

# Conflict and Development

## **Introduction**

Nepal is currently experiencing a complex socio-political situation including an armed conflict, which has intensified over the past few years. There are many underlying causes for the conflict, some of which are political and ideological in nature. Poverty and its manifestation (in terms of regional, gender, ethnic and caste related inequalities), as well as poor governance, corruption and the failure to adequately deliver essential social services and infrastructure to rural communities and marginalized groups are other causes that contributed to intensifying the conflict in the country. Therefore, to bring about a lasting solution to the problem, the nexus of poverty, poor governance, and marginalization need to be urgently addressed, by bringing visible benefits to the deprived groups and areas. The ongoing conflict in turn has made this task more difficult. Development programs have been adversely affected; insecurity has made it difficult to carry out development activities in affected areas. As a result income and employment generating activities as well as the delivery of basic services (health, education etc) have been disturbed severely. The destruction of VDC buildings, bridges, schools, health posts, communication facilities etc. and intimidation and subsequent absence of local officials have considerably weakened the productive capacity and infrastructure base for maintaining essential service delivery to the people, especially in rural areas.

In addition, escalating human rights abuses have led to forced migration and displacement of many (particularly young) people. It has also taken a deadly toll in the country; many thousands of people have either lost their lives or been wounded. However, in spite of these difficult circumstances some important development activities have been able to continue; food for work infrastructure programs (RCIW, RAP), community development programs (PDDP/LGP), and basic services in health, education, agriculture and forestry in some heavily conflict-affected areas. While attempts need to be made to bring the sustainable solution of the present problem, the immediate re-establishment of basic services to meet civilian needs has become the nation's first priority. These immediate needs must however, be supplemented by medium and long-term strategies that addresses the root causes and main consequences of conflict, thereby ultimately leading to equitable and sustainable peace and development for all.

### **A. Medium/Long Term Strategy**

In order to address the complex problem of poverty and underlying factors of fuelling the conflict, the Tenth Plan has started implementing a number of strategies that include the following:(i) identification of programs to alleviating poverty and giving their implementation high priority and emphasis, (ii) increased resource allocation for development activities in backward & economically poor regions and to the deprived communities and (iii) accelerating the pace of decentralization and community involvement especially in rural activities (iv) affirmative action to increase the role of women and deprived communities including dalits in administrative, political and community level participation and management and (v) special monitoring of the programs to address the issue of social inclusion.

The challenge is to develop and implement a long-term strategy to address the underlying causes of poverty, inequality and conflict, combined with short term measures to address basic needs and mitigate the effects of conflict. In the short term, humanitarian crisis created by the conflict has to be addressed and basic services have to be restored and rights of children to education and health care must be protected. Opportunities for increasing employment and incomes must be created urgently, in order to help reduce alienation and foster greater social inclusion for the longer term. However, to be effective, all programs and basic services need to be implemented in ways, which are sensitive to the conflict environment. This will require flexibility and new ways of working, drawing lessons from development, which is continuing to function effectively in conflict areas. Experience indicates that development, which has strong community support, provides

direct benefits, employs local people and is perceived to be transparent, accountable and apolitical, is more likely to be able to operate in conflict areas. It is essential that these lessons be reflected in government development activities.

#### Tenth Plan Framework

To bring about a remarkable and sustainable reduction in the poverty level in Nepal, the Tenth Plan has formulated a "four pillar" poverty reduction strategy, which addresses the main causes and determinants of poverty. The strategy is based on overarching approaches: achieving sustained high and broad-based economic growth focusing particularly on the rural economy; accelerating human development through a renewed emphasis on effective service delivery of basic social services and economic infrastructure; ensuring social and economic inclusion of the poor, marginalized groups and backward regions in the development process; and vigorously pursuing good governance both as a means of delivering better development results and ensuring social and economic justice. Particularly noteworthy, the Tenth Plan seeks, as an integral part of its poverty reduction strategy, to bring the marginalized sections of the population and backward regions into the mainstream of development, and to make visible progress in reducing existing inequalities. The priority actions under these strategies have been mentioned in the PRSP. However, some of these actions that were initiated in the Tenth Plan are worth mentioning here.

#### **Pro-poor Public Expenditure**

The Tenth Plan for the first time in the planning history of Nepal has identified the priority activities, which are essential for poverty reduction. Public sector activities have been prioritized and classified into three groups P1 (first priority), P2 (second priority), and P3 (third priority) in the Tenth Plan. Activities under P1 are the core programs for poverty reduction, which receives first priority in budget allocation. Prioritization process has clearly helped in allocating more resources to pro-poor activities. Pro-poor expenditure as a percentage of total development budgets increased from 34.0 in 2001 to 42.4% in 2004. In order to link the strategy of the PRSP and the annual budget, all budget lines were classified and linked with the programs and projects of the "four pillar" strategy of the Tenth Plan. Key projects and programs have been protected from short falls in resource availability with the help of Medium Term Expenditure Framework formulated to support PRS implementation.

A poverty-based formula has been adopted for providing development grants to DDCs and the government will devise similar formula for providing grants to VDCs. More resources have also been allocated to the conflict affected districts.

#### **Decentralization**

Decentralization is an important means of bringing development closer to the rural poor by involving local communities in developing appropriate programs, which are best suited to their needs and in implementing them, ensuring greater accountability for use of public resources, and mainstreaming the poor and deprived groups. Equally, decentralization is one of the important mechanisms available to address social exclusion by empowering people who are away from traditional centers of power and privilege and also helping to deliver services to them effectively. These activities can also address political needs for greater self-governance at the local level.

The conflict provides a further reason for decentralization. Flexibility is essential for working effectively in conflict. The impact of the conflict and the options for a development response vary from one district to another. Decisions taken at the local level are more likely to reflect the realities of the conflict than decisions taken in Kathmandu. The major activities being undertaken

to carry out this strategy include transfer of the management of schools and health posts. Agriculture extension services and operation of DDO have also been handed over to the local bodies. A road map for fiscal decentralization has been prepared and its implementation has begun.

One of the new strategies, that is being worked out for the next fiscal year, is the introduction of conditional grant to DDCs to carry out development activities prioritized by the local bodies representatives in specified areas. These areas for conditional grant could include small irrigation schemes, rural roads, rural electrification, and drinking water, among others.

Building on the experience of the last three years or so, the Government will initiate full-scale devolution in some districts to promote people centered development. As though Nepal's initiative of decentralization is old, the devolution has been only selective and slow. However, on the other hand, the framework for decentralization is strong. Experience shows that there are numerous local bodies that are capable of managing their development activities. In this context, it is now time for full-scale devolution to those districts with capable institutions having people's ownership for effective service delivery.

### **Affirmative Actions**

Certain segments of people are under-represented in positions of influence in Nepal. Although the Constitution of Nepal enshrines the right to equality, the reality on the ground seems different. Serious gender gaps in human development and welfare indicators exist, and Nepali women are almost invisible in the civil service. Similarly, Dalits are highly disadvantaged as are most Janajatis. This disadvantage relates to resources and power; it is less about individual differences that affect performance of tasks and the conduct of relationship, and more about groups of people who have had restricted access to resources and opportunities through unfair policies and institutions. This fundamental issue of inequality can only if a holistic approach is adopted. Government's 10th Plan recognizes this inequity and commits to increasing representation/participation of women, the poor and the excluded at various levels of public office and political processes. Government has already started working towards introducing strong affirmative actions to empower and increase the role of women, Dalits and Janajatis in public office, education and community level participation and management. The counseling to the women showing interest to join the civil service has been initiated through the conduct of various training programs (coaching classes). In addition to the scholarship given to girls in primary and secondary education, quota has been reserved for women, Dalit and Janajati in all kinds of government scholarships in higher education.

A high level committee headed by the Finance Minister is working to recommend concrete actions in this area. In terms of broader affirmative actions, many initiatives are underway, including more inclusive quality education through EFA; an explicit policy to ensure access by the poor and vulnerable to essential health care service in the Health Sector Strategy (2003); the implementation of the Poverty Alleviation Fund; the focus on better agricultural services for poor, excluded and underserved groups through the agriculture programs; and explicit strategies (and close monitoring of outcomes) in the Rural Water Supply and Sanitation Fund Board. While many of these initiatives have yet to bear fruit, and will need to be closely monitored to ensure that commitments are met and target groups benefit, it is hoped that these actions will go a long way to meeting PRSP and MDG commitments, as well as to address the root causes of the current conflict.

### **Anti corruption**

Corruption and leakages have reduced the impact of development efforts and undermined public confidence in Government, helping to fuel the conflict to some extent. Decisive action to tackle corruption should improve the effectiveness of public spending and help to restore public

confidence. The impact could be rapid. Successful action against wrongdoers would send a powerful message, resulting in behavioral change and altered public perceptions.

In 2002, four anti-corruption bills were passed by Parliament; the Impeachment Act, the CIAA Second Amendment Act, the Corruption Control Act and the Special Court Act. Following these legislative changes, the CIAA has raised its profile and increased significantly the scale of its activities. Action has been taken against the politicians and Government officials, some of whom were taken into custody. However, although the CIAA has increased its conviction rates, it has yet to win a major case. Success in high-level cases would boost the reputation in CIAA and increase public confidence that corruption is being tackled. Failure to achieve such success would undermine confidence. Other measures taken to combat corruption include the establishment of a National Vigilance Centre and the development of an anticorruption action plan. Efforts will be made to further strengthen CIAA activities.

### **Short Term Actions**

Although the focused and prioritized strategies for poverty alleviation and social inclusion are expected to create enhanced opportunities for rural poor and deprived communities and to address structural social inequalities in the country in the long term, the immediate re-establishment of basic services has become the nation's priority. There is an urgent need to restore livelihoods for affected and displaced people by reestablishing basic facilities such as health, education and drinking water; small irrigation development and rehabilitation programs and creating gainful employment and income opportunities. There could be a number of modalities for carrying out such activities. It is proposed that the following modalities of operation are initiated and implemented or institutionalized beginning from the FY 2004/05.

#### **I. Immediate Relief Fund**

It is proposed that an Immediate Relief Fund (IRF) is created initially in a few poorest and most conflict affected districts to mitigate the effects of conflict and support the provision of basic services. Donor support is required to launch this initiative effectively. It is envisaged that the Fund will be utilized for (i) support reconstruction, repairs and basic refurbishment of buildings and support pro-poor infrastructure (ii) provide small scale infrastructure (iii) inputs required for smooth functioning of health and education facilities, and (iii) support rehabilitation activities of displaced and conflict affected people.

The effective functioning of the fund will depend on its ability to operate in a conflict sensitive manner. The fund will need to be perceived as apolitical, transparent, driven by local needs and approachable by the poorest communities. The procedures will need to be seen as fair and open, but also as simple and free from unnecessary bureaucracy. It will need to be promoted directly to poor communities and to produce rapid, tangible benefits for communities if it is to be widely accepted and able to operate. The funds could be dispersed directly through the DDC, or through an alternative mechanism, such as the LDF, which comprises representatives of local bodies, civil society and head of line agencies of basic services. Funds would be allocated to projects requested by villagers, users groups, or VDCs. In the absence of elected representatives, if the funds are channeled through DDC, a body including appropriate civil society representatives could have a function in overseeing the DDCs' activities. There are advantages and disadvantages to both options.

Existing social mobilisers and development agents working in the districts should be mobilized and coordinated in order to mobilize villagers and the users group to maximize the benefits of this Fund. This is similar in objective to the PAF (see below), but will have wider coverage of beneficiary groups than the PAF, which is more narrowly targeted to poorer groups by its charter.

#### **II. Poverty Alleviation Fund**

HMG has established a Poverty Alleviation Fund (PAF) with the main objective of improving the livelihoods of the rural poor and socially excluded by creating infrastructure, employment and income generating opportunities in the most depressed villages and communities. Community subprojects are implemented mainly through partner organizations (POs). These POs could be DDCs, VDCs or local NGOs or private sector but all would have to demonstrate a proven record of targeting and working with the target populations locally and having their trust. POs will also be responsible for assisting communities in preparing subproject proposals and submitting them to PAF, monitoring the quality of participation and interacting with government agencies and other programs where appropriate in order to complement PAF activities and help create synergies between a variety of programs. Beneficiaries would need to form groups to benefit from PAF. For example, existing community organizations, self-help groups, forest users groups, water users groups, and other groups formed around economic activities can be supported by the subprojects. In the initial stage, the program will be started with about Rs. 1.25 billion. Monitoring and evaluation of the project will be done rigorously and the program will be expanded further in a phased manner.

### **III. Targeted programs**

In addition to the affirmative actions, targeted programs of various natures, which will help people living in remote areas, disadvantage groups and hard-core poor have been planned in the Tenth Plan and the actions have been taken to this end. Additional resources have been allocated to undertake the programs relating to the women, Dalits, Far Western and Mid Western region including Karnali Zone. The targeted program envisaged in the Plan include integrated development programs for construction of infrastructures like drinking water, small irrigation schemes, schools, health posts and trails in backward areas and group programs, aimed at improving the access of targeted groups to resources, skills and opportunities for income generation. These include programs such as women's group formation and empowerment, income generation activities, non-formal education and skill training. Most of these programs already exist. Some of these programs either have to be handed over to local bodies or should be streamlined where possible to improve their effectiveness.

### **IV. Utilization of NGOs/CBOs for service delivery, including local level development works**

NGOs, CBOs, user's groups and communities have been playing vital roles, especially in the areas of rural development, poverty alleviation and in community mobilization of the weaker section of the society. Their contribution to the socio economic development of the country has been significant. During the last decade, there has been significant expansion not only in the number of NGOs and CBOs but also in the volume of their activities. However, the coordination of these organizations has remained weak. Effectiveness of their programs in terms of target groups, costs, monitoring and output have to be further assessed.

The long-term objective of Government strategy is to develop NGOs as strong partners in the development, poverty alleviation drive and in delivering basic services especially to the rural areas. The importance of these organizations has further increased in the conflict situation, particularly where the government staffs face high levels of personal risk and may have little motivation to carry out the responsibilities entrusted to them.

Utilizing NGOs and CBOs for providing service delivery functions, for example by contracting out specific tasks in areas like health, drinking water, food for work and quick impact programs at the local level have proven effective. Similarly, the involvement of village communities themselves directly in the management of service delivery has been proven successful. The transfer of public primary schools and sub-health posts to communities and the Fund Board approach in setting up drinking water facilities in rural areas have also been proven to be effective.

In areas where government agencies have difficulty in actively engaging in service delivery but it is possible to use NGOs and CBOs to carry out essential development activities, the Government will utilize such channels. It will be important to ensure the careful selection of these organizations, that they are not over-loaded, and that we remain sensitive to the risks they may face working in the conflict environment.

## **V. Integrated Peace and Development Programs**

The main lesson learnt from the experiences of other conflict affected countries is that comprehensive peace building is possible if the variety of actors at different levels of society in general, and support for community initiatives in peace building in particular can be mobilized effectively. The main objective of IPDP is to provide both human security and development in areas, which are heavily affected by the conflict, maintain law and order, protect government property and promote peace building process through advocacy, awareness and communication strategies.

The support strategy for peace and development includes (i) promoting activities that directly contribute to the youth empowerment and mobilization for peace (ii) rehabilitating and reintegrating victims (iii) raising awareness and dissemination of information on actions which can be taken to promote peace and eliminate violence and advocacy efforts to encourage concerned parties to transform conflict into a positive and peaceful means for development, and (iv) winning "hearts and minds of the people" by addressing communities' development needs.

This program, in addition to supporting community development initiatives will help develop various instruments to mobilize effective political support and cooperation from political parties and communities and to mobilize cooperation of intellectuals, media personnel and civil society members in promoting peace and development. Publicizing and disseminating information on the alternative mechanisms discussed above will also be an important aspect of its mandate. However, it will have a strong linkage with the activity initiated under OPAC.

## **VI. Office of Peace Administration and Coordination (OPAC)**

At present, the Government does not have an office dedicated exclusively and full time to manage, coordinate and support various agencies involved in peace process implementation planning including development activities. Therefore, the Government will establish a permanent office in the Council Of Ministers and Prime Minister's Office to coordinate and manage the peace process in the country. The office will be the permanent secretariat to coordinate and assist all key activities related to peace and development programs including; preparations and support for negotiations, commissioning research, compiling resources on conflict management and peace building, planning and identification of post-conflict requirements, external liaison on peace and conflict issues, developing communication strategy and monitoring and coordination of activities carried out by different government and other agencies. This secretariat will be staffed with energetic and highly qualified professionals. Additional support of experts will be made available to this office.

## **VII. Others**

If important development projects have to be carried out in a highly insecure situation, the Government will carry out such activities under "shield and support" scheme, for example protecting large project construction sites and carrying out the work. Mobile teams comprising of the representatives of line agencies, which help to carry out development activities in the rural areas and provide basic services (e.g. health services, distribution of citizenship certificates and

passports, allowances for elderly people and so on) will also be continued in the conflict affected areas.

To ensure the transparency in the service delivery, the system of public audit as well as publishing the budgets released as against the expenditures assigned for the general public should be continued. Similarly, de-concentration of authority, as it would speed up the decision making process in relation to service delivery, should be considered seriously. The district level committee formed under the convener-ship of the DDC Chairman in relation to the implementation of district level projects, particularly in the construction activities, and also for the transfer of resources from one line item to another should be further empowered to improve the service delivery in the district level.