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Nepal Donor Consultation Meeting 2008
21-22 February 2008

JOINT STATEMENT OF GOVERNMENT AND DEVELOPMENT PARTNERS

Everyone should join hands to realise the hopes and aspirations of the Nepali people.

(Rt. Hon. PM G.P. Koirala, 21 February 2008)

The Government of Nepal organised a Nepal Donor Consultation Meeting to share perspectives on how peace and development can be further strengthened in Nepal, in line with the aspirations of Jana Andolan II. The meeting welcomed contributions from civil society and the private sector.

1. The Government and development partners recognised that it was useful to hold such a meeting at this juncture, to lend support to Nepal's peace and development process. The Government and development partners discussed the current challenges facing Nepal and opportunities ahead. Discussions covered the peace process, issues of inclusion, the economy, and the priorities of the Three Year Interim Plan. Participating in the meeting were Government ministers and officials, politicians from a broad range of parties, development partners, civil society and members of the private sector.
2. Development partners expressed their appreciation of the success of Jana Andolan II and the peace process that ended a decade-long conflict. Development partners acknowledged achievements of the peace process to date and the agreements for inclusion of marginalised groups. Development partners noted the success in maintaining macro-economic stability, reducing poverty, improving critical health and education indicators and accelerating community-level expenditure even in the face of difficulties. They also acknowledged the significant development challenges ahead, the difficulties in implementation and a consensus-based approach to deal with the post-conflict transition and hoped that this approach will continue through the Constituent Assembly.
3. As this was a consultative forum, it provided an opportunity to exchange views on the interrelationship between peace and development and the way forward. We affirmed that peace and stability are prerequisites for development to succeed, and development is needed for peace to last. Together with human rights, they reinforce each other. Peace and stability require trust, built on dialogue and implementation.
4. We agreed that the election to the Constituent Assembly is crucial to consolidate the peace process and stimulate development in Nepal. We agreed that the inclusion of all Nepalis including women, Madhesis, Dalits, Janajatis and other excluded groups, in a free and fair Constituent Assembly election, will contribute to peace. We agreed that elections need to bring what the people have called for, a peaceful transition to a more inclusive Nepal where development can accelerate.

We agreed in particular on the need:

5. To create the right environment for a credible election that allows a democratic transition to inclusive economic and social change. We agreed that all parties must be encouraged to support the role of the police and judiciary in an impartial way and respect the rule of law.
6. To move ahead on implementation of agreements to: quickly establish the high level monitoring committee and peace commission for effective collective management of the peace process; ensure the urgent discharge, properly supported of minors from cantonments at the earliest possible time; to pursue discussions on the future of the armed forces; and fulfil commitments to the families of the victims of armed conflict and the disappeared.
7. To promote reconciliation to further consolidate the peace process and supporting the reintegration of people affected by the conflict, and to implement international human rights obligations that Nepal is party to, including by addressing impunity. We agreed to prepare an action plan for children affected by armed conflict and to develop a framework for involving women in the peace process in the spirit of UNSCR 1325.
8. To ensure government and development partner resources reach the people who need them most by moving quickly from plans to effective implementation that delivers benefits on the ground to the people of Nepal. Critical issues in this regard are financial accountability and corruption. We welcome the publication of the Public Expenditure and Financial Accountability report.
9. To take action to achieve higher levels of economic growth in order to create jobs, raise incomes and help meet the expectations for a peace dividend.
10. To make development assistance more effective in line with the Paris Declaration.

Going forward...

11. Development partners have increased their development assistance to Nepal since the reinstatement of democracy. Development partners agreed to continue support to peace and development based on continued progress with the peace process and with implementation.
12. Throughout this complex transition, we will work together for peace, nation-building and strengthening the capacity of state institutions to deliver inclusive development services in Nepal. A focus on implementation is critical to strengthen the trust of the people. We will jointly ensure that the people of Nepal will benefit from Government actions and development partner assistance.
13. We fully recognise the importance of the continuation of the peace process, supported by development partners, including the presence of UNMIN, in line with UNSCR 1796 (2008). Renewed joint efforts will be undertaken to deliver on the Comprehensive Peace Agreement and the Agreement on Monitoring the Management of Arms and Armies, as well as the 23-point Agreement, including support to cantonments, internally displaced people, and families affected by the conflict through the Nepal Peace Trust Fund. Several development partners are also providing support to the Election Commission and to international and national observer missions.
14. Government and development partners agreed on the importance of the Three-year Interim Plan as a framework for addressing development priorities and achieving the

MDGs. The meeting noted Nepal's significant human and natural resource potential and welcomed the focus of the plan on inclusive development and growth, and post conflict reconstruction. Development partners agreed to align their assistance with Three Year Interim Plan targets. Government and donors agreed on the need to move quickly from plans to effective implementation, so the people of Nepal can see tangible improvements in their lives.

15. Government and development partners emphasised the need to maintain macro-economic stability, and improve the investment climate, including through financial sector reform and improved tax administration. Government and development partners agreed on the need for higher levels of growth to create jobs and meet expectations of the people. The meeting agreed on the importance of trade and regional integration, and private sector development to ensure broad-based development. Affordable social protection can help distribute the benefits of growth. As remittances from Nepalis working in neighbouring countries and beyond have had a huge social and economic impact (15% of GDP), we agreed to strengthen mechanisms to facilitate labour migration, including skills training and reducing the cost of transmitting hard-earned savings home. Adapting to climate change is a challenge for Nepal. We look forward to stronger economic dialogue between Government, the private sector, political parties, civil society and development partners.

16. In all of the actions, the importance of promoting gender equality, youth, and the inclusion of marginalised groups—Madhesis, Dalits, Janajatis and other excluded groups—will be addressed.

17. In line with existing commitments, Government and development partners will continue to push forward progress in the following areas:

- the development of roads - for example, by connecting the remaining twelve districts not yet joined by road, uniting all of Nepal's 75 districts, and building, upgrading and maintaining thousands of kilometres of roads in all parts of the country. The commitment of the Government, the Asian Development Bank, DFID, GTZ, JICA, SDC, WFP and the World Bank, to start preparations for a SWAp by 2011 on rural and local roads, is a clear sign of commitment to improving the effectiveness of aid.
- In urban areas development partners will support Nepal to improve roads, water supply and sanitation in 29 small towns, home to around half a million people, including on-going reconstruction and rehabilitation of 18 municipal buildings damaged during the conflict.
- We welcome developments in the health sector, noting that measures to ensure better coverage by health workers and essential medicines are an important step. The Government's efforts to progressively abolish health user fees can contribute to reducing barriers to services for Nepal's poorest. Expanding the maternity incentive scheme, whereby mothers giving birth are given a cash payment if their birth is attended by a trained birth attendant, can also have a big positive impact.
- In education, we confirmed our commitment to the sector, including the construction of 9,000 new classrooms, 2,000 of which will be built by communities, and the employment of 13,000 new temporary teachers, all of which will help children get a better education in a less crowded classroom. And we will keep on supporting efforts to raise enrolment levels, improve quality, reduce drop-out rates, and expand free education from 5th to 8th grade.

- In vocational training development partners announced their intention to support government plans to provide needs based training and technical education for an additional 16,000 people, in order to enhance their employment opportunities in Nepal and internationally.
- Development partners will support the implementation of the Government action plan, and further efforts to strengthen financial management and to combat corruption.
- We discussed plans for development partners to work with the Ministry of Local Development to develop a national local governance and community support programme to be launched by July this year, vital for the delivery of services. We look forward to the restitution of local government bodies as soon as possible.

18. We agreed that greater attention should be given to the following areas: agriculture for improvement in the rural economy; power generation projects to mitigate the current energy crisis and maximise the use of this resource; fast-track roads and the potential of tourism for employment promotion and as a source of foreign exchange income. Some projects are already underway in these areas. New projects will be developed in the future.

19. We agreed to move ahead with completing the OECD/DAC questionnaire and on the basis of this develop an action plan to improve aid effectiveness. The Foreign Aid Policy will be revised in line with the Paris Declaration.

20. We agreed that development partners and Government should meet again in six months time to review progress in peace and development and our performance against these commitments. We will continuously be jointly monitoring progress through regular meetings between development partners and the Ministry of Finance, the National Planning Commission and line ministries.

Next steps:

21. The overriding concern of the participants at the meeting was that implementation of the peace agreements needs to continue and credible elections must be held in order that Nepal can move forward to sustainable peace and inclusive development.

22. After successful elections on 10 April, we hope that a Nepal Development Forum will be held, at which the international community can discuss future support to peace and development. We anticipate that an NDF could agree on a compact between the Government and Nepal's development partners, to help Nepal deliver on peace and development priorities.

23. GoN and donors agreed to work immediately following this meeting on a Peace and Development Framework to deliver the key priorities in the TYIP, including measurable targets in priority sectors and on public financial management and corruption.