCO administers the facility.

### PROJECT SUPPORTED THROUGH CIDA PARTNERSHIP BRANCH



**PS/ Khudhi Hydropower Project Nepal: 2002-2007:** Khudhi Hydropower Limited (KHL) was established in 2002 for developing the 3.45 MW Khudhi Hydropower Project in Ghanapokhara, Simpani and Khudhi VDCs of Lumjung district of Nepal. The capacity of the scheme has been revised to 4 MW during detail design and optimization study. The project is commissioned and was put into commercial operation in December 2006. The shareholders are Butwal Power Company (BPC 60%), SCP Hydro International Inc, Canada (SCPHI 25%) and Lamjung Electricity Development Company (LEDCO 15%). A consortium of 5 Nepalese banks provides financing. Financing banks are as follows: Nepal Investment Bank Limited (Lead Bank), Machhapuchhre Bank Limited, Rastriya

Banijya Bank, Laxmi Bank Limited, Siddhartha Bank Limited. The total CIDA partnership funding for the project is CAD 0.42 million.

### STRENGTHENING THE PEACE PROCESS

#### Developing Democracy in Nepal (DDN): 2006- 2008:

The Developing Democracy in Nepal (DDN) Project is intended to respond to opportunities to support democratic processes in Nepal, particularly in connection with the election of a Constituent Assembly and drafting of a new constitution. It is designed to take into account the evolving situation on the ground, while being sensitive to the country's complex post-conflict dynamics and efforts to build sustainable peace. The Project is directive with responsive components allowing for flexibility in responding to demands for support. Given the short time frame, the project seeks, wherever possible, to use its resources to build on initiatives already conceptualized and/or underway and to augment local capacities to support democratic processes in the context of sustained peace. Specific steps will be taken to minimize the risk of providing support to partisan groups. The DDN Project comprises two responsive facilities and a component of direct technical assistance support. The responsive facilities are:



#### Developing Democracy in Nepal Responsive Facility -

*Canada (DDNRF-Canada)* supports sub-projects submitted by Canadian organizations with proven track records and established local partnerships in Nepal. The CEAs for 3 projects implemented under this facility are CECI, Canadian Cooperative Association and Canadian Bar Association.

#### Developing Democracy in Nepal Responsive Facility - Nepal (DDNRF-Nepal)

supports sub-projects submitted by Nepalese organizations with proven track records and established capacities. Altogether 20 local organizations have been implementing projects under this facility.

The DDN project focus on initiatives in areas such as civic education and outreach, media training, and local support for peaceful and transparent election processes; it promotes participatory and socially inclusive processes; encourages a high degree of local ownership; and demonstrates appropriate context and impact analysis. It supports innovative and creative proposals that work with women, rural communities, and marginalized groups. All sub-project activities supported under the project are expected to adopt and actively promote the principles of gender equality, social inclusion, non-discrimination, and conflict sensitivity.

*Technical Assistance in Support of Democracy in Nepal* enables the project to respond to opportunities for support as they arise over the coming months. In particular, it will allow CIDA to:

- Deliver expertise in such areas as democratic development, electoral processes, constitutional law, international human rights standards, etc., with a view to providing timely and professional advice to Nepal and its development partners;
- Support topical multi-donor initiatives, roundtable events, training events and workshops that are organized locally; and
- Contribute to a collaborative donor evaluation of this and other donor-supported projects in the sector.

Overall, the DDN project will provide CIDA with an important tool to support Nepal in its efforts to develop a sustainable democracy. It will capitalize on Canadian interest and capacity in the area of democratic development and build on local (Nepali) strengths to ensure sustainability of project interventions. The total fund for DDNRF is CAD 3.5 million.

**UN – Peace Fund Nepal (UNPFN):** CIDA has a contribution of CAD1.2 million to UNPFN. The purpose of the project is to support Nepal's peace process and national reconciliation within the framework developed in consultation with the Government of Nepal. The UNDP will take the lead and will be accountable for the UNPFN's management and results as the Administrative Agent. The UNDP will pool donors' contributions in support of projects which are complementary to the GON's Nepal Peace Trust Fund. Eligible projects must specifically address at least one of the five focus areas: cantonment/reintegration, elections/governance, quick impact projects, security and rights and reconciliation. CIDA's support to this UNDP-managed initiative will be part of a multi-donor investment that is complementary to the GON's own "Nepal Peace Trust Fund" (NPTF) and will be used to fund projects contributing to Nepal's peace building and reconstruction efforts that are complementary to, but not already funded by, the GON's NPTF. In the context of aid effectiveness also, CIDA is moving to enhance its relationships with multilateral institutions, and recognizes that the UNDP and its partner UN organizations are important instruments.

### PROJECT SUPPORTED THROUGH CIDA MULTILATERAL BRANCH

**Support to Carter Centre:** CIDA's Multilateral Branch has supported the Carter Center's International Election Observation Mission in Nepal. The goal of the project is to facilitate the consolidation of sustainable peace and democracy in the country. The project will observe the process before, during and after the constituent assembly election in order to help ensure that the election is conducted in a conducive environment free from fear, violence and fraud, deploy long- and short-term observers to assist with monitoring and reporting on electoral, political, and security conditions, issue periodic public statements and informal recommendations based on the center's preliminary findings in order to catalyze positive action throughout the electoral process and present a final report on the process follow its conclusion.



**Support to National Democratic Institution:** CIDA's multilateral branch has supported the National Democratic Institution (NDI) to continue its work with the Multi-Party Women's Caucus to strengthen their ability to advocate for increased rights and participation in the political process.

### THE CANADIAN COOPERATION OFFICE

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Canadian International  
Development Agency



## CIDA Program in Nepal



### A BRIEFING



Canadian Cooperation Office (CCO)  
Kathmandu, Nepal





## BACKGROUND

Canada's aid program began in Nepal with a one-off food aid support in 1958. The two countries established diplomatic relations in 1965 and an official bilateral program was initiated in 1970 with the development of Nepal's civil aviation capability. In the 1980s, Canada's aid program to Nepal expanded into the energy, rural development, health, education, geographic survey (for land resource assessment) and agriculture sectors. During the 1980s to early 1990s, Canada sought to strengthen Nepal's institutional capacity and human resource base for development of a sustainable level of food and energy production. Present day focus is on poverty alleviation, health care, and food security as well as continued assistance to energy planning and domestic air transportation. In July 1987 the Canadian Cooperation Office (CCO) was established in Kathmandu to assist the Canadian International Development Agency (CIDA) in planning and delivering development programs in response to Nepal's development policies and priorities. Since then it has been operating programs in supporting Canadian Bilateral, Canada Fund for Local Initiatives and other local funds and facilities. The CCO also provides services to the CIDA partnership and multilateral branch as requested.

## CIDA'S COMMUNITY BASED APPROACH

With the advent of multiparty democracy in 1990, a liberal environment prevailed in the country and that has encouraged the growth of the civil society, community based organizations and the private sector. The major focus of CIDA's Country Development Programming Framework (CDPF) through 1990s was institutional strengthening in water and energy resource management and good governance through community development. The community based development approach that CIDA adopted in the 1990s emphasized civil society organizations as a key vehicle in delivering basic services and articulating popular concerns and channeling popular participation in decision- and policy-making.



It also focused on the government to help achieve responsibility and respect of human rights and good governance in an effective, transparent and accountable manner through policy feedback and advocacy.

The civil society has remained one of the best fit service delivery means during the ten year Maoist insurgency and violent conflict that began in 1996. The intensification of violent conflict since 2001, where service delivery was difficult beyond district headquarters, the community based approach was even more effective. It resisted Maoist pressure and protected development space to a large extent. During the time CIDA concentrated most of its effort in conflict mitigation and peace building, protection of human rights defenders, monitoring of human rights violations, delivering basic human needs and securing the socio-economic rights of community groups and people using NGOs and community based approach. CIDA adopted an Interim Programming Strategy in 2004 to contribute to poverty reduction and conflict mitigation in Nepal. Its specific objectives were to support the efforts of rural communities to protect and improve health and livelihoods, to empower women and marginalized groups, to contribute to the planning and delivery of community health and livelihoods services which are pro-poor and socially equitable; and to mitigate the impact of Nepal's civil conflict on communities receiving CIDA assistance.

## CIDA PROGRAMMING STRATEGY

**Strategic intervention:** CIDA supports thematic sectors and cross-thematic issues using bilateral channels. It provides a niche for CIDA and helps build institutional knowledge base. The strategic intervention promotes Canadian visibility and identity. This also ensures recognition from government and key stakeholders and promotes a more focused and coherent programming approach.

**Strategic alliance:** The strategic alliance supports donor coordinated response in key areas using other channels such as the UN, donor consortiums, multi-donor peace and human right support, BOGs, etc. Alliance is built in key areas where Canadian programming can add value and achieve policy influence at a broader level.

## CONFLICT SENSITIVE DEVELOPMENT APPROACH

CIDA/CCO undertook a conflict assessment of its program portfolio in 2003. The report on Peace and Conflict Impact Assessment (PCIA) provided CIDA/CCO with recommendations to integrate peace building elements within projects and to monitor situations as they evolve allowing greater safety and security for the community and staff involved. Since then peace and conflict impact analysis has been taken up as a part of the project cycle through planning, implementation, and monitoring and results assessments. In October 2003 CIDA, DFID, DANIDA, EC, Embassy of Finland, GTZ, JICA, NORAD, SDC and SNV (ten like minded donors) endorsed the Basic Operating Guidelines (BOGs) which is a set of principles based on the International Humanitarian Laws and Human Rights (IHL&HR) that embraces impartiality and neutrality as core values. This has basically secured development space for work in an intense conflict environment. CIDA through its facility (LDF) proactively supported BOGs dissemination from September 2004 to December 2005 reaching 42 districts out of 75 covering all 5 regions, 8 districts per region. The BOGs is being updated to adapt to make development work possible in the transitional and post-conflict environment which has its own challenges and it has expanded its signatories.



## CIDA PROGRAM DELIVERY

The bilateral program is generally delivered through Canadian Executing Agencies (CEAs). Some funding has been mobilized through UN agencies i.e. UNDP, UNICEF, OHCHR, WFP. The partnership program delivers specific projects through Canadian non-governmental organizations, academic institutions and private sectors in association with relevant Nepalese organizations. Canada also provides support to Nepal through its multilateral aid to World Food Program, the United Nations Development Program, the United Nations Children's Fund (UNICEF), OHCHR, OCHA, the World Bank and the Asian Development Bank and through INGOs in peace building front.

## THE ACTIVE BILATERAL PROJECTS

**Sahakarya (Working Together): 2003 - 2008:** The project aims to improve the socio-economic conditions of selected communities through equitable representative CBOs capable of managing local resources and interacting with locally elected bodies and government agencies. The project component contributes to the upliftment of the rural community's livelihoods and health. The project is being implemented in five mid- and far-western districts namely Baitadi, Dadelhura, Jumla, Dailekh and Surkhet. The project is implemented in a conflict sensitive manner and has developed and adapted tools which link up to the root causes of conflict. It is the largest bilateral project of CIDA. The total funding for the project is CAD 8.6 million (CAD 5.6 million from bilateral sources and CAD 3 million from multilateral sources). The CEA for this project is CECI.



**Community Ground Water Irrigation Project (CGISP): 1999- 2007:** The overall objectives of the project are to increase agricultural productivity on a sustainable basis and to improve the incomes of small farmers. The project aimed to facilitate a shift by central government agencies to a "demand responsive" approach where farmers access credit (in lieu of subsidies) and demand technical support services from government and private sectors. CIDA co-financed CGISP with the Asian Development Bank (ADB). CIDA's contribution was US\$ 2.8 million Technical Assistance grant to a US \$ 30 million ADB loan project in 1999. Upon request from the government, CIDA extended its TA support by two years with additional TA fund of CAD \$ 0.8 million. The project is implemented in 12 Terai districts of Nepal (Jhapa, Morang, Sunsari, Siraha, Saptari, Dhanusa, Mohattari, Sarlahi, Rautahat, Bara, Parsa, Chitwan). The Department of Irrigation and Agriculture and the Nepal Rastra Bank are the primary implementing agencies. The CIDA component is designed to develop viable and sustainable water users groups and associations that can obtain credit to construct, operate and maintain shallow tube wells and access services that help increase agricultural productivity and marketing. The CEA for the project is CECI.

**Community Environmental Awareness and Management Project (CEAMP): 2003-2008:** The purpose of this project is to increase the capacity of District Development Committees (DDCs) and partner organizations to integrate sound gender sensitive environmental management practices into the planning, implementation and monitoring of district development programs. The project is implemented in Palpa, Nawalparasi, Kavre and Sindhupal-chowk districts. The project focus on decentralized capacity building of the local bodies had to undergo reorientation with community based entry focus

with diminishing space and dissolution of local representation in local bodies since 2002. The total CIDA support was CAD 4.9 million. Based on the external evaluation of CIDA and as requested by the government of Nepal the project has been extended till March 2008 with some additional budget for a possible consolidation phase. The CEA for the project is SNC Lavalin.



## Consolidating Capacities for Gender Responsive Organizations in Nepal (CCGRO):

**2006-2007:** The project aims to consolidate and strengthen the capacity of selected gender responsive NGOs which was created and capacitated through previous CIDA gender project Canada Nepal Gender in Organizations (CNGO) to promote more effective gender equality programming at the community level. It is implemented in seven districts of central, western, mid- and far-western districts namely Sarlahi, Mohattari, Bara, Kaski, Surkhet, Dadelhura and Doti. The total CIDA funding for the project is CAD 766,808 over a period of 18 months. The CEA for the project is Salasan.



**UN-OHCHR: 2005- 2009:** The OHCHR has been established through an agreement between the High Commissioner for Human Rights (HCHR) and the Nepal Government following the pressure by the international community in the 61st UN HR session. Its long term objective is to break the cycle of escalating violence in the conflict, particularly against civilians thereby contributing to the establishment of a sustainable peace

and development in Nepal. The immediate objectives encompasses establishing accountability for serious and systematic human rights abuses and prevent their recurrence, closely working with partners to promote the respect of human rights and international humanitarian law and strengthen the rule of law and ensure a consistent and informed approach to human rights in Nepal by UN systems. The Office in Nepal has its headquarters in Kathmandu and five sub-regional offices in five development regions. CIDA has contributed its support to the establishment of OHCHR Office and its functions through bilateral and multilateral funding. Total CIDA support for OHCHR was CAD 1.5 million (CAD 1.0 million through bilateral and CAD 0.5 million through multilateral sources). The OHCHR in agreement with the Government of Nepal has been extended from 2007 to 2009.

**Capacity Development of National Human Rights Commission (CD-NHRC): 2004-2007:** The project supports the capacity building of the National Human Rights Commission. Recognizing that the NHRC is a small institution with substantial responsibilities, donors designed a coordinated program to support the NHRC under an umbrella project that is being managed by UNDP. Initially Canada had supported the 'in kind' project to set up the complaints handling system. The project ended in March 2006. In realization of the deteriorating human rights situation and in line with Canada's commitment to HR protection, CIDA has contributed a basket grant of CAD\$1.1 million to UNDP for the Capacity Development-NHRC (CD-NHRC) extension phase from 2005 to 2007.